

BUSINESS COMMUNICATION

B.COM.-II

Q. Define Business Communication?

Ans: 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”.

EXPLANATION:-

We can extract the following points from the above definition;

(i) Flow between two or more parties.

In business communication the material flow from one person to another person or from many persons to different people. This flow may either be inside the organization or outside the organization.

(ii) Flow of information, perception, imagination etc.

Flow of information takes place when a party transfers the material to another mind. For example, when a news caster says, “Pakistan has conducted nuclear test on 28th May 1998”. This is a flow of information from news caster to the listeners.

Flow of perception means transfer of different feelings. Finally, flow of imagination that occurs when a painter conveys his/her imaginations through a portrait.

Q. Discuss the role of effective business communication within and outside the organization OR Why Business Communication is called, “Life blood” of an organization? OR

Ans: 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. These activities need an effective and systematic communication. Without efficient communication, one can not 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 in the following manner.

COMMUNICATION INSIDE AN ORGANIZATION:

Different employees and officials in an organization need to communicate to each other. This internal communication with its importance is shown in the following way:

1. Setting goals and Objectives:-

Mostly, the organizations have a variety of formal and informal objectives to accomplish. These objectives may be financial results, product quality, market dominance, employees satisfaction, or service to customers. So the communication enables all the persons in an organization to work towards a common purpose.

2. Making and Implementing decision:-

In order to achieve the objective, people in a business organization collect facts and evaluate alternatives, and they do so by reading, asking questions, talking or by plain thinking. These thoughts are put into a written form. Once a decision has been made, it has to be implemented which requires communication.

3. Appraisal:-

Having implemented the decision, management needs to determine whether the desired outcome is being achieved. Statistics on such factors as cost, sales, market share, productivity and inventory levels are compiled. This is done through computers, manual papers, memos or reports.

4. Manufacturing the products:-

Getting an idea for a new product out of someone's head, pushing it through the production process and finally getting the product also require communication. Designing the plan regarding product, introducing the workers, purchasing raw material, marketing and distributing the product all require effective communication.

5. Interaction between employer & employee:-

Employees are informed about policies and decisions of employers through circulars, reports, notices etc. Employers also get in touch with employees through application, complaint etc. So, communication plays a vital role in the interaction of employer and employee.

EXTERNAL COMMUNICATION:

1. Hiring the employees:-

If a company wants to hire some one, it advertises the vacancy, receives applications, calls the candidates, takes the interview and then offers job to the successful candidates. The whole process requires communication.

2. Dealing with customers:-

Sales letters and brochures, advertisements, personal sales calls, and formal proposals are all used to stimulate the customer's interest. Communication also plays a part in such customer related functions as credit checking, billing, and handling complaints and questions.

3. Negotiating with suppliers and financiers:-

To obtain necessary supplies and services, companies develop written specification that outlines their requirement. Similarly, to arrange finance, they negotiate with lenders and fill out loan applications.

4. Informing the investors:-

Balance sheet, income statement, and ratio analysis are used to inform the investors regarding performance of business.

5. Interacting with Govt.:-

Government agencies make certain rules to regulate the economy. These rules are communicated to organizations through various papers. These organizations try to fulfill, these requirement like filling taxation form and other documents.

Q. Define communication. What is the importance of communication for an individual and for an organization?

COMMUNICATION:-

Definition: "Communication is the process by which information is transmitted between individuals and organization, so that an understanding response results".

OR

"Communication is the process which involves transmission and accurate replication of ideas, ensured by feedback for the purpose of eliciting action which will accomplish organizational goals".

IMPORTANCE OF COMMUNICATION FOR AN INDIVIDUAL

(1) Helps in getting a desired job:-

Getting a desired job is not an easy task. It requires a person to be excellent, especially in terms of communication abilities. Communication abilities can be classified into five categories that is reading, writing, speaking, listening and observing. If a candidate is a good reader of not only text books and reference books but also of newspapers and magazines, this would help him developing

confidence level at the time of interview. Writing skills are necessary for preparing an appropriate Bio-data and covering letter, so that a better initial impression could be created. No doubt, conversational skill right at the time of interview is equally countable towards success of the candidate. Listening abilities on the other could prove to be fruitful especially when the interviewer is making a comment or asking a question. In short we can say that the presence of above mentioned five communication skills could give a better chance of being selected during an interview.

(2) Help in maintaining social relationships:-

We as human beings live in a cobweb of relationships rather social relationship. These social relations compel us to act simultaneously in the capacity of father, child, husband, uncle, neighbour, cousin, teacher, nephew and so on. All these relationships especially near one's could be maintained properly if we can communicate well to all these relations, that we are here to take care of them and our services are always there to help them in case of any needs.

(3) Helps in getting on the job promotion:-

Perhaps finding a job would not be a big deal in case of if the candidate is well connected and belongs to a well off family. But promotion on the job requires some extra skills on the part of the candidate. Amongst those skills, communication abilities rank on the top. If a person can speak well during interactive and presentation sessions, can reports properly, he will automatically be in the eyes of the management and whenever a chance for promotion comes, he will be on the top of the list.

(4) Helps in solving other's problems:-

It is commonly observed that around us there are so many people whom we like to meet, their company is a source of enrichment for us. When we are with them we feel secured. The only reason for such types of feelings is that such type of people are not only good listeners but they also know it well that whenever they would speak, it would only be for the sake of encouraging, not discouraging others, only for solving other's problems and not for creating problems for others. Such people are no doubt excellent communicators.

Q.4 Differentiate between formal and informal language;

Ans:

| Formal language: | Informal Language: |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> (1) It is the language spoken in office, business and other formal places. (2) Proper and standard words are used. (3) It consists of specific purpose words like manager, supervisor, owner, employer etc. (4) It is used comparatively less than informal language. (5) It is used when the speaker is relaxed. | <ul style="list-style-type: none"> (1) It is the language spoken at home or with friends. (2) Improper words and slangs are used. (3) It has all purpose words like "boss" that stands for various personalities. (4) It is used in daily life. (5) It is used when speaker is in a hurry/ |

Q. Explain the process of communication.

OR

“Communication is a two way process of exchanging ideas or information between two human beings”. Explain this statement with the help of a diagram.

Ans: Communication simply means exchange of ideas & information between two persons. A person sends a message to another person and gets the response from the receiver on the message. This whole phenomenon can be explained as under.

1. Sender's thoughts:-

The very first step in the process of communication is generation of thought in the sender's mind. These thoughts may be about a request, order, inquiry production or any other such activity.

2. Encoding / Message:-

The thought generated in the mind of sender is ambiguous and unable to be communicated unless it is put into a receivable form. This step is known as encoding where the sender converts his thought into a message by means of a language. For example, a sender thinks about having a job. Now, he will put his thought on a paper. That is called job application. In his way, his thought becomes a message.

3. Transmission through media:-

Once a thought is converted into message, it should be transmitted to the receiver through a suitable medium. This media might be electronic media as T.V., E-mail, radio etc. or it may be print media like newspaper, magazines, letters or merely sound that is transmitted through the medium of air.

4. Noise and Barriers:-

While transmitting the information to the receiver, the sender faces lots of barriers. These noise and barriers are explained as under:

- (i) **On sender's side:-** Noise and barriers may take place during the process of encoding. Some of them may be caused by distraction, lack of concentration, typing mistake, poor language etc.
- (ii) **In the medium:-** Some barriers are caused by medium such as poor transmission on T.V. and radio misprinting in newspapers etc.
- (iii) **On receiver's side:-** The receiver can also create certain barriers to the receiving of message such as poor reading ability, emotions, lack of concentration etc.

5. Decoding by Receiver:-

Having received the message form the sender, the receiver attempts to understand and interpret the message. This process of converting the language of message into thoughts is known as decoding. For instance, the receiver, having received job application, reads the application and understands the message conveyed by the applicant.

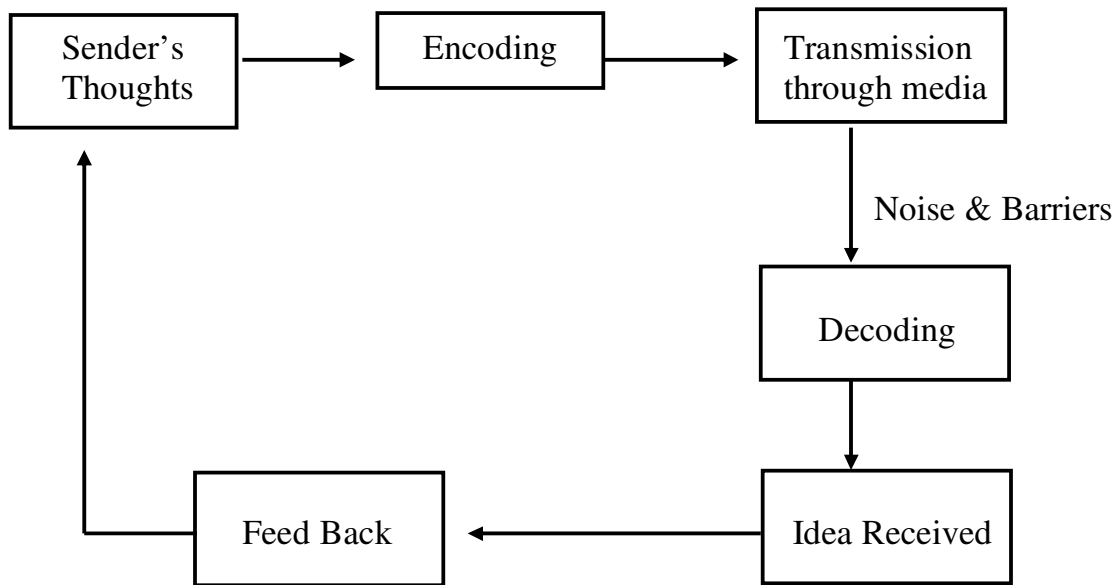
6. Idea Received:-

As soon as the process of decoding is finished, the idea given by the sender is received by the receiver. It means the thought that was generated in the mind of sender has been transmitted to the mind of receiver. In our example, the sender wanted to inform the receiver about his thought of having a job. Now the sender has got this idea.

7. Feed back:-

Process of communication is incomplete until the receiver responds to the sender. This response may be negative, positive, or for further enquiry. It means when the receiver of job application welcomes or regrets the sender, the process of communication is deemed to be complete.

This whole process can be depicted through the following diagram.



Q. Discuss five elements (Factors) of the process of communication;

Ans: Communication is the exchange of ideas between two minds. This process of exchanging idea is based on following five factors.

1. Sender:-

Sender is the person who initiates the process of communication. He generates an idea in his mind regarding production invention, innovation, request, order, enquiry etc. So, he is the first factor of communication process and his function is to generate an idea. Therefore, it is necessary that the idea should be clear, and convertible into message. For this purpose, the sender needs to apply his knowledge and imaginative power.

2. Message:-

The idea in the mind of sender is transformed into words that is called message. The sender decides on the length, style, organization and tone of the message. The message may be presented in many ways, depending on the subject, purpose, audience, personal style, mood and cultural background.

3. Media:-

The media of transmission of message are electronic media as T.V., radio, computer and print media as newspapers, letter, magazine etc. media play a very important role in helping the receiver's understand the message. A wrongly chosen medium can interrupt the process of communication, Selection of medium depends upon message, audience, urgency and situation.

4. Receiver:-

Receiver is the person who gets the message from the sender, decodes it, understands it and interprets it.

5. Feed Back:-

Having understood the message, the receiver responds to the sender in yes or no or asks further questions. This process is called feedback.

Q. Explain in detail verbal and non verbal communication?

Ans: **VERBAL COMMUNICATION:** Verbal communication means such a communication that takes place by means of a language or words". It includes the following contents.

- a. **Oral communication (Speaking & listening)**
- b. **Written communication (writing & reading)**

1. Speaking:-

In order to send message in business, speaking plays a vital role. Giving instruction, conducting interviews, attending meetings, sending orders through telephone calls are very common in today's business.

2. Writing:-

It is used when a complex message is sent. Placing order through letters, informing employees through circulars, sending reports and memos, filling different government forms, keeping records in writing are some examples of this aspect of verbal communication.

3. Listening:-

People in business spend more time in obtaining information than transmitting it. Listening is the most important way to receive information: information regarding order of employers, instruction, rules and regulation, customer trend etc, are obtained through listening. But in listening, people generally forget 75% of the message after few days.

4. Reading:-

Reading reports, memos, policies, circulars, and different business statements are essential for an organization: Reading involves understanding and interpreting the material.

NON VERBAL COMMUNICATION: It means communication without the use of language or words. It includes appearance, body language, silence, etc. Its explanation is as follows;

1. Facial Expressions:-

Face and eyes are helpful means of nonverbal communication. They reveal hidden emotions such as anger, confusion, enthusiasm, fear, joy etc.

2. Gestures, postures & movement:-

Postures means the language primarily composed of hand and fingers. Communication of deaf people and signal given by traffic constable are the example of posture. Gestures and body movement also indicate many things. Shaking hand with firmness indicates a warm relationship, moving back and forth reveals nervousness.

Q Enumerate the different categories of non-verbal communication and state their importance in communication process with suitable examples.

Ans: NON-VERBAL COMMUNICATION:

Communication may be verbal – by written or spoken symbols (usually words) or it may be non-verbal – without words. Non-verbal messages are sometimes more clear, accurate and effective as compared to verbal communication, because they are internationally used and understood. Non-verbal communication may be divided into the following three categories:

1. Appearance
2. Body Language
3. Silence, Time and Sounds

1. APPEARANCE:

Appearance affects the quality of written and spoken messages as follows:

i.Written Messages:

The envelope's overall appearance size, colour, weight, postage and the letter's overall appearance length stationary, enclosures, layout, etc. may convey significant information and impressions.

ii.Spoken Messages:

Personal appearance of the speaker-clothing, jewelry, hair-style, neatness, etc. may tell about the age, sex occupation, nationality, social, economic and job status. Similarly, appearance of the surroundings room-size, location, furnishings, lighting, etc. may tell a lot about the message.

2. BODY LANGUAGE:

Facial expressions, gestures, posture, smell, touch, voice etc are included in body language.

i. Facial Expression:

The eyes and face may express the hidden emotions e.g. anger, fear, joy, love, surprise, sorrow, interest etc.

ii. Posture and Gestures:

The message can effectively be communicated by actions. Deaf people and traffic constables make use of actions. In our daily life clenched fists may indicate anger, leaning forward to the speaker may reveal interest and repeatedly glancing at the watch may be a sign of being bored.

iii. Smell:

Good or bad smell often expresses the situation e.g. smell because of oil or gas leakage warns the danger. Similarly, fragrance and perfume convey emotions and feelings better than spoken or written words.

IV Touch:

Touching people in different ways (and places) can silently communicate friendship, love approval, anger or other feelings.

3. Silence, Time and Sounds

i. Silence:

Silence is an effective medium of expressing serious feelings and emotions e.g. death of relative or loss in business. A mistake may be admitted by silence. Silence may also confirm a statement.

ii. Time:

Time communicates in many ways, e.g. waiting for a long time may indicate interest or love and giving a short notice means urgency.

iv. Sounds and Para-language:

The style of speaking and the volume of voice (Intonations and Modulations) of voice may produce variations between what is said and what is meant, e.g. the words “how prompt you are” may criticize a person arriving too late.

Q. Discuss the IMPORTANCE OF NON-VERBAL COMMUNICATION:

1. Reliability:-

Non verbal communication is more reliable than verbal communication. Words can be controlled more easily but it's difficult to hide facial expressions like sadness, gladness, joy etc. So non-verbal communication is regarded as a more reliable means for transmitting message.

2. Support to verbal communication:-

Body language and appearance support the verbal communication. A wave of hand, smile etc might be very useful to explain and understand a particular point of view.

3. Quickness:-

A denial or acceptance expressed by moving head saves lot of time. So, it is important in this respect that non-verbal communication transmits the message quickly.

FUNCTION OF NON-VERBAL COMMUNICATION:

There are following six functions of it.

- (1) To provide information either consciously or unconsciously.
- (2) To regulate the flow of conversation.
- (3) To express emotion
- (4) To qualify, complement, contradict or expand verbal message.
- (5) To control or influence others.
- (6) To facilitates specific tasks, such as teaching a person.

Q. Differentiate between oral and written communication;

Ans: The difference between oral and written communication can be enumerated as under:

1. Ratio:-

According to a rough estimate, about 75% of total communication is oral whereas the rest is written.

2. Data Safety:-

Data and information are safe in written communication while most of information is forgotten in oral communication.

3. Nature of message:-

Written communication is used when the message is complex and oral communication is used for simple message.

4. Legal Aspect:-

From legal point of view, oral communication is least reliable and written communication is much more reliable. For example, an oral promise may not be challenged in a court in general but a written promise can be challenged.

5. Flow of information:-

Information can be transferred within a short period of time in oral communication but it takes more time in written communication.

6. Non verbal facilities:-

Oral communication can be supported by non verbal facilities like gestures, postures etc. but such a support is impossible in written communication.

7. Grammar & Accent:-

Oral communication required consideration for accent and pronunciation whereas written communication needs correct grammar and spelling.

Q. How a message is prepared? Why proofreading is necessary for a good written message?

Ans: PREPARING MESSAGE:

After having completed the five steps of planning a message, it should be drafted on paper. A routine short communication may be written easily with little or no revising. But complex and longer letters and reports should be revised and edited properly before they are sent out.

First Draft:

The first draft of message should be prepared by choosing proper words to express ideas, mistakes of grammar, punctuation and spelling should be ignored for the time being.

Revising and Editing:

The draft should be read paragraph by paragraph, sentence by sentence and word by word to check the continuity of ideas and grammatical, punctuation and spelling mistakes. While revising and editing the message it must be ensured that the message meets all the principles of good business communication.

Proof Reading:

A careful proof reading is essential after the revised and edited message has been finally typewritten. Before it is mailed, it should be read by responsible and reliable person, because errors, if left un-corrected, may result in loss of goodwill, sales, income and even lives.

Proof reading for everything at once is hard to do. A better practice is to proof read separately for:

- a. **Context:** Does the statement mean what the writer meant to say? Does the message possess all the qualities of effective communication?
- b. **Accuracy:** Is the language free from errors of spelling, punctuation, grammar, capitalization? Are figures, diagrams and other marks accurate?
- c. **Form and Appearance:** Is the layout correct? Does it look good?

Proof reading may be done in different ways:

- (i) Foreword reading.
- (ii) Backward reading.
- (iii) Asking another person to read.
- (iv) Reading with another person.

Q. Discuss briefly, in proper sequence, the steps followed in planning an effective communication.

Ans: PLANNING STEPS:

- 1. Knowing the purpose of the message.
- 2. Visualizing the reader (receiver).
- 3. Choosing the ideas to be included.
- 4. Getting all the facts to back up the ideas.
- 5. Outlining and organizing the message.

1. Knowing the purpose of the message:

Purpose is the primary reason to write or speak. Its identification leads to determination of the contents of the message.

Each message must have a specific purpose e.g. asking for rebate on defective goods, announcing clearance sale, awakening inactive amount, making inquiry, seeking job etc. in addition to the specific purpose, the general purpose of every business message must be to establish good will and good relations. For example, the purpose of a collection letter should be two-fold i.e. asking for money and at the same time maintaining good relations with the customer.

2. Visualizing the Reader:

It is very important to adapt the message to the reader's views. But writer often does not know much about the reader. However, attempt should be made to know about the following points.

- a. What relationship is with the reader? Is the reader a customer or a supplier, a boss or a subordinate?
- b. What is position of the reader? Is reader an engineer or an accountant, a supervisor or an executive?
- c. What is reading level of the reader? It can be guessed by noting the educational qualification, technical training, professional status and experience of the reader.
- d. What are interests of the reader relating to job and social activities?
- e. How much reader knows about the subject matter and its background?
- f. Is the reader prejudiced or biased on religious, political and social issues?
- g. What are reader's unspoken needs for information? This can be known by reading between the lines.

3.Choosing the Ideas:

The next step is to choose the ideas. The ideas to include depend upon the message being communicated. For example. A welcome letter to a customer, should include the following ideas:

- a. Welcoming and thanking the reader for opening the account.
- b. Stating the services and facilities offered to regular customers.
- c. Mentioning the working hours.
- d. Informing about the credit terms and discount rates.
- e. Assuring to help in solving the customer's problems.

4. Getting all the Facts:

The facts and figures to be stated in a message may be certain names, dates, address, percentages, statements etc. for some messages all the facts may be in the writer's mind, but for others extensive primary and / or secondary research may be needed for collecting the required data.

Primary Research:

Primary research data may be collected by any of the following research methods.

- a. **Experimental Research Method:** Which seeks to determine whether a change in one factor causes change in another.
- b. **Observational Research Method:** Which involves either human or mechanical viewing of the actions or results of some-hearing, touching, smelling etc.
- c. **Survey Research Method:** Which requires the researcher collect data from respondents through questionnaires.
- d. **Combination of the Various Research Method:** May also be used when any one of the above methods is not appropriate.

Secondary Research:

Secondary research data may be collected from the following sources.

- a. **Company Publications:** Newsletters, bulletins, brochures, pamphlets, handbooks, manuals and company records and reports.
- b. **Books:** Relating to the topic under research.
- c. **Periodicals:** Magazines, journals and newspapers published at regular intervals.
- d. **Other Sources:** Radio and T.V. programmes, publications of other companies and professional association.

5. Outlining and Organizing the Message:

Before writing a message, it should be outlined and organized either on paper or mentally. There are four different organizational plans – the direct request, good news, bad news and persuasive request. The first two use the direct approach and the last two, the indirect approach.

6. Revising and Editing and Proof Reading:

The draft should be read paragraph by paragraph, sentence by sentence and word by word to check the continuity of ideas and grammatical, punctuation and spelling mistakes. While revising and editing the message it must be ensured that the message meets all the principles of good business communication.

A careful proof reading is essential after the revised and edited message has been finally typewritten. Before it is mailed, it should be read by responsible and reliable person, because errors, if left un-corrected, may result in loss of goodwill, sales, income and even lives.

Q. What are the direct and Indirect approaches?

Direct (Deductive) Approach:

The direct approach is used for Direct Request and Good News Plans, because the message is easily understandable and considered favourable or neutral. Under direct approach the message begins with the main idea or good news, and necessary explanatory details follows in one or several paragraphs. The message ends with an appropriate friendly paragraph. Thus a direct approach has three parts – main idea, explanation and friendly close.

Indirect (Inductive) Approach:

The indirect approach is used for Persuasive Requests and Bad News Plans, because the receiver is expected to resist and react unfavourably. Under indirect approach the message does not begin with the main idea or bad news. Instead it begins with some relevant pleasant or neutral statements followed by adequate explanations, before introducing the unpleasant idea. Here also the message ends with appropriate friendly or sympathetic words. Thus, an indirect approach has four parts – statements to “get in step” with the reader, explanations, main idea and friendly and courteous close.

Q. What are the four basic organizational plans? Prepare brief outlines for each of these plans.

Ans: BASIC ORGANIZATIONAL PLANS:

There are four basic organizational plans:

- (i) Direct request,
- (ii) Good news
- (iii) Bad news and
- (iv) Persuasive request.

The first two use the direct approach and the last two, the indirect approach.

Direct (Deductive Approach):

The direct approach is used for direct request and good news plans, because the message is easily understandable and considered favourable or neutral. Under this approach the message begins with the main idea or good news and necessary explanatory details follows in one or several paragraphs. The message ends with an appropriate friendly paragraph. Thus a direct approach has three parts shown in the following out lines for Good News and Direct – Request plans.

| | Good News Plan | | Direct – Request Plan |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01. | Good News or main idea: a. Request, Main statement or question. | 01. | Main Idea: b. Reason(s) if desirable. |
| 02. | Explanation: a. All necessary and desirable details. b. Resale material (Favourable information about a product or service has already bought or is planning to buy). c. Easy reading devices. d. Sales promotion material (suggestions for additional products or services the customer may find useful). | 02. | Explanation: a. All necessary and desirable details. b. Numbered questions if helpful. c. Educational Material. |
| 03. | Positive Friendly Close: a. Appreciation b. Clear statement of action desired, if any. c. Easy action. d. Dated action when desirable. e. Willingness to help further. f. Reader benefit. | 03. | Courteous close with motivation to action: a. Clear statement of action desired. b. Easy action. c. Dated action when desirable. d. Appreciation and goodwill. |

Indirect (Inductive) Approach:

The indirect approach is used for persuasive requests and bad news plans, because the receiver is expected to resist and react unfavourably. Under this approach the message does not begin with the main idea or bad news. Instead it begins with some relevant pleasant or neutral statements followed by adequate explanations, before introducing the unpleasant idea. Here also the message ends with appropriate friendly or sympathetic words. Thus an indirect approach has four parts shown in the following outlines for Bad-news and Persuasive-Request plans.

| | Bad – News Plan | | Persuasive – Request Plan |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01. | Buffer: (Pleasant or neutral statements to get in step with reader) | 01. | Attention: a. Reader-benefit b. Reader-interest theme |
| 02. | Explanation: a. necessary details, tactfully stated. b. Pertinent favourable then unfavourable facts. c. Reader-benefit reasons. | 02. | Explanation: a. Descriptive details. b. Psychological appeals. c. Reader benefits. |
| 03. | Decision: (implied or stated), along with offer of additional help or suggestions. | 03. | Desire: a. Statement of request. b. Conviction material to help create reader’s desire to grant request. |
| 04. | Positive Friendly Close: a. Appreciation b. Invitation to future action. c. Clear statement of action desired. d. Easy action. e. Dated action when desirable. f. Willingness to help further. g. Reader benefit and goodwill. | | Action: a. Clear statements of action desired. b. Easy action. c. Dated action when desirable. d. Special inducement. e. Reader-benefit plug. |

Opening and Closing

Q Two most important position in any business message is the opening and closing paragraph elaborate.

Ans: Opening and closing in business letters play an important role in making the message effective. They are discussed as under.

Opening:

“First impressions are lasting”. This quotation revealed the importance of opening. It has following feature.

1. It Catches Attention:

A good opening catches the attention of readers. The main purpose of senders in persuading request is to convince the reader to read the message. A good opening fulfils this requirement efficiently.

2. It Motivates the Reader:

If the opening of letter is impressive it leaves good impression on the mind and attitude of sender. Ultimately it motivates or induces the reader to do the desired activity.

3. It Helps Reader Understand the Main Idea:

Message is starting with the main idea, the reader realizes that it is a good news or direct request message, on the other hand if it is starting with a buffer or neutral statement it appears to be a bad news or indirect request. In this way the reader treats the message according to its requirement.

Closing:

Closing means the last paragraph of the letter. We remember best what we read last. A good closing has following advantages.

1. Emphasis Upon Action:

A business letter is written with a specific objective. In the last paragraph usually the emphasis is upon the action. This action is essential to fulfill the purpose of letter. For example in sales

letter the objective is to sell by mail. In closing paragraph the reader is motivated to visit the shop or purchase the good or services. Because if the reader acquires a lot of information from the letter but does not purchase the good, the main purpose of the letter remains unfulfilled.

2. To Motivate the Reader:

It also motivates the reader to purchase the product as soon as possible. For this purpose, a deadline is fixed or any other incentive with a specific period of time is given.

Q. Write a checklist for opening and closing.

Ans: Checklist for Opening Paragraph:

- 1. Chose an opening appropriate for the message, purpose and for the reader.**
 - (a) Main idea or good news first for direct request, neutral and good news message.
 - (b) Buffer first for the bad new message.
 - (c) Attention getting statement first for persuasive requests.
- 2. Make the opening considerate, courteous, concise and clear.**
 - (a) Get reader into opening.
 - (b) Keep first paragraph relatively short.
 - (c) Focus on the positive.
 - (d) Use courteous conversational language.
 - (e) Avoid unnecessary reputation.
- 3. Check for completeness regarding.**
 - (a) Sentence structure.
 - (b) Date of letter you are answering.

Checklist for Closing Paragraph:

- 1. Make your action request clear and complete with the fine list and H (how) if you want your reader to do something.**
 - (a) What and who: Clearly state what action you desire and who should do it.
 - (b) How and where: Make action easy.
 - (c) When: Date the action if desirable.
 - (d) Why: Show reader benefit if possible.
- 2. End on a positive courteous thought.**
 - (a) Include any positives and negatives before the last paragraph.
 - (b) Be friendly.
 - (c) Show appreciation.
 - (d) Occasionally add a person note.
- 3. Keep the last paragraph concise and correct.**
 - (a) Avoid trite expressions.
 - (b) Omit discussions of trivial detail.
 - (c) Use relatively short and complete sentences.

Q. DISCUSS VARIOUS LEGAL ASPECTS IN BUSINESS COMMUNICATION.

Legal aspect refers to the selection of words used in Business Communication so as to ensure their conformity with the rules and regulations laid by the country's business law failure to which may cause a person to be up against legal actions.

A person or the communicator should be mindful of the following areas while communicating with

1. Defamation
2. Invasion of privacy
3. Fraud

4. Misc. areas.

1. **DAFAMATION:**

“The unconsented & unprivileged publication of a false idea which injures the reputation of a person in a society is called Defamation.”

We will dilate on this area by giving a focused view to some of the important terms used in the definition.

Unconsented:

Unconsented means “without agreement”. This makes the first point clear that whatever a person is to defame the other person, it is against the will or consent of the other person.

However, in some of the cases the act of defamation is carried out with the consent of the person who is aimed at. Some of those cases are as under.

- Showbiz
- Sports
- Politics

Unprivileged:

This means “Unrightful”. It’s plain to understand that it is defaming another person when he is not given the privilege or right by the law to defame.

Some bodies/organizations/persons have the privilege to make defaming information/material known to the people other than the two persons in question. Privilege is mainly of two types.

- Absolute privilege.
- Conditional/Qualified privilege.

Absolute Privilege:

A person has absolute privilege to defame the other person means he has been given full right by the law to defame the other person on any matter whatsoever. This case is limited to the following areas:

- Judicial Proceedings.
- Assembly Proceedings.
- Official Proceedings.

Judicial Proceedings:

A particular action or a course of action in the law court is called Judicial Proceedings. The Lawyers in such proceedings have full right to defame the person against whom a suit is filed.

Assembly Proceedings:

Legislature is the place where representatives of political parties have full liberty to ensure the government or vice versa.

Official Proceedings:

Government bodies such as NAB (National Accountability Bureau) have been given absolute privilege to defame the nabbed person.

Conditional / Qualified Privilege:

Privilege under certain conditions or privilege to defame on certain matters is called Conditional Privilege. For example, an employer may defame his employee on the following matters.

- Tenure
- Salary
- Responsibilities

Publication:

When a defamatory matter is made known to a third party either intentionally or unintentionally it’s called publication. Publication branches off into two types:

- Slander

- Libel

Slander:

Slander is an oral defamation.

Libel:

It means to use written material such as newspapers, letters, pictures etc. to defame a person.

As against slander, libel is considered as the severer one and is of more serious consequences because the defamatory material is at hand to drag the defamer to the court of law.

False Idea:

A statement which is termed as defamatory should be false in its nature. If it's right and not false, then it can never be termed as defamation. Therefore, if in a court of law the defendant proves that whatever he made public about the plaintiff is absolutely true, he could no more be liable in the case of defamation.

Person:

A natural individual.

Injury:

Harm.

Society:

Any person other than the defamer and the person who is defamed or in short, third party member.

Unconsented:

Unconsented means "without agreement". This makes the first point clear that whatever a person is to defame the other person, it is against the will or consent of the other person.

2. INVASION OF PRIVACY:

a. Intrusion into a Person's Physical solitude:

This sheds light upon the fact that there are certain activities we engage in our solitude or loneliness. If a person infringes upon another person's such activities, he's invading upon that person's privacy.

b. Disclosure of private facts about an individual:

If some private facts shared by two individuals are disclosed by any one of person, it's invasion of privacy.

c. Using a person's name or identity for a commercial purpose without his permission:

We call it invasion of privacy when without the consent of a person, his name or identity is used. Pepsi's Shahrukh Khan & Fake Hritik Roshan starring ad. Is the point in case.

d. Throwing false public light to a person unintentionally:

If unintentionally a person is exposed to public attention censure then the person responsible for it may have the court of law to answer to for invading upon the innocent's privacy.

3. FRAUD:

"Fraud is an intentional misrepresentation of facts with a view to induce the other to enter into a contract".

Essential Elements of a Fraud:

a. It must be intentional:

To do a fraud a person should willingly misrepresent a fact.

b. It must relate to a material fact:

It means that a fraud is always related to an important fact (A fact upon which a contract is made).

c. It must be given before the conclusion of the contract:

This signifies that a fraud is always done before the ending of a contract. After the end of the contract a fraud can not be termed as a fraud even if it is a fraud. Therefore, making the person responsible for the fraud not liable for any legal proceedings.

d. It must induce the other party:

A fraud is designed in a manner so as to compel the other party to engage in a contract.

e. It must be a statement of fact not a statement of opinion:

It means that it should base upon a concrete fact, which does not vary from person to person.

f. It must result in a loss to the aggrieved party:

It makes the point distinct that a fraud is always end in a financial loss to the victim.

4. MISC. AREAS:

a. Currency notes and Government papers etc:

A person who counterfeits currency notes, treasury bills or bonds may find himself in the court of law for a crime like that.

b. Copyright:

Theft of copyright material such as republishing a book without the consent of the publisher and reproduction of an authorized recorded tapes or CDs may cause a person liable to legal actions.

c. Pornographic material:

Any obscene material, which is against the morality.

BUSINESS WRITING PRINCIPLES

OR

SEVEN C's IN BUSINESS COMMUNICATION

1. CORRECTNESS:

Normally it is assumed that correctness only refers to spelling, punctuation and grammar etc. but business Communication is something more than that. Following guideline should be considered for achieving correctness.

- (a) Use the correct level of language
- (b) Include only accurate facts and figures.
- (c) Maintain acceptable writing mechanics.

(a) Use the Correct Level of Language:

There are usually three levels of language that is formal, informal and sub-standard. Informal level of language is the language of business letters, memos and reports. Formal language is used for writing research papers and legal documents etc. Sub-standard level of language is not used in any type of communication because it either refers to the street language or unacceptable language.

Incorrect: We thank you in anticipation of this courtesy and assure you that it will be a pleasure to serve you in similar manners.

Correct: I will appreciate your helping us. Let me know when I can return the favour.

(b) Include Only Accurate Facts and Figures:

The writer of a business message should specifically be careful when he is quoting any fact or figure. The situation is more critical when the reader relies on the accuracy of facts and figures. An incorrect figure may lead even to the loss of customer, because customer might feel that he is not dealing with business like people. For example if a bank manager provides a wrong balance figure to his account holder, the result might be disastrous for the bank.

(c) Maintain Acceptable Writing Mechanics:

Writing mechanics include a number of considerations. For instance, use of grammar rules, sentences structure, composition, punctuation, spelling and all other considerations. Which form the structure of English Language?

2. **CONCISENESS:**

With the advent of information revolution, business messages are getting short day by day. This is because of huge inflow and outflow of messages on daily basis. Therefore, conciseness is a prime requirement. Following points should be considered for achieving conciseness.

- (a) Omitting trite expressions.
- (b) Avoid unnecessary repetition.
- (c) Include relevant facts.

(a) **Omitting Trite Expressions:**

Trite expressions are also called clichés or stereo typed expressions. They are usually longer, formal and relatively meaningless because of over use.

Example:

Trite:

In accordance with your request of recent date, we are enclosing herewith our cashier's cheque in the amount of Rs 20,000, representing a withdrawal of said saving A/c. No. 3595.

Improved:

According to your request of April 25, cheque of Rs. 20,000 is enclosed.

(b) **Avoid Unnecessary Repetition:**

Skillful business writers avoid unnecessary repetition by rewording their message and trying to reduce it by almost 50%. In other words first draft of the message is never final and it always requires a second reworded reduced draft before dispatched to the receiver.

Example:

Wordy:

I have your letter of October 14 and wish to say that we will be glad to give you a refund for shirt you purchased here last week.

Improved:

You can avail refund for the shirt you purchased last week.

(c) **Include Relevant Facts:**

Relevant facts refer to those necessary facts which should be present and should never be compromised for achieving conciseness.

3. **CLARITY:**

Clarity refers to a clear understanding of the message by the receiver. In other words the receiver should not face any problem in getting the meaning of the message. The clarity could be achieved by the following techniques.

- (a) Choose words that are short, familiar and conversational.
- (b) Construct effective sentences and paragraphs.
- (c) Achieve appropriate readability.
- (d) Include examples, illustrations etc.

(a) **Choose Words that are Short, Familiar and Conversational:**

The vocabulary of English language is so rich that a number of words are possible for a single occasion. In today's business English, analysts suggest that it's better to use such words in business writing, which are normally used in day to day conversation. Therefore, it is always better to avoid difficult and high sounding words.

Example:

The bank statement shows an Overdraft of Rs. 10,000.

The bank statement shows an excess withdrawal of Rs. 10,000.

(b) **Construct Effective Sentences and Paragraphs:**

The number of paragraphs for a business message should not exceed more than 3-4 paragraphs. Within one paragraph, number of sentences should not exceed more than 3-4 sentences and within one sentence, number of words should not exceed more than 12-15 words.

(c) Achieve appropriate Readability:

For achieving readability 'FOGINDEX' is calculated. The calculation is given below.

Formula:

| | | |
|--------------------------------------|------------------|-------|
| Word Count | 110 | |
| No. of sentences | <u>7</u> | |
| Average sentence length (110 ÷ 7) | 15.7 | → (a) |
| Hard Words | <u>13</u> | |
| % age of hard words (13 ÷ 110 x 100) | <u>11.8</u> | → (b) |
| Total of 'a' and 'b' | 27.5 | |
| Multiplier (27.5 x 0.4) | <u>0.4</u> | |
| FOGINDEX | <u><u>11</u></u> | |

If the answer of Fog Index ranges between 10 and 15, this means the message is readable by a person having average educational background. If the answer exceeds the mark of 15, this means to understand the message, some higher educational qualification is required.

(d) Include Examples, Illustrations etc.:

Examples and illustrations work as supplementary tools for the writer. Examples help the reader to understand meaning of the message.

4. COMPLETENESS:

It is not necessary that all seven C's could be applied to all types of business messages. The 'C' of completeness should be kept in mind especially giving replies to inquiries and writing adjustment letter. Following points are considered for the 'C' of completeness.

- (a) Answer all questions asked.
- (b) Give something extra. When desirable.
- (c) Check for five W's.

(a) Answer all Questions Asked:

If in the product related inquiry the prospective customer has asked four questions, it is much necessary to answer all the four questions. Even if a single question is missed and not answered, the inquirer is having all the reasons to believe that the person giving reply is a careless person or he is not interested in answering the questions or there is something wrong which he is willing to hide.

(b) Give Something Extra When Desirable:

Normally a good marketing technique applied by managers is to offer something extra apart from original questions asked. This something extra may be the point of sale for the producer because customer would like to buy from such a manufacturer who is offering something extra, which others are not offering.

(c) Check for 5 W's:

Five W's to Who, What, When, Where and Why. For example to order merchandise, we should make clear **What** we want, **When** we need it, **Where** it is to be sent, **How** the payment will be needed.

5. CONCRETENESS:

Concreteness adds conviction to the message. It is easy for the reader to believe on concrete messages. Concreteness also increases credibility of the sender of message. Following points should be considered for achieving concreteness.

- (a) Use specific facts and figures.

- (b) Put action in the verb.
- (c) Choose vivid image building words.

(a) Use Specific Facts and Figures:

Use of fact and figures play a vital role especially when describing a product or service.

Example:

General: These brakes stop car within short distance.

Specific: The hydraulic pressure brakes stop a car with a distance of two feet as soon as they are applied.

(b) Put Action in the Verb:

The basic function of the verb is to describe action of a noun or pronoun. Therefore, care should be taken that the action should always be represented by verb and an action is found in a noun, it should be converted into verb.

Example:

Noun: They held meeting in the office.

Verb: They met in the office.

(c) Choose Vivid Image Building Words:

Vivid image building words are generally used for creating an impression upon the reader, so that the reader should start building an image of the product or service in his mind. Such words are used in sales and sales promotion letters.

Example: This is a very good computer.

The P-IV 800 MHz, 20GB HD, 64MB RAM, 500 MB CACHE, Intel genuine processor, in ATX casing is a computer of new millennium.

6. CONSIDERATION:

Consideration refers to giving importance to the other person whether he is a reader audience, spectator or listener. For achieving consideration following points are considered.

- (a) You attitude
- (b) Show readers interest
- (c) Apply integrity in the message
- (d) Emphasize the positive

(a) You Attitude:

You attitude means writing a business message from the point of view of the customer or at least showing that the customer is very important.

Example:

I - Attitude: We allow 5% discount on Cash Payment.

You - Attitude: You can enjoy 5% discount on Cash Payment.

(b) Show Readers Interest:

People are basically selfish in their nature. They are only interested in themselves and they always look for some material benefit. Therefore business messages should always be drafted in such a manner to offer something to the customer, which is of interest for him. Mind it customers are not interested in the producer or service provider. Their focus of concentration is their own self. A customer will be a loyal customer, if he is obtaining some benefit on a regular basis.

(c) Apply Integrity in the Message:

Integrity refers to character in the business message. This would come by being honest and truthful with the customer. Never make such a promise, which can be fulfilled never give false hopes to the customer and also never bluff the customer.

(d) Emphasize the Positive:

Most of the statements even in business messages could be written from angles. One is the positive angle and the other is the negative one. It is always better to highlight positively rather than negatively.

Example:

Negative: We do not refund if the refund item is soiled and unsalable.

Positive: We do refund if the returned item is clean and saleable.

7. COURTESY:

Surviving in today's business world requires courtesy on the part of producer or seller. A discourteous producer or service provider cannot succeed in the buyer's market. That is why famous slogan of 'Customer is always right' invented. To achieve courtesy following points should be considered.

- (a) Be tactful.
- (b) Omit expressions that can irritate.
- (c) Answer/mail promptly.
- (d) Grant and apologize.

(a) Be Tactful:

Tact means handling customer with a right technique. Otherwise, if customers are not handled properly, business may suffer.

Example:

Tactless: Your letter is not complete I cannot understand it.

Tactful: If I understand your letter correctly, you want to say that.....

(b) Omit Expressions that Can Irritate:

Irritating expressions are disliked by all and customers are not any exception.

Example:

- (i) You have failed
- (ii) You have no choice
- (iii) You neglect
- (iv) You claim that

(c) Answer / Mail Promptly:

It is a matter of business courtesy that all mails should be answered promptly. A late reply may give an impression that the manufacturer is not interested in the customer.

(d) Grand and Apologize:

It is always advisable to give some favor to the customer if he asked for it, and if some mistake is committed, it is better to apologize.

LISTENING

Q. What are the responsibilities of a good listener?

OR

Explain consideration before starting listening?

Ans: There are following responsibilities of good listeners;

1. Preparation for listening:-

A listener should prepare himself to listen. This preparation includes following point:

- (i) **No talking:-** A listener must not talk when he is going to listen otherwise, the idea may not be received or it may be interrupted.
- (ii) **Avoiding distraction:-** The listener should not distract his attention from the speaker to some other object. Shuffling papers or doing any other thing may disturb the person of receiving ideas.
- (iii) **Good environmental condition:-** The listeners should arrange a suitable condition before listening. Noise of traffic, poor ventilation, extraordinary warmth or coldness and many other such things cause problems in listening.

2. Concentration on message:-

A listener is required to concentrate on verbal and non-verbal message. For having good concentration, following points are to be considered:

- (i) **Controlling emotion and feelings:-** Sometimes it happens that speaker's words hurt the feelings of listeners. In this situation the listeners should control his/her emotion and feeling because if he loses temperament, he cannot get the message.
- (ii) **Avoiding evaluation:-** The listener should concentrate only on listening and avoid jumping to conclusion or evaluating the message.
- (iii) **Showing interest:-** The listener should show his interest to the topic so that the speaker can be motivated to convey his ideas in a better way.

Q. **What are the faults/pitfalls of listening?**

Ans: Listening is a very important aspect of oral communication. If there is any lacking or fault in listening, it might cause failure to communication process. So, people should be well aware of faults in listening so as to improve the overall communication ability. These faults are enumerated as under:

- (1) Prejudice against the speaker.
- (2) External Distraction.
- (3) Thinking speed.
- (4) Premature evaluation.
- (5) Semantic stereotype.
- (6) Delivery of speech.
- (7) Language.
- (8) Sluggishness.

The explanation of above mentioned points is as under:

1. Prejudice against the speaker:-

Sometimes the speaker conflicts with our attitude. The summary of these conflicts is as follows:

- (i) **Personality of the Speaker:-** If the speaker is not liked by the listener, the listener may not pay attention to listening. For example a business person might not listen to his rival because he is biased with the personality of that rival.
- (ii) **Thoughts of speaker:-** If the thoughts of speaker are in contrast with the listener's thoughts the listening process could be damaged.

2. External Distraction:-

External environment affects listening a lot. Noisy fans, poor light, distracting background music, overheated or cold room, poor ventilation and many other things distract a listener's attention from the speaker's message.

3. Thinking speed:-

On average, most of us speak between 80 and 160 words per minute. Whereas, people have the ability to think at the rate of up to 800 words per minute. Despite this fact, the listener may have slower thinking process due to the following reasons:

- (i) **Competition of concentration:-** The listener could not concentrate on the message because he has many things to think besides listening to the message.
- (ii) **Doing some other activity:-** The listener might be involved in doing some other activity.

4. Premature evaluation:-

When the listener starts evaluating the message during the process of listening, he/she is not attentive enough to the message. This is another fault of listening.

5. Semantic stereotype:-

There are many topics to which the listener has emotional and psychological belongingness. So, the topic and issues which hurt his feelings are not absorbed by him easily.

6. Delivery of speech:-

A monotone can easily put the listener to sleep or cause him to lose the interest.

7. Language:-

Another fault of listening is the language. If the speaker using such words, idioms, or structure of language with which the listener is not familiar, the speaker will face difficulties in conveying his message.

8. Sluggishness:-

If the listener is mentally or physically tired, or habitually lazy, he would feel difficulty in listening to the message.

**Q. What are the guide lines to effective listening?
How can good listening habits be developed?**

OR

Ans: Listening is very important aspect of communication. Around 20% of overall communication is listening. Therefore, one should strive for adopting good listening habit. There are following guidelines for good listening:

- (1) Preparation before listening.
- (2) Listening to understand, not to refute.
- (3) Focusing the attention.
- (4) Concentration on context.
- (5) Taking notes.
- (6) Curbing the impulse to interrupt.
- (7) Asking questions.
- (8) Summary & evaluation.

The details of each point are as follows:

1. Preparation before listening:-

As already mentioned that listening plays important role in communication. So one should prepare himself before starting listening. In preparation, there are following guidelines:

- (i) **Stop talking:-** Human brain can perform one activity efficiently at a time, so during listening there should be no talking by the listener.
- (ii) **Remove distraction:-** Noisy fan, traffic noise, entrance of unauthorized persons may interrupt the listening process. All these barriers should be removed.
- (iii) **Good environmental conditions:-** There should not be extraordinary cold or warm environment and ventilations should be proper.

2. Listening to understand, not to refute:-

There could be many topics to which the listener has reservations. Apart from these reservations, the listener should try his best to understand the message.

3. Focusing the attention:-

There may be many objects on which the listener should construct a mental outline of where the speaker is going in his speech.

4. Concentration on context:-

The listener should keep in mind the background and theme of speech. This thing enables him to absorb the material quickly and efficiently.

5. Taking notes:-

Listener should keep on taking notes. Hence, he should jot down ideas rather than sentences. In this way, he/she could make the message safe for a long time.

6. Curbing the impulse to interrupt:-

One should avoid interrupting the speech until the speaker invites questions. This habit puts the speaker and listener both at ease.

7. Asking questions:-

Asking right question on right time is quite different from interruption. Listener should have an idea to know right time to ask questions.

8. Summary & evaluation:-

The listener should summarize and speech but not during listening process.

Q.3 Why should a business communicator know about listening? OR

Discuss advantages of good listening:

OR

What is the purpose of listening? Discuss;

Ans: Listening is an important aspect of business communication. It stands third after writing and speaking. A business communicator has to listen to various customer, employees, officer, suppliers, financiers etc. Obviously, it is an unavoidable task for a business person. This important reason as to why a business communicator should know about listening is enumerated as under.

- (1) To gain new information and ideas.
- (2) To question and test evidence and assumptions.
- (3) To be inspired and motivated.
- (4) To improve overall communication.

The explanation of these points is as under:

1. To gain new information and ideas:-

A business person has to get new information and ideas from various parties. For example he gets the information from customers regarding the product. He takes various ideas from the employees inside the organization. He receives order or instruction forms his superiors. He gets training form his instructor. All these activities require him to be a good listener.

2. To question test evidence and assumptions:-

Any activity, particularly business, activity requires good analytical skill to survive in the environment. A good listener does not feel much difficulty in doing so. The message of speaker mostly consists of facts (Verifiable data) or opinions (inferences). Good listeners test those facts and opinions against assumptions and then question the speaker. In this way he is able to analyze the message and treat it on its merit.

3. To be inspired a motivated:-

A dynamic business man wants to be motivated again and again. Good listening enables him to take inspiration from the message and brings about enthusiasm in his attitude.

4. To improve overall communication:-

A business person needs strong communication skills to survive in the market. And to face a high degree of competition. This can only be achieved by having strength in all areas of communicating i.e. writing, reading, speaking and particularly listening.

Q. What do you mean by good listening and bad listening? Discuss,

Ans: Good listening means a person's ability to understand the message effectively and efficiently. It results in improved communication and quick feedback.

ADVANTAGES OF GOOD LISTENING:

Listening is not just hear. It is respectively that permits understanding of what is heard and makes the listener a sharer in communication.

Listening is a skill that requires parlance and lact. There are certain advantages of good listening.

1. It leads to helpful positive attitudes.
2. It permits the speaker and listener to improve communication.
3. It provides a feed-back to the speaker who can adjust to the situation and helps his/her give better presentation.
4. It creates better understanding of the two parties.

Bad listening:-

It means a person's disability to understand the message partially or completely. It results in (i) Poor hearing (ii) Poor understanding (iii) Poor interpretation,
It can be overcome by following the guidelines of listening.

Interview

Q. Explain the types of patterned interview .

Ans: In a patterned interview the interviewer controls the direction of conversation. It is of following two kinds.

1. **Direct Interview:** In the direct interview the interviewer keeps very close control at all times by directing limited and specific question. He / She asks close ended question and does not let the interviewee speak freely.
2. **Indirect Interview:** In the indirect interview the interviewer makes little or no attempt to direct the applicant conversation.

Q. What are the different purpose/objectives for which interview is carried?

ANSWER.

Interties are face-to-face communication. It is a form of interpersonal Communication. Interviews are not just for job procurement.

The purpose for which interviews are carried may be as follows:

1. CONUSELLING: taken by a supervisor, officer, or counselor who may ask questions relating to work or problem from the employee. In other cases interviews may be conducted by a doctor/psychiatrist of patients or person facing psychological problems.

2. EVALUATING: taken by supervisor, manager to review and evaluate the performance of the employee(s).

3. DISCIPLINING: taken by an officer, manager if the behavior of the employee(s) require action to maintain discipline.

4. COMPLAINING: taken by an officer, manager if the employee(s) wish to lodge complaint for certain dissatisfaction or action required.

5. TERMINATING: taken by an officer/manager to inform employee(s) about the termination from job.

1. **Other objectives** There are following objectives of patterned interviews.

1. The resume provides a lot of information about the candidate but not all the information so this interview is conducted to evaluate job qualification that the resume can't provide.
2. Another purpose is to determine the real communication ability of the interview.
3. This interview also helps the interviewer provide essential facts about the job and company.
4. It also instills a feeling of material understanding and confidence in the applicant, who accepts the job.
5. It promotes good will towards the company, whether the applicant accept the job or not. It is important to give the right impression to the candidate who is disappointed by a turndown.

Q. Discuss briefly various symbols of positive and negative attitude of an interview?

Ans: An interview may have a negative or positive attitude during the time of interview. The summary of these negative or positive symbols is as below.

A. Direct Interview:

| Positive | Negative |
|-----------------------------------|-----------------------------------|
| a) Early arrival | Late arrival |
| b) Alert, responsible attitude | Intensive, dull attitude |
| c) Emphatic attitude | Withdrawn attitude |
| d) Relaxed manner | Tension, body tremor |
| e) Smiles | Frowns |
| f) Clear voice | Choked voice |
| g) Diligent, responsible, smart | Lack of concentration, dull, weak |
| h) Strong and determined attitude | Lack of determination |

B. Verbal Behavior:

| Positive | Negative |
|--------------------------------|------------------------------------------|
| a) Sticking to the main point | Changing the subject |
| b) Relevant responses | Irrelevant responses |
| c) Well organized presentation | Disorganized presentation |
| d) Appropriate use of humor | uncalled of levity |
| e) Spontaneous replies | Long pause before replying |
| f) Speaking well of people | Criticism of others |
| g) Eye contacting confident | Looking sideways cresting ayes downward. |

Q. How should an effective interviewer behave during interview? What pitfall an effective interviewer avoid? What are the guidelines to an interview to conduct and effective interview? Or what are the responsibilities of an interviewer?

Ans: Giving an interview is equally important as taking interview, one has to be very careful while giving an interview, there are following guidelines in general which could enable an interviewer to conduct a good and effective interview.

- a) Preparation
- b) Conduct during interview
- c) Evaluation

a) Preparation:

The interviewer should prepare himself before the interview, the following points are to be considered in this regard.

1. **Reading applicant's Resume:** There is much information provider in his resume so the resume should be read in detail. So as to asks the question in the perspective of resume.

2. **Being aware of state Regulation:** There are many policies and rules and regulation made by a state about the recruitment of employees. The interviewer should be aware of them so as to avoid any prospective lawsuit.
3. **Planning the questions:** The interviewer should plan the pattern of question, the number of question types length duration etc. should be clear in the mind of interviewer.
4. **Omitting personal bias:** There might be many biases in the minds of interviewer about the candidates. In order to make the interviewee fair he should avoid these biases.

b) **Conduct during the interview:**

Having prepared for the interview the interviewer should consider the following points during interview.

1. **Letting the candidate speak:** The main objective of interview is to have the information from the candidate as much as possible, so interviewer should let the candidate speak as much as possible.
2. **Using the language of candidate:** If there is no restoration regarding the language such a language should be used in which the candidate feels easy and free.
3. **Avoiding arguing with the candidate:** The purpose of interview is to evaluate the candidate not to solve a dispute, so argumentation with the candidate should be avoided.
4. **Not interrupting the candidate:** The candidate is already under a lot of pressure. So the candidate should not be interrupted.
5. **Controlling the emotions:** During the interview there are many stages on which the interviewers might get emotional. This may cause failures to the interview process.
6. **Establishing eye contact:** In order to be confident and to put the candidate at ease, the interviewer should establish an eye contact with the candidate.
7. **Using body language:** Use of body language can play an important role to make the question clear to the candidate.
8. **Asking open ended questions instantly:** The close or dead ended questions are not very useful to acquire more information. So open-ended question should be asked as much as possible.

c) **Evaluation:**

After the interview the last step is to evaluate the interviewee. For this purpose there are following points which should be given importance.

1. **No personal bias:** There might be many candidates with whom the interviewer may have personal bias. This should be avoided in any case so as to hire the potential people.
2. **Clear cut standards:** The interviewer should try to establish a clear-cut standard for evaluation such as point system.

Q. What pitfall an interviewer should avoid?

Ans: There are many things in which the interviewer can easily be trapped. There are the general pitfalls which should be avoided. They relate mainly to the following biases prejudices and other weaknesses within the interviewer.

1. **Halo Effect:**

It is the tendency of the interviewer to form an overall opinion regarding the applicant on the basis on a single aspect of his or her personality. For example, if the candidate did not comb his hairs properly the interviewer might have an image that the applicant is a careless person.

2. **Stereotype Error Trap:**

It is the tendency to categorize the candidate on the basis of features of surface clues or some superficial hints.

3. **Expectancy Error:**

It is the tendency of the applicant to anticipate the need and preference of the interviewer and to respond accordingly. For example, the candidate may give an answer, which is correct but

not in accordance with the interviewer preference. So the interviewer should give the leverage to the candidate.

4. Ideal image error:

Usually, an interviewer has an image of a candidate. This usually happens that the image in the mind interviewer does not coincide with the candidate. So the interviewer should go on for a compromise.

5. Personal bias of the interviewer:

The interviewer may have many personal biases against the candidate. Poor handshake, biting of finger, gum, chewing, loud, clothes, poor eye contact etc. these should be ignored.

6. Pseudoscience and myths:

Handwriting, outward features, date of birth number of letters in the name lines or marks on the palm of hand and shape and bulges of the skull are not scientific tools to judge the ability of the candidate. An interviewer should avoid them.

7. Stereotypes Mechanism:

Interviewer might indulge in monotony in different questions in different ways should be asked.

8. Other pitfalls:

There are a number of pitfalls other than those mentioned above. These are as follows;

- i. Illusion that the previous experience of itself guarantees ability to do the job well.
- ii. Being impressed because the applicant needs a job even though the necessary qualification is lacking.
- iii. Talking too much by interviewee not listening.
- iv. Poor preparation before interview.
- v. Asking inappropriate questions.
- vi. Being discourteous and rude towards the applicant.
- vii. Jumping to conclusion.
- viii. Accepting facts without intending to determine meaning and accuracy.
- ix. Leaving unexplored gaps.
- x. Allowing candidate to guide the interviewer.
- xi. Depending on memory to conduct interview and to evaluate the applicant's qualification.
- xii. Asking other questions when the applicant hesitates a moment.
- xiii. Appearing to be critical and cold towards the applicant.
- xiv. Not observing non-verbal clues.
- xv. Poor questions (a) leading question (b) loaded question (c) dead ended question.

Q What is the role of interview in interpersonal communication? Or what is the purpose / Objective or patterned interview? Or what is the importance of interview?

Ans: Interview plays a very important role in interpersonal communication, since it is between two persons or parties i.e. interviewer and interviewee, its importance is discussed with respect to both aspects.

a) From Interviewer Point of View:

Interview has following importance for the interviewer.

1. To Match the applicant and the job:

A job has specific requirement. Every person is not suitable for every kind of job, so the interviews enable the interviewer to match the applicant and the job requirement. This matching may be in the following way.

(a) Matching Qualification:

A candidate having a master's degree does not mean that he has the knowledge of master level. Asking questions about the field of candidate enables the interviewer to know as to how much knowledge the candidate has acquired.

(b) Matching Candidate Ability:

Different candidates have different abilities. The interview helps know the abilities of every candidate according to the job requirement.

(c) Other Areas:

Candidate's conduct, attitude, confidence, communication skill and other areas are expressed means of interviewers.

2. To develop the image of organization:

Another secondary role of interviews is to establish a good image of an organization before candidate and ultimately before the market.

b) From Interviewee Point of View:

An interview is equally important for interviewers as it's for interviewee. This importance is enumerated as follows.

1. To have information:

An interviewee can have different information about the organization. This information might be about the organization nature of job salary rule and regulations, etc.

2. To have a suitable job:

Interview helps the candidate know about the job. In this way, he / she can choose the best one of him / her.

Dictation

Q. What is dictating? State its importance and enumerate good dictating techniques.

Ans: DICTATING:

Dictation is an oral communication between two persons (usually an executive and a secretary). The executive speaks (dictates) a message to the secretary, who transcribes the spoken words into a written message that is to be sent to addressees.

Importance:

The person who can dictate messages clearly and quickly saves time and money for the employer, and who indirectly help build company goodwill.

On the other hand, poor dictating habits result in confusions, errors, costly damages, loss of company goodwill, and damages the executive's status.

SUGGESTIONS FOR BETTER DICTATION:

Following are the suggestions for improving dictating habits:

Preparation before Dictation:

Preparation before dictation requires the executive to –

- i. Know the purpose.
- ii. Visualize the reader.
- iii. Consider the secretary.
- iv. Collect all facts needed for the contents of the message.
- v. Prepare an outline, with main points on paper or in mind.

Good Dictating Techniques:

Good dictating techniques include the following:

- i. Dictating in a language that possesses all the C' qualities.
- ii. Dictating from the outline (prepared in advance).
- iii. Clear pronouncing.
- iv. Clarifying the confusing words and figures e.g. "E" may be clarified by saying "E for elephant" and "Sixty" by "six zero".
- v. Spelling the unusual and confusing words and names.
- vi. Giving instructions for number of copies, reference, subject, ordinary or registered mail, etc.
- vii. Dictating punctuations.
- viii. Maintaining acceptable speed.
- ix. Avoiding environmental disturbance.
- x. Providing written material when there are tables of numerous figures.
- xi. Setting a time free from interruptions by telephone or callers.
- xii. Developing and using simple abbreviations and code words, e.g. "SRM" for "send by registered mail".
- xiii. Dictating only the basic ideas (allowing the secretary to compose the complete message) when the message is of routine nature and the secretary has adequate information and ability.

Signing of Dictated Message:

After the secretary has transcribed the spoken words into a written message, the executive signs it. While doing so, he / she should check the letter with special attention to spellings and figures. The executive should also make sure that instructions as given have been followed by the secretary.

Q. How can a dictation be effective?

ANSWER.

Writing letter in a big and busy organization may mean the use of Stenography/Secretary or Recording Machine. Saying something to be written or noted down or recording. (L1 case of mechanical device) may mean dictation.

For an effective dictation both the parties---- one giving and the other taking the notes--- should be alert and through. It is here where it is more valid: think before you speak, similarly, understand before you made should be the motto for the secretary/steno.

Dictation may be through men/woman or dictating machine. Both needs to be handled with care.

1. Dictation is given from an outline.
2. Enunciate clearly in words and figures.
3. Spell unusual/difficult words, names, etc.
4. Give special instructions in the beginning.
5. Dictate punctuation's, paragraphs, and quotations.
6. Dictate at normal rate with ease.
7. Dictate less and delegate more.
8. Get prepared to interpret properly.

Q. What are the faults of "Dictation"? what steps you should adopt to overcome those faults?

ANSWER.

DICTION has certain faults if it is not properly delivered which is evident from the complaints received from secretaries who get the dictation. Such faults may arise from careless handling of the situation by the executives.

However, some specific faults may be traced in the following points:

1. Lack of proper enunciation.
2. Lack of patient hearing.
3. Lack of care by the person giving dictation.
4. Lack of interpretation by the person getting dictation.

There is no specific suggestion to stop definite mistakes. In any case, the situation of dictation can improve if the following points are taken into consideration.

- a) Dictation should be given from an outline well prepared.
- b) Enunciate clearly in words and figures.
- c) Spell unusual words, names and sounds.
- d) Dictate special instructions in the beginning.
- e) Dictate punctuation, paragraphs, and quotations.
- f) Dictate at normal rate with ease.
- g) Dictate less and delegate more.
- h) Get prepared to interpret properly.

TELEPHONING:

Q Write a note on Telephoning.

Ans: Importance and Advantages:

For business and professional use, the telephone is an effective oral communication tool and one of the most important channels of communication. Often a telephone conversation can take the place of two written messages or a face-to-face interview. In most of the cases communication through telephone is comparatively less time taking and more economical. Telephone talks are also more effective in some cases than the written messages. Something difficult to say in face-to-face interview, can be easily said on telephone. The time that phone calls save to handle certain inquiries and business is valuable for both the callers and the respondents. Business may also sell goods and services through telephone calls. It is a medium, which helps contact more customers, more frequently at lower cost, and earns money from sales. The telephone is therefore, useful in saving money, time and labour, and increasing efficiency and revenue.

Suggestions for effective telephoning:

Telephoning to be effective requires: (a) preplanning by the caller, and (b) desirable behavior during conversation by the conversing persons.

Preplanning:

Before calling, the caller should:

- i. Know the specific purpose of the call.
- ii. Know the person to be called.
- iii. Consider the best time to phone.
- iv. Plan the opening statement.
- v. Jot down the questions to be asked.
- vi. Have paper and pen handy for note taking, and
- vii. Place near the phone any figures, file, correspondence or whatever may be necessary for reference.

Desirable behavior during conversation:

Called should:

- i. Confirm whether the desired person or office has been connected.
- ii. State the purpose of the call at the beginning.
- iii. Summarize the main points before closing, and
- iv. Thank the listener and let him / her hang up first.

Respondent should:

- i. Respond promptly with a clear pleasant voice.
- ii. Greet the caller by saying “ASSALAM-O-ALAIKUM” and mention at the beginning his or her (respondent’s) name and office.
- iii. Answer all questions asked.
- iv. Give extra information if relevant.

Both Persons should:

- i. Smile, because the tone of a smiling speaker’s voice sounds pleasant although he / she are not seen.
- ii. Try to make the conversation interesting.
- iii. Listen without interrupting the other person.
- iv. Listen for the tone of the other person’s voice.
- v. Hold the phone mouthpiece about ½ inches from lips.

Leading

CONCEPT OF LEADERSHIP IN BUSINESS

Q Explain the concept of “Leadership” in business.

ANSWER:

The concept of Leadership in Business Communication may be traced in a business meeting and its success, A meeting should be held only when it is very necessary and can bring about a fruitful result. The success of a business meeting depends on the ability of the leader initiating and conducting the same.

A business meeting is a gathering where purposive discourse occurs among people who exchange information for understanding and making better decisions. A meeting is useful when the leader and the participants come to an understanding about an issue, Meetings may be informational, suggestive or problems-solving.

IMPORTANCE OF LEADING & PARTICIPATING:

Leadership, of course, plays the key role. An effective leader is all out to succeed. Leadership may be of various kinds. Authoritarian, democratic, or not-leaders to be the worse. Naturally, authoritarian, is one choice but not very happy one. Democracy is the only way to satisfy many of the participants and accommodative in nature.

Leading and Participating are characteristics that develop in the process of communication as and when needed. They are needed in discussion, symposium, debate, panel forum, etc. Leaders and participants are prominent people in a given situation of work and are focused on mass media. Leading and participating help solving business problem or resolve issues pertaining to business activities. They contribute idea that may influence a meeting in the business areas. Business communication demands both the leader and the participant to come up to the expectation of the people who have been gathered around. They can help move in a guided manner.

VARIOUS FUNCTIONS OF A LEADER

Q. State the various functions of a Leader.

ANSWER:

A leader has to adopt either the style of domination or accommodation. Depending on the ability a person can be a very successful leader in business.

The functions of a leader in a meeting can be understood with reference to time (i) before the meeting, (ii) during the meeting and (iii) after the meeting.

(i) **BEFORE THE MEETING:** the leader plans the purpose, the audience, meeting date, time, place, agenda and venue.

(ii) **DURING THE MEETING:** leader's opening statement, stimulating discussion, sorting/ selecting interpreting data and stating the conclusion play very important role in understanding the function of leader and sometimes the types of Leader.

(iii) **AFTER THE MEETING:** follow up is very necessary function of a leader, it includes distribution of minutes and seeing that responsible committees, departments or individuals are appointed and action has been initiated in the right direction, i.e, as decided in the meeting.

So the functions of a leader in business communication provide the key to success in the endeavour.

KINDS OF LEADERSHIP

Q What are the different kinds of leadership?

ANSWER: Leader is the one who makes things smoothly in a desired direction. The function may move from appointed leader to groups' members each contributing ideas in flourish the meeting.

Leadership may be of various kinds:

- a) Authoritarian leadership
- b) Democratic leadership.
- c) Not- leaders or leaderless.

1. AUTHORITARIAN LEADERSHIP:

It is autocratic in nature. That's leader suggestions must be accepted commands must be carried out. The leader has contempt for disgruntled participants and dominates the thinking of the group. He even manipulates others to his/her advantage. He/she accepts those who praise him/her and resents those who disagree. He keeps people under tight control and is self seeker and self lover.

2. DEMOCRATIC LEADERSHIP:

It is opposed to authoritarian control. He/she to hear people are accommodate their views. He/she shares views with people. He gives concession and strengthens organization by participation and co-operation. He makes people feel that it is a group decision and carries weight or consolidates results. People under command feel happy that it is their own decision.

3. Withdrawn LEADER

It is the word type of leadership. He gives up Leadership in favour of group. He believes in shared wisdom rather. He has no power to lead. He is just in and continuous to exist. He has little direction and control. He depends on others. It is at best trying to survive marginally.

Naturally, authoritarian is not a very happy choice but it exists in real life.

Democratic Leadership is the only way to satisfy many of the participants and accommodative in nature. The last one, i.e. not-leader or leaderless is undesirable and nor a popular practice.

Hence the most desirable is Democrat Leadership and; accepted by all Autocratic Leadership is found in commanding position more practically in authority inborn areas where so called discipline is everything.

TYPES OF CONFERENCE:

Q. Describe in details various types of conferences.

Q. Briefly describe the types of conferences.

1. Informational conference.

2. Suggested solution conference.
3. Problem solving conference.

1. Informational Conference:

As the name implies the purpose of informational conference is to disseminate some information to the participants of the conference. As such no discussions are held during such types of conference. As the purpose is simply to give the information, a larger number of participants during the meeting are also possible.

2. Suggested Solution Conference:

In such types of conferences a pre-decided solution is presented in front of the participants so that approval or disapproval about the solution could be obtained.

3. Problem Solving Conference:

This type of conference is called when the executive has no adequate solution to suggest regarding a problem and he seeks solution from participants.

Q. What is a Problem Solving Conference? Explain its planning and Procedure.

Ans: There are primarily three kinds of meetings of conferences.

1. International conference whose purpose is to provide information to the participants.
2. Suggested solution conference in which a suggested solution is presented for discussion.
3. Problem solving conference.

ANSWER: Business Meetings is a form of Oral Communication. Problem-Solving Conference is one of such meetings, Meetings which result in decision for action is very common in business world.

The problem is presented in such a meetings to prepare a written report on it. The participant suggests solutions, discuss and evaluate them, and arrive at a decision on which action is to be taken. Hence the name is given as the Problem-Solving Conference.

When the problem is of complex nature, the problem is given to the participant who tries to solve it, for example if there is continuous unrest and labour and the executives are unable to solve it, a meeting may be arranged to solve the problem with the help of participants in the meeting.

Planning steps before problem solving conference.

1. Reviewing the Problem and Determine the Precise Purpose:

Before starting the conference the leader should have a clear-cut idea about the central purpose of meeting. The problem might be decline in profit decrease in market share etc. the problem should be reviewed in detail.

2. Deciding Who Should Participate:

In such a meeting, the participating have to play a very important role so, it has to be decided very carefully who should participate: The participant may be among managerial staff of the organization, specialist outside the organization etc.

3. Arranging for Meeting Date, Time, Place:

The date, time and place should be arranged properly. While deciding these, one should have knowledge about the strikes, holidays, weather etc. having decided them, their information should be communicated properly to all participants.

4. Creating an Agenda:

It is desirable for the chairperson to send the agenda in advanced of a meeting usually three questions are brought for the meeting:

- i. Facts — Is something true or not.
- ii. Value — Whether something desirable or undesirable.
- iii. Policy — Should something be done or not to be done.

5. Distributary's the Announcement:

An announcement should be distributed to the participant, It should have date, time, place agenda (if any) purpose etc.

6. Checking n Physical Arrangement:

It should include.

- i. Selecting the seating pattern.
- ii. Determining what kind of material is needed in the room.
- iii. Making available the visual electronic visual aid.

Procedure During the Meeting

A problem-solving meeting can have the following procedure.

1. Beginning with an Opening Statement:

A neutral opening statement form the chairperson can get the session of a positive note. This opening may be a statement of the problem, quotation, purpose peer ode of meeting suggestion of issues etc.

2. Stimulating Discussion:

Involving all members in a discussion is central to leader responsibilities. Asking question providing information using visual aid etc.

3. Understanding the role of participant:

There are several classifications of participants. The chairperson should know them and treat them accordingly. There are some participants who are called silent members, the chairperson should stimulate him to participate. There may be some know all so they should be asked to justify their statement. There may be some persons who go on talking. The leader must interrupt him at the pause of her his speech.

4. Interpreting Date for Solution Evolution:

After all options are before the group, it is the time to evaluate. The leader avoids imposing his own opinion but encourage consideration of advantage and disadvantage.

5. Stating Major Conclusion and Plan of Action:

This step may be in the following way,

- i. The major conclusion of the discussion should be summarized.
- ii. Stating individuals who are responsible for specific action.
- iii. Indicating by which time a task is to be completed.
- iv. Extending thanks to the members for attending and completing the task.

BUSINESS LETTERS

Q Draw a Sketch /Format of a Business Letter and Write a detailed note on the appearance of business letters.

Format

SUI-GENERIS CUISINES INTERNATIONAL

D-511, Bath Island, Clifton, Karachi, Pakistan.
Ph. # (92) (21) 34978981-84, Fax: (92) (21) 34285033, UAN # 111-423-423.
URL: www.suigeneris.com.pk, E-mail: suigeneris@cuisines.com

← Letter head (1)

July 02, 2005

← Date (2)

Ref: Mkt/53/06/05

← Reference Number (3)

Conrdon Bleu Resoft (Pvt.) Ltd.
C-312, Skyberg Complex, Gulberg,
Lahore.

← Inside Address (4)

Attn.: Mr. Shehzyl Baig, Managing Director

← Attention Line (5)

Dear Mr. Shehzyl,

← Salutation (6)

Inquiry for Monsoon Cruise 503-SUM

← Subject Line (7)

← Text (8)

Truly,

← Complimentary Close (9)

(AHMER RAJPUT)
Marketing Manager

← Signature Area (10)

CC: 1) Mr. Aruj Imtiaz; Manager Finance
2) Ms. Myra Ahmed; General Manager

← Carbon Copy Notation (11)

CM: MKT
FA:FIN

← Reference Notation (12)

APPEARANCE OF BUSINESS LETTERS:

The criteria for the physical makeup of a business letter relate principally to its (1) Mechanical details and (2) General Appearance.

MECHANICAL DETAILS:

The factors of mechanical details of a business letter are its (a) Parts and (b) Layout.

LETTER PARTS

1. Letterhead:

Company's letter head is ordinarily printed at the top of the sheet. It should contain the name, address brief description and telephone number of the business. When a printed letterhead is not used, the address of the writer is typewritten on the right-hand corner at the top of the sheet.

2. Date:

The date should be placed a few spaces below the letterhead, beginning half way across the page or further to the right of the following correct styles of writing down dates, the American style, is more popular.

| | | |
|-------------------------|---|-------------------------------|
| American Style | : | August 22, 1988 |
| English Style | : | 22 nd August, 1988 |
| Oxford University Style | : | 22 August, 1988 |

3. Inside Address:

The inside address consists of the name and address of the addressee. It is placed a few spaces below the date on the left-hand side. The name of an individual is preceded by a title of respect (Mr., Mrs., Dr., Professor etc.)

4. Salutation:

The salutation is a friendly greeting placed on the second line below the inside address. It is generally followed by a colon (:). The following salutations are generally used in business letters. For individuals: Dear Sir, Dear Madam, Gentlemen, Ladies, etc.

5. Body:

The body of the letter contains the message. It is generally single spaced, with double spacing between paragraphs. When the body of a letter is two or more pages, each page – except the first one should be headed by addressee's name, page number and date as follows:

Mr. Riaz Agha – 2 – October, 10, 1988.

6. Complimentary Close:

The complimentary close should begin two spaces below the last line of the body of the letter and half way across the page. It is followed by a comma (.). The most frequently used forms of complimentary close are "Very Truly Yours". "Sincerely Yours", "Cordially", "Respectfully" is too formal to suit a business letter.

7. Signature:

The signature consists of signature, name and / or designation of the writer. The name of the company should also be written while signing on a sheet without letterhead.

8. Initials:

The initials of the typist / secretary should appear below the signature on the left-hand side of the sheet.

OPTIONAL PARTS:

In addition to the above-mentioned essential parts of a business letter, the following optional parts may also be included when appropriate.

9. Enclosure notation should be put directly below the initials as follows:

Enclosures: 2 **or** Enclosures: 4 **or** Enclosures: Blank Form

10. Attention line, considered part of the inside address, directing a letter to a particular person or department, is usually placed between the inside address and the salutation.

11. Subject line, indicating the message, is usually placed below the salutation, wither including omitting the word “subject”.
12. Copy notation, stating the names of the persons to whom a copy of the letter is sent, should be typed below the initials or the enclosures (if any), arranged in order of importance or alphabetically.
13. Reference number of file, account, or case should be typed above the body of the letter.
14. Mailing notation: Words such as “Registered Mail”, “Book Post”, “Special Delivery” may be typed wither below the last line of the letter or above the inside address.

Q.2 Describe the different letter formats. Illustrate clearly by means of sketches.

Ans: LETTER FORMATS:

1. Full Block Form:

In a full block letter every line begins at the left margin. This is easier to type.

2. Modified Block Form:

Modified block form is used frequently in business. All parts except the date, complimentary close and signature sections begin at the left margin. The date, complimentary close and signature area may start at the horizontal center of the page or to the right of center.

3. Modified Block form with Paragraph Indentations:

It is like the modified block form except that its paragraphs are indented. The date complimentary close and signature area begin at the horizontal center of the page.

4. ASM simplified form:

This form ahs been recommended by the Administrative Management Society of USA as an important timesaving step. Following are important features.

- (i) Full block style and open punctuations are used.
- (ii) Salutation and complimentary close are omitted, but to personalize reader’s name is used at least in the first sentence.
- (iii) Subject line is typed in capital letters and the word “subject” is omitted.
- (iv) Signer’s name and business title are typed in capital letters.

5. Hanging or Inverted Paragraph Form:

This form is commonly used in sales and advertising letters. The key words are “hanging” in the left margin at the start of each paragraph with other lines indented. Sometimes the key words are typed in capital letters for more emphasis.

The sketched of the above letters are given on the following pages.

FULL BLOCK FORMAT:

| <u>LETTER HEAD</u> | |
|--------------------------------|------------------|
| _____ Date _____ | |
| _____ Inside Address _____ | |
| _____ Salutation _____ | |
| <u>First Paragraph</u> | |
| | |
| | |
| | |
| | |
| <u>Subsequent Paragraph(s)</u> | |
| | |
| | _____ Body _____ |
| | |
| <u>Last Paragraph</u> | |
| | |
| | |
| | |
| | |
| _____ Inside Address _____ | |
| _____ Signature _____ | |
| | |

MODIFIED BLOCK FORMAT

| <u>LETTER HEAD</u> | |
|--------------------------------|----------------------------|
| | _____ Date _____ |
| _____ Inside Address _____ | |
| | |
| _____ Salutation _____ | |
| <u>First Paragraph</u> | |
| _____ | |
| _____ | |
| _____ | |
| _____ | |
| <u>Subsequent Paragraph(s)</u> | |
| _____ | |
| | _____ Body _____ |
| _____ | |
| <u>Last Paragraph</u> | |
| _____ | |
| _____ | |
| _____ | |
| | _____ Inside Address _____ |
| | _____ Signature _____ |
| | _____ |

MODIFIED BLOCK FORMAT
WITH PARAGRAPH INDENTATIONS

| <u>LETTER HEAD</u> | |
|--------------------------------|------------------|
| | _____ Date _____ |
| _____ Inside Address _____ | |
| _____ | |
| _____ Salutation _____ | |
| <u>First Paragraph</u> | _____ |
| | _____ |
| | _____ |
| | _____ |
| | _____ |
| <u>Subsequent Paragraph(s)</u> | _____ |
| | _____ |
| | _____ Body _____ |
| | _____ |
| | _____ |
| <u>Last Paragraph</u> | _____ |
| | _____ |
| | _____ |
| | _____ |

ASM SIMPLIFIED FORMAT:

| <u>LETTER HEAD</u> | |
|-------------------------------|----------------------------|
| | _____ Date _____ |
| | _____ Inside Address _____ |
| SUBJECT LINE _____ | |
| <u>First Paragraph</u> _____ | |
| _____ | |
| _____ | |
| _____ | |
| Subsequent Paragraph(s) _____ | |
| _____ | |
| _____ Body _____ | |
| _____ | |
| _____ | |
| <u>Last Paragraph</u> _____ | |
| _____ | |
| _____ | |
| _____ | |
| SIGNATURE AREA | |
| _____ | |
| _____ | |

HANGING PARAGRAPH:

| <u>LETTER HEAD</u> | |
|--------------------------------|----------------------------|
| | _____ Date _____ |
| _____ Inside Address _____ | |
| _____ Salutation _____ | |
| <u>First Paragraph</u> | |
| _____ | |
| _____ | |
| _____ | |
| <u>Subsequent Paragraph(s)</u> | |
| _____ | |
| _____ | Body _____ |
| _____ | |
| <u>Last Paragraph</u> | |
| _____ | |
| _____ | |
| _____ | |
| | Complimentary Close _____ |
| | _____ |
| | _____ Signature Area _____ |
| | _____ |

Q. How can inquiry letter be made effective? Discuss the kinds of inquiry letters.

Ans: INQUIRY LETTER:

A letter that asks information about persons, products or services or other matters is an inquiry letter. The questions to be included in a good inquiry letter should be carefully planned. Following are the suggestions for making inquiries effective.

1. Make questions specific, clear and courteous.
2. State each question in a separate paragraph and number the questions if appropriate.
3. Use a separate sheet of paper for listing the questions if they are in large number.
4. Carefully arrange the questions – generally with the easiest to answer sheet.
5. Word the questions in neutral way to that the reader is not influenced.
6. Word the questions to get more than ‘yes’ or ‘no’ answer if details are needed.

7. Word the question to get 'yes', 'no' or 'don't know' answers, if numerous questions are to be tabulated.
8. Express confidence in the reader.
9. Assure secrecy.

KINDS OF INQUIRY LETTERS:

Inquiry letters fall in three categories: **1. Trade inquiry, 2. Status inquiry and 3. General inquiry.**

1. Trade Inquiry:-

A trade inquiry (or sales related inquiry) is written with the intention of making business deals with the addressee. Such inquiry letters are written regarding products or services purchased or being considered for purchase. The trade inquiries ask information about the supply of goods, availability of goods, delivery time, leaflet or catalogue, quotations or price, method of transport, insurance, samples and terms and discount, etc.

2. Status Inquiry:-

Status inquiry is written to know the financial position of some individual or firm usually perspective buyer. Inquiries about the character, qualifications, experience and performance of the applicant for job or membership may also be termed as status inquiries.

3. General Inquiries:-

General inquiry is made to get information about rules and procedures used in other organizations, government policies, market conditions etc. General inquiry may also seek information for private or business research. For example a firm may receive inquiries for various data from students, teachers or executives of other organizations.

Q What are main points of a good order letter?

Mention the circumstances under which an order letter needs reply.

Ans: Order Letters:

An order letter needs to be correct, complete and definite so that the reader may fill it exactly. Incompleteness or errors may mean further correspondence, shipping delays, complicated billing, repacking and reshipping and loss of business. Therefore, a good order letter should:

1. Include full details of quantities, prices, colors, sizes etc.
2. Quote catalogue number if any.
3. State the requirements as to delivery – date, place, mode of transport etc.
4. Confirm the terms of payment agreed in preliminary negotiation.
5. Refer to the enclosure of cheque, pay order or draft or samples or colour of material if any.

Replying of Orders:

Ordinarily order letters need to reply. But replies should be written under following circumstance.

1. When a customer requests for acknowledgement in confirmation of the order.
2. When an order is incorrect incomplete or vague.
3. When an order cannot be complied with.
4. When extra time is needed to fill the order.

Q What are contents of claim letters?

Ans: Contents of Claim Letters:

A dissatisfied party may either discontinue business contact or may complain through a claim letter. The former option can never be recommended. Complaint is basically unpleasant, therefore, should be based on the following points:

1. Statement of claim, supported by facts and figures.
2. Indication of loss and inconvenience.
3. Request for explanation of the cause.
4. Emphasis on quick action.
5. Suggestion for reasonable adjustment.
6. Courteous and non-accusatory words.

Q. What is an adjustment letter? How it should be organized?

Adjustment Letters:

An adjustment letter is a reply to a complaint (claim letter). It is better to make adjustment than to risk losing a customer. Complaints should not be discouraged, because (1) they provide a means of discovering and correcting poor service, and (2) They provide an opportunity to win back goodwill.

Analysis of Complaint:

In dealing with a complaint all related facts should be investigated to determine (a) whether the complaint is justified and (b) whether, and how, adjustment is to be effected.

Justification of Complaint:

Experience proves that most of the complaints are justified. They are usually a result of fault on the part of the seller or third party (transporter, etc.). A complaint is considered unfair when buyer is at fault and the request is for undue advantage.

Grant of Adjustment:

A justified complain needs proper adjustment, e.g., refunding money, replacing merchandise, performing additional service, admitting fault and assuring care in future, and taking rightful action against third party responsible for the damage. Proper explanation is necessary if buyer is at fault or complaint is based on misunderstanding.

Adjustment Principles:

1. Answer promptly to avoid further complaint. When immediate adjustment is not possible, an acknowledgement letter assures that the complaint is being conserved.
2. Give the customer the benefit of doubt by assuming that the customer is right, unless the facts prove him/her wrong.
3. Accept blame gracefully when it is justified: to beg pardon or be unnecessarily humble is considered poor acceptance that may result in loss of goodwill.
4. Be diplomatic, especially when the addressee is at fault or complaint is based on misunderstanding. A diplomatic writer can say anything without insulting the reader.

Organizing the Adjustment Letters:

The ideas in an adjustment letter are ordinarily arranged as follows:

1. Conciliatory Statement:

Expression of regret even if the customer is at fault, or appreciation for having been informed is an effective start of an adjustment letter.

2. Explanation of Facts:

Explaining the facts relating to complaint, clarifying the position in case of misunderstanding, or indicating the customer's fault (if any) should be the next step.

3. Statement of Adjustment:

Grant of the adjustment (if any), suggesting a substitute for requested adjustment (when it cannot be granted) or a mere acceptance of fault with assurance of taking care in future, should be stated as the third step.

4. Statement of Goodwill:

A last paragraph may be added (if appropriate) for rebuilding of goodwill and renewal of business relations.

Q Discuss (i) Uses, (ii) Functions, and (iii) Systems of sales letters.

Ans: (i) USES OF SALES LETTERS:

1. Selling by Mail:

Mail-order houses use sales letters for performing the entire selling job. i.e. from producing inquiries to shipping merchandise. The reply cards blanks order forms and other material may be enclosed with a sales letter to make it more effective.

2. Producing Sales Inquiries:

Businesses other than mail order houses confine the use of sales letter to soliciting inquiries, which may be followed by letters, telephone or personal calls.

3. Following-Up Sales Inquiries:

The inquiries, unsought or produced by sales letters or advertisements may be handled in different ways. Sales letter may be used for this purpose. Printed material may also be enclosed with it.

4. Inducing People to Buy:

Sales letters may induce the customers or prospective customers to buy goods / services by arousing their interest and desire.

5. Building-Up Goodwill:

Sales letters may also be used to thank the customers for their patronage, extend greetings, and announce new services, for building-up goodwill.

(ii). FUNCTIONS OF SALES LETTERS:

1. Attracting Attention:

Attracting Attention of the reader through decent stationery, proper layout, neat typing, paragraphing, etc. further, the opening sentences of the text must make the reader think by means of a slogan or extra-ordinary idea.

2. Arousing Desire:

Arousing Desire by appealing to reason (for necessities) and appealing to emotion luxuries). The desire to buy the goods or services must be created in the mind of the reader.

3. Implanting Conviction:

Implanting Conviction about the good quality of goods / services so that the reader does hesitate in making the decision desired. This can be achieved by means of logical reasoning moderate claims, and evidence to support the claims.

4. Stimulating Action:

Stimulating Action by not allowing the prospective customer to put off auction. This can be done by offering inducements for quick action, like special discount, gifts, reply cards, etc.

(iii). Sales Letter Systems (Series):

Sales letters are generally issued in a series to a selected list of prospective customers, to achieve the planned sales targets. Depending upon the nature of the product and the market, one of the following systems is applied.

1. The Wear-Out System:

Under this system the total number of letters to be issued for achieving the target and the intervals for which the different letters will be issued are determined in advance. The terms and conditions offered are varied from letter to letter. When all the letters in the series have been issued, the series is automatically terminated.

2. The Continuous System:

This system is suitable for those products / services, which are in regular demand; the sales letters are issued for the purpose of gaining the maximum share of the market. At suitable intervals, sale letters in the series continue to be issued as long as the business operates.

3. The Campaign System:

The total number of letters to be issued in the series is not determined in advance. Sales letters with varying terms and conditions will continue to be issued until the sales target is achieved therefore the series will be terminated.

Q Distinguish between solicited sales letter and unsolicited sales letters.

Ans: Solicited Sales Letters:

Solicited sales letter is reply to sales related inquiry (trade inquiry). Such letters deal with the questions about catalogue, prices, terms, discount, deliveries, manufacturing methods, types of accounts, available sources of supply and similar information.

Solicited sales letters are also called invited sales messages. The inquirer is often already customer or a potential buyer, who may become a steady satisfied customer if the reply is sent with favorable impression. Following are the principles of writing impressing solicited sales letter.

1. Answer Promptly, because a prompt answer is more effective and it also gives an impression of attentiveness in other matters.
2. Respond completely, because omissions of certain facts limit the value of the answer and handicap the reader in decision making.
3. Give additional information relating to the inquiry, because some inquiries may not be clear and complete.
4. Reply courteously, because it creates favorable impression even if just a little information is given.
5. Follow-up the reply when desired response does not result within a reasonable time, give some more information or ask if any further information can be given.

Unsolicited Sales Letters:

Unsolicited sales letters are not direct answers to inquiries, but they are initiated by the seller for various reason. These letters are also known as “Prospective” and “Cold Turkey” letters.

According to Murphy and Peck the success in unsolicited sales letters will depend upon three factor; the mailing list, the right appeals, and the presentation. The first two of these factors are prewriting steps and the last one relates to writing the sales letter.

Prewriting Steps:

The prewriting steps are the six planning steps-about purpose, reader, ideas to include, fact gathering, organization and revision. While planning an unsolicited sales letter these steps are taken in the following sequence.

1. Gathering facts about the product.
2. Knowing the reader and obtaining the mailing list.
3. Deciding on purpose.
4. Choosing ideas and the main appeal.
5. Planning the presentation.
6. Making revisions.

Writing unsolicited Sales Letter:

The basic structure for unsolicited sales letter usually has four parts, commonly known as the AIDA formula for sales presentation.

A – Attracting the readers’ favourable attention.

I – Arousing the reader’s interest.

D – Creating desire and convincing the reader.

A – Making clear the action the reader needs to take.

These parts (also known as functions of sales letter need not always be in the sequence they are listed above, nor need all parts be in every letter).

Q Differentiate between Sales and Sale Promotion Letter

Distinction between sales and sales promotion letters.

| Sales Letter: | Sales Promotion Letter |
|-------------------------------------------|---------------------------------------------------|
| 1. Aims at selling some goods / services. | 1. Aims at creating good relationships. |
| 2. Has formal style | 2. Has informal style. |
| 3. Generally issued in a series. | 3. Issued for an important circumstance or event. |
| 4. Has convincing tone and attitude. | 4. Has suggestive tone and attitude. |
| 5. Motivates the reader to buy. | 5. Expresses desire to serve the reader. |

Q. **What are sales promotion letters? State their characteristics and uses.**

Ans: **SALES PROMOTION LETTERS:**

These letters are issued to supplement the direct sales efforts with a view to develop a favourable foundation and environment for achieving higher sales. In fact, these letters are concerned with building up the good will and reputation of the enterprise. The letters aim at creating a favourable image of the enterprise in the mind of the reader.

Characteristics of Sales Promotion Letters:

1. **Timeliness:**

Sales promotion letters are issued on special occasions, e.g. Eid, Holiday, introduction of a new product, etc.

2. **Goodwill:**

A sales promotion letter is indirect sales invitation. It does not induce the reader to buy but aims at creating an environment helpful for increase in sales in future.

3. **Informal Style:**

A sales promotion letter is usually written in informal, friendly and personal style, because it aims at establishing and maintaining goodwill and good relations. It may, however, suggest the sales of a service or product.

Uses (Objects) of Sales Promotion Letters:

The uses of sales promotion letter may be grouped into following four categories.

1. **Maintaining Contacts:**

In a competitive world it is always possible that some regular customers may withdraw their patronage. It is, therefore, necessary to issue sales promotion letters from time to time carrying announcements of various services, and greetings with a view to maintain contacts with the existing customers.

2. **Awakening Inactive Accounts:**

In spite of the best efforts for maintaining contacts, some of the customers may stop buying for certain reasons. In such circumstances, sales promotion letters are issued inviting complaints (if any) and offering adjustments (if possible).

3. **Welcoming New Customers:**

In addition to handling the existing customers, the new ones should also be entertained. A new customer should be thanked and informed about services available to regular customers, through a sales promotion letter.

4. Inviting Business from New Sources:

An expanding business cannot depend on the existing customers only. It must try to find, attract and invite new customers by offering various services and greetings through sales promotion letters.

Q How job application letter is like a sales letter? Explain with reference to its functions. Mention the considerations for writing effective job application letters.

Ans: JOB APPLICATION LETTER:

A job application letter should be organized like sales letter, because it intends to sell the writer's services to the reader. The immediate purpose of a job letter is to secure an interview and the final goal is to get employment.

Solicited Job Letter:

Solicited job letter written in response to an invitation (usually advertisement) has the advantage that a vacancy exists and that the employer is anxious to fill it. Its disadvantage is that it faces competition.

Unsolicited job letter, written to an employer who has not invited an application, does not face competition. But, possibility of non-availability of job is its disadvantage.

Functions of Job Letters:

1. Attracting Attention:

Attracting attention of the employer through appropriate stationery, neat typing, proper layout, paragraphing, etc. further, the opening should not be stereotyped.

2. Creating Desire:

Creating desire to engage the applicant by describing required qualifications, interest in the job and environment, and personal favorable circumstance. Because employers prefer those candidates who have the required qualifications, interest and favorable circumstances.

3. Convincing the Employer:

Convincing the employer by giving specific details of qualifications and experience, names of references, and results of aptitude and intelligence tests previously taken. Further, enclosed certificates, recommendation letters from former employers, teachers, etc. and samples of work, e.g. translations, poetry, paintings, etc., may also convince the employer.

4. Stimulating Action:

Stimulating action by making courteous, graceful and confident request for interview that may lead to the ultimate goal of the job letter – the employment.

Considerations of Writing Effective Job Letters:

1. Using appropriate stationery.
2. Neat typing with proper layout.
3. Describing qualifications, experience interest, etc.
4. Avoiding stereotyped opening.
5. Being specific, definite, courteous and graceful.
6. Giving names of references.
7. Mentioning the results of aptitude and intelligence tests previously taken.
8. Making request for interview.
9. Explaining reasons for leaving the previous job or for being unemployed, if necessary.
10. Enclosing copies of the certificates and recommendation letters.

Q Emanate the usual contents of resume. Give specimen of the resume of a candidate for the post of an assistant accountant.

Ans: RESUME:

The resume is an organized summary of the applicant's particulars. It is not a substitute for a job letter, but a supplement to it. Its alternate titles are "Data Sheet", "Bio-Data" etc.

The usual contents of a resume are:

Heading: Name, address and telephone number of the applicant. Job title and career objectives may also be included.

Education: Academic qualifications mentioning degrees, certificates, scholarships, awards, honors, and other academic recognition received by the applicant. It should begin with the most recent information.

Experience: Listing of previous employers, job titles and period of service. Brief description of job duties and names of superior may also be included. It should also begin with the most recent information.

Personal Data: Age, height, health, marital status etc., of the applicant.

Reference: Names, titles, addresses and telephone numbers of people who will recommend the applicant for the job. These people should know about applicant's job skills, aptitude and experience.

Miscellaneous: Co-curricular activities, interests and hobbies of the applicant. Driving license, passport, domicile and national identity card number may also be mentioned if material.

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JOB OBJECTIVE

To acquire experience in financial accounting and to advance into management position.

EDUCATION

B.Com. First Division, University of Karachi, 1991.
Intermediate: 'B' Grade, Board of Intermediate Education, Karachi, 1988.
(Commerce)
Matriculation: 'A' Grade, Board of Secondary Education, Karachi, 1986.
(Science)

EXPERIENCE

Accounts Clerk: Soofi Textile Mills Ltd. August 1991 – Jan. 1993. Maintained Cash Receipts Journal, Cash Payments Journal, Petty Cash Book.
Book-Keeper: Rajpoot Fabrics, December 1990 – June 1991. Maintained Cash Book, Prepared Daily Sales Report.

PERSONAL DATA

Date of birth: June 20, 1970
Marital Status: Single

CO-CURRICULAR ACTIVITIES

Editor: College Magazine 1990-91
Member: College Literary Society 1990-91

REFERENCE

Prof. A. Rehman: Karachi College of Arts & Commerce, Gulshan-e-Iqbal, Karachi.
Dr. Ghulam Ali: B-40, ST-9, Sector 14-A, North Karachi.

BUSINESS REPORTS

Q What is a business report? What are its functions?

Ans: BUSINESS REPORT:

According to Murphy and Peck a business report is an impartial, objective., planned presentation of facts to one or more persons for a specific, significant business purpose.

Reports Travel upwards to supervisors and management policy-makers, downward and horizontally to those who carry out the work and policies, and outward (outside the firm) to stockholders, customers, the general public and government officials. A report may be written or oral, but most significant reports are written. The report facts may be pertained to events, conditions, qualities, progress, results, investigations, or interpretations. They may help the receiver(s) understand

a significant business situation, carry out operational or technical assignments, and / or plan procedures, solve problems and make executive decisions.

A good business report must satisfy the following criteria:

- a. Utility b. Persuasiveness c. Reliability d. Readability**

A business report's utility, persuasiveness, reliability and readability mainly depend on the application of the communication principles. Called "The Seven C's" they are: **(1) Completeness, (2) Conciseness, (3) Consideration, (4) Concreteness, (5) Clarity, (6) Courtesy, and (7) Correctness.**

Functions of Business Report:

A business report is very much useful for the management and also for the others. Its importance is because of the functions it performs. A business report:

Provides Facts pertaining to events, conditions, qualities, progress, results investigations or interpretations.

Measures Progress of employees, departments, and companies.

Points Causes of problems e.g., low margins, high rate of staff turnover, accidents in factory etc.

Suggests measures to overcome the business problems.

Assists Manner in carrying out operational, or technical assignments, planning procedures, solving problems and making decisions.

Q What are various bases of classification of business report?

Ans: CLASSIFICATION OF BUSINESS REPORTS:

The following are bases of classification of business reports.

1. PURPOSE / FUNCTION:

- (a) Informational report, giving information on any issue without any analysis, interpretation, conclusions and recommendations of the writer.
- (b) Analytical report presenting facts along with their analysis and interpretation as well as conclusions and recommendations of the writer. Analytical report may be:
 - (i) Feasibility report, analyzing a proposal and recommending whether it is to be implemented or not.
 - (ii) Ways and means report, analyzing the causes behind a problem and recommending as to how it may be solved.

2. FORMALITY / APPEARANCE / LENGTH:

- (a) Formal report, characterized by a cover and binding and other features like covering letter, title page, table of contents and index may be supplemented with charts and statistical tables.
- (b) Informal report, without cover, table of contents and other editorial trappings, submitted in the form of letter or memorandum.

3. ORIGIN:

- (a) Authorized report written on someone's request.
- (b) Voluntary report written on writer's own initiative.

4. CHANNEL:

- (a) Written report, presented in the form of memorandum, letter or formal report.
- (b) Oral report, presented in face to face discussion or on telephone.

5. FREQUENCY OF ISSUE:

- (a) Special report, presented on a particular occasion.
- (b) Periodic report, presented periodically, e.g. daily, weekly, monthly, quarterly or annually.

- Q. (a) List the parts of a formal report.**
(b) Explain the parts of a report body.

Ans: a). PARTS OF FORMAL REPORT:

Parts of a formal report may be grouped into prefatory parts, body parts, and supplemental parts.

Prefatory parts – cover; title fly; title page; letter of authorization; letter of acceptance; letter of approval; letter of transmittal, acknowledgements; table of contents; table of tables; synopsis; abstract or summary.

Body Parts – Introduction; text; terminal section – conclusion and recommendations.

Supplemental parts appendix, bibliography, index.

b) PARTS OF THE REPORT BODY:

One part that every written report has is the body. This part includes three sections – introduction, text and terminal section.

Introduction:

Following are the possible elements of introduction:

1. **Authorization** names the person who requested the report.
2. **Problem**, also called issue, proposed, matter, etc.
3. **Purpose**, also called objective goal, mission, aim, etc.
4. **Scope** determines the extent of investigation or coverage and the boundary of the report.
5. **Methodology** indicates the methods of data collection, e.g. reading, interviewing, observing, or experimenting.
6. **Sources** – primary (unpublished sources) and secondary (Published sources).
7. **Background** of the situation being investigated.
8. **Definition of terms** that have several possible interpretations.
9. **Limitations** refer to restrictions such as time, money, available data, etc.
10. **Brief statement of results** suggests the decision to be taken on the recommendations in a few words.
11. **Plan of presentation** states the divisions and sub-divisions of the report and the order of the topics.
12. **Introduction of the company** for whom the report is prepared, includes nature, age and size of the business.

The introduction of report needs not include all the elements listed above, but only the desirable and appropriate ones. For example, a voluntary report cannot include authorization, or a periodic report may omit all or many of the elements of introduction. In short reports, the few needed elements may be grouped in a single paragraph without the heading of “Introduction”. Long reports may have introduction of many pages with headings and sub-headings. These elements may be arranged separately and many of them may be stated in parts other than “Introduction” – even outside the body of the report.

TEXT:

Text is the largest portion of any report body. This section discusses and develops and develops the necessary details. As with all good business writing only pertinent facts should be included in the text.

The text is never labeled Text. Its title should be discussion, finding, date or other meaningful words. Or, instead of one main title for this section, a series of headings, corresponding to the main topics may be used throughout the text.

The content, organization, language style should be adopted to the reader’s needs.

TERMINAL SECTION:

Terminal section summarizes the highlights of the whole report. This section should be based on the text discussion and should include no new material. It summarizes, concludes and / or recommends.

A summary condenses the text discussions.

The conclusion evaluates discussed facts without including the writer's personal opinion.

Recommendations make suggestions for action based on the conclusions.

Q. Enumerate and explain the steps in planning a report. OR Write a note on the preparation before writing a report.

Ans: PREPARATION BEFORE WRITING REPORT:

Following steps are taken before writing a report.

1) DETERMINING THE PROBLEM AND PURPOSE:

Analyzing the problem and knowing the purpose of the report determine the scope and limitations of investigation and the length, contents and style of the report.

2) VISUALISING THE READER:

The reader's view-point, experience, qualification, knowledge, responsibility and status are important factors in planning the language and the organization of the report and the details to be included.

3) DETERMINING THE IDEAS TO BE INCLUDED:

For writing a short report only general ideas and main points may be presented, but for a long report detailed working plan containing the relevant factors along with their divisions and sub-division is desirable.

4) COLLECTING NEEDED MATERIAL:

For some reports all the data may be in the writer's mind, for others extensive primary and / or secondary research may be needed for collecting the required data.

Primary Research for collecting data involves uses of:

- a. Company records
- b. Letters, diaries, minutes, reports, etc.
- c. Questionnaires
- d. Interviews
- e. Observations, and experiments

Secondary Research is conducted through published material – books, magazines, news paper, pamphlets, government documents, etc.

5) SORTING AND INTERPRETING DATA:

The collected data in raw form is of on use. The data should be tabulated and organized in suitable columns and under appropriate headings and sub-headings. The tabulated data should be analyzed in a manner free from personal basis. The use of computer is also helpful.

6) ORGANIZING DATA AND PERFORMING OUTLINE:

The analyzed and interpreted data should be properly organized. This organization should be accomplished in the form of a final outline.

Plans for Organizing Report Body

The body of the report may be organized in two ways.

1. Inductive Arrangement:

Inductive arrangement is the same indirect plan used for bad news and persuasive-request messages, where the main idea follows appropriate explanation. Under this plan the report body may be arranged as follows:

Introduction – Text – Terminal Section:

2. Deductive Arrangement:

Deductive arrangement is comparable to the direct plan used for good news and direct – request messages, where the main idea is presented before the explanation. Under this plan the report body may be organized in the following alternate arrangements:

- Terminal Section – Introduction – Text or
- Introduction – Terminal Section – Text

In the beginning this report contains interviewee’s name, topic covered, and date. The body covers items like educational and technical qualifications, training, experience, interest, and overall summary. The conclusion shows candidate’s score and interviewer’s opinion.

3. After careful judgment and consideration, the interviewer should choose, or recommend to be chosen, the right candidates). A right candidate is one who has ability neither below, nor above, the job level, because the former cannot perform the job and the latter will not stay on it.

| <u>PARTS OF THE FORMED REPORT</u> | |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| (A) Prefatory Parts | (B) Body |
| 1. Title fly —→ because of report containing (a) Title (b) Name of Receiver & Sender. 2. Title page —→ Name of Receiver’s Designation | 1. Introduction. 2. Text. 3. Terminal Section. (a) Summary (b) Conclusion (c) Premeditate |

MARKET REPORT TERMINOLOGY

MEANING

Q.NO.01 Describe clearly the meaning of the following terms used in Market Terminology:

| | | | |
|-----------|------------------------|-----------|--------------------------|
| 1 | An Orgy of Speculation | 34 | Guilt |
| 2 | Arbitrage operations | 35 | Heavy trading |
| 3 | Arrivals | 36 | Hella |
| 4 | Attractive levels | 37 | Listless condition |
| 5 | Back door listing | 38 | Long corner |
| 6 | Banker’s call rate | 39 | Make up price |
| 7 | Bear | 40 | Mixed feeling |
| 8 | Bear account | 41 | Moderately active market |
| 9 | Bear hella | 42 | Off-take |
| 10 | Bear raid | 43 | Pet of the market |
| 11 | Bearish atmosphere | 44 | Poor take |
| 12 | Blue chips | 45 | Quiet spell |
| 13 | Blue chips | 46 | Rings and pools |
| 14 | Bottom price | 47 | Sagging tendency |
| 15 | Break even | 48 | Scrip |

| | | | |
|----|------------------|----|--------------------|
| 16 | Bulge | 49 | Short sale |
| 17 | Bull campaign | 50 | Slump |
| 18 | Bull liquidation | 51 | Speculative issues |
| 19 | Bull trapped | 52 | Spot |
| 20 | Bullish factor | 53 | Spurting movement |
| 21 | Bullish spark | 54 | Spurts and rallies |
| 22 | Cap price | 55 | Squeezed bear |
| 23 | Cheerful start | 56 | Stale bull |
| 24 | Cum-dividend | 57 | Steady note |
| 25 | Divergent trend | 58 | Stock |
| 26 | Dull tone | 59 | Street price |
| 27 | Dumping | 60 | Tone ad under tone |
| 28 | Ex-all | 61 | Trade demand |
| 29 | Ex-dividend | 62 | Wall street |
| 30 | Forward business | 63 | Wide front |
| 31 | Forward buying | | |
| 32 | Future hardened | | |
| 33 | Gained ground | | |

ANSWER: Market Report Terminologies have been explained as under:

1. AN ORGY OF SPECULATION:

It is a term denoting an unrestrained speculation about the prices.

It refers to the mixed rumours by the bulls and bears to achieve their objectives. They actually create an uncertainty that may result in sharp fluctuations in prices.

2. ARBITRAGE OPERATIONS:

It is an act of buying in a cheaper market or session of a market and selling in dearer market or another session of the market. Of course, the cost of Transportation, Insurance, and Labour etc. must be considered in doing this. The dealer must have a full knowledge of the situation otherwise he fails miserably.

3. ARRIVALS:

A market usually opens transaction with stock in hand i.e, brought from the previous day of business. During the course of the business period, the day or week, fresh stocks are bought to the market. This is known as Arrivals. It refers only to fresh addition to the total supply of commodity in the market.

4. ATTRACTIVE LEVELS:

It is a situation of high price. Good business is expected to be transacted in his case.

5. BACK DOOR LISTING:

It is a process of listing a company that has failed to meet the original requirement of listing on stock exchange by acquiring a smaller listed company and merging into the acquisition.

6. BANKER'S CALL RATE:

It is the rate of interest charged by a bank on loan given on call and short notice.

7. BEAR:

The speculator who expects a fall in price is bear. He buys cheap at future date when the price comes down according to this expectations. He sells in high price situation. The difference in the two transactions gives him profit.

8. BEAR ACCOUNT:

It is the excess sale made by bear operators over the purchase made by bull operators.

9. BEAR COVERING:

A bear operator in a market usually operates under pessimistic feeling i.e, he expects a fall in prices. With such a frame of mind, sometimes his

10. BEAR HEELA:

It means temporary suspension of the market due to abnormal fall in prices and providing an opportunity for the speculators to settle their accounts.

11. BEAR RAID:

It is a situation in which speculator uses artificial means of creating rumor when he finds that his expectation and fall in prices are not coming true.

12. BEARISH ATMOSPHERE:

Is a market trend in which there is a pessimistic feeling. These are a general suspension of the market dealing due to abnormal rise in prices.

13. BLUE CHIPS:

They are the shares of the leading companies having reputation of excellent management and strong financial bade. Gilt edged securities are also branded as blue chips. They are also known as first class securities. They give the investor maximum safety and security.

14. BOTTOM PRICE:

This is the lowest price in an organized market which cannot further fluctuated downward.

15. BREAK EVEN:

It is a point where transaction terminates with neither profit nor loss.

16. BULGE:

It is a term used to mean sudden increases in value.

17. BULL CAMPAIGN:

A bull operator normally operates under optimistic feeling of rising prices. At times, a bull goes wrong in his forecast and the price does not rise to his expectation. In such a case, he tries to create a rumour in order to raise the price level. The bull tries to influence the movement of price in his favor. When the price rises temporarily he disposes off his product/stock. The use of artificial means to raise prices is known as bull campaign.

18. BULL LIQUIDATION:

It is a situation in which a speculator sells finding his expectation and rise in prices are not coming true.

19. BULL TRAPPED:

A bull is an operator in an organized market with an optimistic feeling of rise in prices. Sometimes the purchasers dodge him knowing that he is in over-bought position and suspend purchases to force him to sell at lower prices. In this situation the bull is trapped and faces loss consequently.

20. BULLISH FACTOR:

When a large amount of business is done by bulls, the market is said to be bullish and the tendency of rising prices due to bull operations is known as bullish factor.

21. BULLISH SPARK:

A bull operator generally buys forward with the object of reselling it at a certain profit before the date of delivery. Bullish Spark is a support of bull operators. Bull support means purchases made by the bulls. The effect of such a support is reflected in prices being moved up due to heavy pressure of demand.

22. CAP PRICE:

It is the highest price on which buyers are ready to purchase on a particular by demand, it is known as "Cheerful Start".

23. CHEERFUL START:

It is a situation in market which opens with a rising trend on a particular day in an organized market.

24. CUM-DIVIDEND or CUM-DIV:

Cum-Div, is short for Cumulative Dividend. It is a term of Stock Exchange. When a security is quoted cum-dividend; it means that the price includes dividend, or interest accrued on it. The purchaser can, as such, claim dividend since its last payment.

25. DIVERGENT TREND:

It means an unsystematic rise and fall in prices on a market day.

26. DULL TONE:

A dull tone is actually the weak state of business conditions, i.e., there are fewer buyers than sellers, transactions are a few, and prices are receding.

27. DUMPING:

In an age of industrialization and cut-throat competition, there may be different techniques to capture market. One known technique used in international market is dumping. Then a country sells her goods at lower price even below the cost of production, it is known as dumping.

28. EX. ALL:

It is a term to denote all right to dividend or interest attached to a security in favor of the seller and not the buyer.

29. EX- DIVIDEND:

When the price of a security is quoted Ex-Dividend, it implies that the buyer is not entitled to receive interest or income accrued on the security even if he had possessed it before such claim became due. The seller has the right to such a dividend and none else.

30. FORWARD BUSINESS:

When a business is transacted to receive or to give delivery at some future date, it is known as forward business or future. It is an important feature of modern organized market. It is a system of buying and selling commodities in advance. A future or forward business is known by the name of the month in which it is to be completed.

31. FORWARD BUYING:

Contract to take delivery of goods in future is known as forward buying. The price in such a case is settled in advance. Neither the price is paid nor are the goods delivered on the spot in this situation, e.g., January future.

32. FUTURE HARDENED:

When the price of a commodity in the forward section of market increases, it is called "future hardened".

33. GAINED GROUND:

It is a terminology of the market report to show the condition of recovery. That is, prices regained after a dull period.

34. GLUT:

It is a market situation. It is said to exist when more goods are available than can be sold out at a reasonable price. Naturally, it forces price to come down.

35. HEAVY TRADING:

It refers to large volume of purchase and sale in an organized market.

36. HELLA:

It is a temporary suspension of the market dealing due to abnormal rise or fall in prices. There may be a "bullish hella" or a "bearish hella" to show the (either) situation.

37. LISTLESS CONDITIONS:

It is a situation of an organized market in which there is least of activity.

38. LONG CORNER:

When a bull has a full control over the supply in the organized market and sells at the highest possible price, he is said to have a long corner.

39. MAKE UP PRICE:

It is a price fixed by stock exchange securities that are to be carried over.

40. MIXED FEELING:

Is a tone of the market in which both the falling and rising tendencies appear at the same time.

41. MODERATELY ACTIVE MARKET:

Is a situation in which there is not so much of activity of buying and selling as is inspected.

42. OFF-TAKE:

It refers to total purchase of a certain commodity on a particular day in a produce exchange or bullion market.

43. PET OF THE MARKET:

There are generally a number of sections in a market humming with activities. A particular section of market which dominates the business on a particular day and fetches good price for the commodity dealt therein is known as the "Pet of the Market".

44. POOR TAKE:

It is a little amount of purchases in market (of course, organized market).

45. QUIET SPELL:

It is a terminology of the market report interpreting poor transaction or negligible business activity for the day reported for.

It means an absolutely negligible business was done on a particular day in an organized market.

46. RINGS AND POOLS:

"Rings and Pools" are organization of producers and dealers in a market. A "Ring" is formed by dealers to keep the supply of certain commodity restricted so that the price may rise and thus help in reaping huge profit. A "Pool" is formed by producers to eliminate competition by agreeing to divide output among themselves.

47. SAGGING TENDENCY:

It simply means a falling tendency in prices.

Or is a situation in an organized market where prices are falling.

48. SCRIP:

It is a term used in stock exchange refers to a security, debenture or share.

49. SHORT SALE:

When a bear makes heavy forward sale of the commodity which he does not possess for delivery, he tries to cover his sale by future purchase at a lower price. This is known as short sale.

50. SLUMP:

It is a period of small business and falling tendency of price in an organized market.

51. SPECULATIVE ISSUES:

It is a term generally used in Stock Exchange. It denotes the shares whose prices have a tendency to rise and fall in the market.

52. SPOT:

It is a ready business. It is opposite of future delivery. Goods are actually delivered on the spot after the contract is made and the price is paid.

53. SPURTING MOVEMENT:

It is a sudden rise in price by a wide margin in an organized market.

54. SPURTS AND RALLIES:

Sometimes the prices in the market rise suddenly and by a wide margin. This is known as “Spurt and Rallies”.

55. SQUEEZED BEAR:

Where a bear is compelled to purchase from those who has to pay more in order to meet the commitment, he is said to be squeezed bear.

56. STALE BULL:

A bull usually buys a future in hope that the price would rise and he would be able to make a profit on the bargain. Such an expectation is not always true. When it so happens that the market condition goes against his expectation of rising price, the bull is compelled to sell at a loss. This is known as “Stale Bull”.

57. STEADY NOTE:

It is a tone in a market which signifies a comparative stability in price at higher level.

58. STOCK:

It is full paid share, debenture or bond reported on the stock exchange.

59. STREET PRICE:

The activities of buying and selling of securities generally continues outside the house (Stock Exchange) even after the fixed hours. The price at which the securities are thus bought and sold conveniently termed as “Street Price”.

60. TONE AND UNDER TONE:

Tone refers to the existing tendency of prices in the market. Undertone stands for the future tendency of prices.

61. TRADE DEMAND:

It is the demand of traders for money for their own requirement. This terminology is used in money market.

62. WALL STREET:

It refers to New York Stock Exchange located in Wall Street.

63. WIDE FRONT:

Stock Exchange has usually a wide front. It simply means shares of different companies.

MARKET REPORT EXPRESSIONS

Q Explain, in simple language, the following expressions as used in a market report:

1. A firm tone was displayed throughout the day.
2. A firm tone was displayed throughout the week.
3. Bearish Hella was declared in the market.
4. Blue Chips were in great demand.
5. Brisk Business was affected.
6. Buoyancy continued in the market.
7. Easy conditions in the market.
8. Easy conditions prevailed throughout the day.
9. Sagging tendency was noticed in the market.
10. The burdening tendency was noted throughout the day.
11. The market was Bearish.
12. The market was bullishly inclined.
13. The market was cheerful.
14. The market closed flat.
15. The market was featureless.
16. The tone of the market was bright.
17. There was spurting movement throughout the week.

ANSWER:

1. A FIRM TONE WAS DISPLAYED THROUGHOUT THE DAY:

Means there was more buyers than sellers, transactions were few and prices were rising for the day.

2. A FIRM TONE WAS DISPLAYED THROUGHOUT THE WEEK:

Means there were more buyers than sellers, transactions were numerous, and prices were rising in all the days of the week.

3. BEARISH HELLA WAS DECLARED IN THE MARKET:

Means the market was temporarily suspended due to abnormal fall in the prices.

4. BLUE CHIPS WERE IN GREAT DEMAND:

Means a rush for gilt-edged (first class) securities.

5. BRISK BUSINESS WAS AFFECTED;

Means the volume of business transacted in large quantities.

6. BUOYANCY CONTINUED IN THE MARKET;

Is used to indicate the high level of price, i.e., an upward tendency of price continued in the market

7. EASY CONDITIONS IN THE MARKET;

It means a falling or low prices ruling in the market.

8. EASY CONDITIONS PREVAILED THROUGHOUT THE DAY;

Means falling prices or low prices ruling in market of a day. It shows a small volume of business transacted due to shortage of demand or excess of supply.

9. SAGGING TENDENCY WAS NOTICED IN THE MARKET:

Means falling trend of prices was observed.

10. THE BURDENING TENDENCY WAS NOTED THROUGHOUT THE DAY:

Is used to indicate a price which shows a tendency to rise, i.e., there was an upward tendency of the market throughout the day.

11. THE MARKET WAS BEARISH:

Is used to show a pessimistic feeling in the market i.e., there was a speculation among the speculators that the price will fall. Any transaction with such a sentiment is bound to make the price drop.

12. THE MARKET WAS BULLISHLY INCLINED:

Means the presence of good demand, heavy transactions are rising prices. Or is used to show an optimistic feeling of rising prices, i.e., there was a speculation among speculators that the price will rise. The result of such an inclination is to pull up the level.

13. THE MARKET WAS CHEERFUL:

Means the tone of the market indicating the presence of a large number of buyers numerous transactions and rising prices.

14. THE MARKET CLOSED FLAT;

Means there were fewer buyers than sellers, transactions were few, and prices were receding when the market of the day was at the end.

15. THE MARKET WAS FEATURELESS:

Means the volume of business transacted in small quantities. Or is used to indicate the presence of more sellers than buyers, a few transactions and falling prices. This is a low tone of market.

16. THE TONE OF THE MARKET WAS BRIGHT:

Means the presence of more buyers than sellers numerous transactions and advancing prices.

17. THERE WAS SPURTING MOVEMENT THROUGHOUT THE WEEK:

Means abrupt rise in prices by a wide margin for the whole week, which may be short lived.

MARKET REPORT EXPRESSIONS

Q. Explain the following

18. A **SHARP SPURT** in Millat Tractors featured yesterday's stock market.
19. Due to tight sellers in the market the **OFF-TAKE** remained low.
20. **EASY CONDITIONS** marked the opening session of the oilseeds market.
21. Fairly **BRISK ACTIVITY** was witnessed in Cotton Market.
22. Quietly **MIXED TREND** was seen in the forward counter.

ANSWER:

18. A **SHARP SPURT** in Millat Tractors features yesterday's stock market:

The stock market showed a sharp rise in the purchase of shares of Millat Tractors. This sudden change appears to be the result of investor's decision to forward with positive steps.

19. Due to tight sellers in the market the **OFF-TAKE** remained low:

Due to reluctance of sellers in the market the total purchase remained hesitant or abnormally low.

20. **EASY CONDITIONS** marked the opening session of the oilseeds market:

The oilseeds market on its opening did not show any substantial amount of business transaction. The prices were falling and the tone of the market was reported to be depressed.

21. Fairly **BRISK ACTIVITY** was witnessed in Cotton Market:

The cotton market showed a bright tone reflected in busy buying by the bulls. Good amount of transactions took place.

22. Quietly **MIXED TREND** was seen in the forward counter:

The forward counter was expressing irregularity in purchase and sales. That is fall as well as a rise in prices were indicated.

MARKET REPORT TERMINOLOGY/PHRASES

Q. Compare Contrast Between:

1. Daily Market Report and Weekly Market Report.
2. National Prize Bonds and Compensation Bonds.
3. Registered security and Gilt-edged Security.

ANSWER:

1. DAILY MARKET REPORT AND WEEKLY MARKET REPORT:

A market report is a periodical publication of the conditions of an organized market. It may present daily, weekly, fortnightly or monthly reviews of the conditions of business transacted in commodity or capital.

A daily market report gives the day's opening and closing rates of the commodity and the tone of the market along-with the reason for the rise or fall. It may provide the volume of business transacted during the day reported for.

2. NATIONAL PRIZE BONDS AND COMPENSATION BONDS:

National prize bonds are bonds issued the Government of Pakistan in denomination of R.s 500, 1,000, 10,000 and 100,000 etc. the holder of such a bond may claim and get the amount of prize declare on each draw by showing the number declared to be the prize winner.

Compensation Bonds are bonds declare to be the payment or compensation for taking up ownership of land or property by the state. Excess land holders of the land reforms in Pakistan and owner of taken over industries were given such bonds in Pakistan.

3. REGISTERED SECURITY AND GILT-EDGED SECURITY:

A registered Security is a security that does not pass freely from one hand to another. The possession of such a security is nor a legal proof of ownership unless a new certificate is issued and the old one has been cancelled.

A Gilt-edged Security is a security that gives the investor the greatest possible degree of security. It is a class security.

MARKET REPORT TERMINOLOGY/PHRASES

Q. Distinguish between the following terms/phrases:

1. Bonus issues and Right Issues.
2. Bull Campaign and Bear Raid.
3. Cumulative Dividend and Ex-Dividend.
4. Registered Security and Gilt Edged Security.
5. Spot Market and Future Market.

ANSWER:

4. BONUS ISSUES AND RIGHT ISSUES:

Bonus issues: Shares which are issued as bonus share-holders are known as Bonus Issues.

Right issues: Shares which are given as right to profit are known as Right Issues.

5. BULL CAMPAIGN AND BEAR RAID:

Bull Campaign: A Bull is optimistic in nature. He makes bargain in the hope of rise in price. When he goes wrong in his forecast, he tries to create a rumour to raise the price level. This is known as bull campaign.

Bear Raid: A Bear is pessimistic in nature. He makes bargain in the huge of fall in price. When he goes wrong in his forecast, he tries to create a rumour to make the price fall. This is known as bear raid.

6. CUMULATIVE DIVIDEND AND EX-DIVIDEND:

Cumulative Dividend: It refers to a quotation of security/share on the stock exchange whose price includes dividend and interest accrued on it.

Ex-Dividend: It indicates that the right to receive dividend and interest accrued on it remain with the seller even if the security/stock is in the hands of the buyers.

7. REGISTERED SECURITY AND GILT EDGED SECURITY:

Registered Security: it is a security which gives titles ownership to its holder who can transfer it to someone else on a deed but the ownership will remain with the transferor.

Gilt Edges Security: it is Government security or first class security which gives the investor greatest possible security.

8. SPOT MARKET AND FUTURE MARKET:

Spot Market: An organized market where goods are bought and sold on the spot and delivery is made immediately is known as spot market.

Future Market: An organized market where goods are bought and sold for some future dare at a settled price is known as future market.

VIII. MARKET REPORT

Q. TO UNDERSTAND & INTERPRET A MARKET REPORT

Every day in the morning the first reading material that comes to you is a newspaper. You find one full page devoted to industry, trade and commerce. Sometimes you like to read it.

REQUIRED:

Explain the procedures you would adopt to make it convenient to understand and interpret a market report.

ANSWER:

To understand and interpret a market report one is definitely put to inconvenience if he is not familiar with the technical terms used and composition of the market. It can be approachable with the help of certain points in view.

1. Type of the Report.
2. Tone of the Report.
3. Tendency.
4. Nature of Business.
5. Volume of Business.
6. Market Quotations.

1. Type of the Report:

The reader should try to determine the type of the report, i.e., classification. The report may be daily or weekly or monthly. The commodity dealt in may be produce or capital or money.

2. Tone of the Report:

The tone of the report measures the health of the exchange, i.e., weak, firm, cheerful, depressed, dull or bright.

3. Tendency:

Tendency is the movement of price i.e., rising or falling upward or down ward optimistic or pessimistic.

4. Nature of Business;

Nature of Business refers to transactions entered into and the mode of delivery, i.e., ready or forward, spot or future.

5. Volume of Business:

Volume of Business is the amount of transaction done on a particular point of time, i.e., 1,000 bales of Cotton or 2,000 Shares purchased or sold in a day.

6. Market Quotations:

Market Quotations indicate different prices of different varieties of commodities or shares dealt in with reference to a particular period.

DEFINITION & ADVANTAGES

Q. Define a Market Report and state its advantages.

ANSWER:

i) Definition:

Market Report is the periodical publication of the conditions or review of the business transacted in a certain commodity or capital in a particular market. Such reports may be prepared and published daily, weekly, fortnightly or monthly etc. in newspaper, magazine and commercial bulletins. It gives the opening and closing rates of commodities (or capital) along-with the reasons for the rising or falling trend of the market price.

ii) Advantages:

The advantages of a Market Report may be enumerated as follows:

1. It is an index of price.
2. It provides statistics for comparison.
3. It shows true nature and volume of business transacted.
4. It shapes public opinion.
5. It tends to stabilize prices.
6. It indicates future movement of prices.
7. It serves as media of advertisement for the Company(s).
8. It shows the effect of demand and supply on market.
9. It warns speculators.
10. It provides valuable commercial literature.

CONTENTS OF A MARKET REPORT

Q. Examine the contents of a Market Report.

ANSWER:

The usual Contents of a Market Report as follows:

1. Date of Business.
2. Place of Business.
3. Period under review e.g., day, week, fortnight, month, etc.
4. Types and qualities of commodities dealt in.
5. Estimate of demand and supply at the time of reporting.
6. Nature of Business transacts, term of delivery and payment.
7. Volume of Business i.e., stock available and quantity sold.
8. Ruling prices for different qualities of commodities at which transactions were made.
9. Fluctuation in prices, local and outside factors influencing the rates.
10. Remarks of the reporter – forecast of business conditions i.e., prospects of business.

USEFULNESS OF A DAILY REPORT OF STOCK EXCHANGE TO PROSPECTIVE INVESTORS

Q. Briefly explain the usefulness of a daily report of stock exchange to prospective investors.

ANSWER:

i) Definition:

A Market Report may be defined as a periodical publication of the conditions or review of the conditions of business transacted in a commodity or capital market. Such reports may be prepared and published in newspaper and commercial bulletins daily, weekly, fortnightly or monthly.

Stock Exchange is an organized market and is a part of Capital Market. Stock Exchange may have an international dimension. Indies the country, we find almost every day Stock Exchange Reports published in all important newspaper. It provides an index of business conditions in the country in terms of values and volumes of shares transacted in an exchange, e.g., Karachi Stock Exchange.

Usefulness:

The usefulness of a daily Stock Exchange Report can be viewed from various angles, e.g., investors, businessmen, government, general public, etc. for prospective investors the usefulness may be enumerated as follows:

1. It gives details of prices of shares of different companies quoted on Stock Exchange.
2. It indicates paid up value, yesterday's rates and the loss or gain, if any, over the previous day's closing.
3. It provides indications about the biggest gains, heaviest declines, largest turnover and day's changes.
4. It shows the likely trend in future, at least the near ones.
5. It gives information for prospective investors about the opportunity of investment in various types of shares.
6. It provides the threats to new investors and thereby helps the prospective investor in blind rush to rush money for bigger gain.
7. It wants to move continuously.

STOCK EXCHANGE – MEANING & SALIENT FEATURES

Q. What is a Stock Exchange? State its salient features.

ANSWER:

Stock Exchange is a market for the sale and purchase of stocks and shares of different Companies. Stock Exchange provides facilities for long term investments and movements of capital. It is an organized market and is a section of capital market.

Stock Exchange are found in all big industrial and commercial centers, e.g., Karachi Stock Exchange, Bombay Stock Exchange, London Stock Exchange, etc.

SALIENT FEATURES:

There are certain salient features of a Stock Exchange. They may be enumerated as follows:

1. The business is varied and cosmopolitan in nature.
2. It is the nerve – centre of politics and finance.
3. It represents the industrial and commercial life of a country.
4. It provides new horizon for business.
5. It provides a free market for securities.
6. It provides capital to industry and commerce by investors, traders, bankers and govt.
7. It helps government to barrow from public.
8. It is linked with the prosperity of the world in general and of a country in particular.

DISTINGUISH – PRODUCE & STOCK EXCHANGE

Q. Distinguish between Produce Exchange and Stock Exchange. Use Pakistan as a reference.

ANSWER:

Exchange in another name for an organized economic market. An Economic Market can be classified into:

- a). Commodity Market and
- b). Capital Market.

A Commodity Market can further be group into;

- i) Produce Exchange or market.
- ii) Manufactured and Party – manufactured Goods Market.
- iii) Bullion Market.

Similarly, a Capital Market has its groups, namely:

- i) Money Market.
- ii) Foreign Exchange Market.
- iii) Stock Exchange.

A Produce Exchange/Market is a market dealing in raw produces, e.g., Wheat, Rice, Iron, etc. Such exchange in Pakistan is located in Karachi, Lahore and Faisalabad.

Produce Exchange/Market is an organized market for investment. It facilitates the movement of Stock and Shares from an industry or region to another. Karachi Stock Exchange and Lahore Stock Exchange do all such business.

We can compare the two types of exchange, via, Produce Exchange and Stock Exchange with the help of their relevant features.

| Produce Exchange | Stock Exchange |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| 1. It provides raw products to deal in e.g., Rice, Wheat and Cotton etc. at important produce centers like Lahore and Faisalabad. | 1. It provides Capital to industry and commerce by investors, bankers, traders and government in the central cities, like Karachi and Lahore. |
| 2. It is sensitive to political and economic change. | 2. It is the nerve-centre of politics and finance. |
| 3. It helps to standardize the prices of raw-product. | 3. It helps to regulate the industrial and commercial life. |
| 4. The fixation of prices of raw-products deal in this market affects common-man directly. | 4. The dealing in share the securities does not generally affect the common-man directly. |
| 5. It has more to do with the country/concerned than any international situation. | 5. It is linked with the world market in general and a country particular. |

CLASSIFICATION OF ECONOMIC REPORT

Q. Describe briefly the classification of economic markets.

ANSWER:

An Economic Market can be classified on different basis via, on the basis of time. On the basis of area covered, on the basis of degree of competition, on the basis of commodity or merchandise dealt in, etc. taking the last base as pressured to be the required one for our market report, the classification runs as follows;

1. ECONOMIC MARKET:

- a) Commodity Market b) Capital Market

a) COMMODITY MARKET:

The first and the well-known type of an economic market are a Commodity Market. As the term it self explanatory, it deals in commodity that may be used for direct consumption or to be utilized for production, e.g., rice, wheat, oil-seeds, cotton, leather, gold and silver etc.

The Commodity Market organized in Pakistan may be sub-dividend into following:

- i) Produce Exchange** is a market dealing in raw produced, e.g., wheat, cotton, iron, etc. Such market or exchanges are in Karachi, Lahore and Faisalabad (Lyallpure) etc.
- ii) Manufacturing & Party Manufactured Goods Market** is a market to deal in manufactured and partly manufactured goods, e.g., cotton, cotton yarn, leather, leather goods, sugar, etc.
- iv) Bullion Market** is a market to sell precious metals, e.g., gold, silver, etc.

b) CAPITAL MARKET:

The second important type of market is capital market. Capital is the life blood of an industry. It is required to start a new business or to expand the old ones. Capital Market helps to get finance. It is the market of home currency, foreign exchange and stocks and shares.

Capital Market may be sub-divided into the following:

- i) Money Market:** It is the market where in certain agencies are engaged in financing business and industries through investments, e.g., banks, financial institutions, etc.
- ii) Foreign Exchange Market:** It is a special market for investments. It facilitates free movement of stocks and shares from an industry or region to another, e.g., Karachi Stock Exchange, Lahore Stock Exchange etc.
- iv) Stock & Shares Market:** it is an organized market for buying for investments. It facilitates free movement of stocks and shares from an industry or reign to another, e.g., Karachi Stock Exchange, Lahore Stock Exchange etc.

ORGANIZED & UNORGANIZED MARKET

Q What do you mean by organized and unorganized market? It Produce Exchange an organized Market Explain.

ANSWER:

A market is said to be a place to buy or sell goods and services. It may also mean an assembly of people, an area of operation, an organization, etc. An Economic Market is to exist whenever and whenever the buyers, and sellers of goods and services meet in each of opportunities for the adjustment of there mutual interest business in an atmosphere of free and open competition.

A Market by feature may be:

- a) Organized and b) Unorganized

An Organized Market is actually an Economic Market having the following essentials:

- i) Group of buyers and sellers.**
- ii) Direct and effective competition and**
- iii) One price for one commodity.**

In this sense, a Commodity Market and a Capital Market is organized market. To be specific produce, exchange, money market, and stock exchange are organized markets. They have set practice and rules to follow in the conduct of their day to day affairs.

A Produce Exchange is an Organized Market in the sense that there is a set group of buyers and sellers who are allowed to transact business. In an unorganized market any body can enter into business activities. In a Produce Exchange there is direct and effective competition and the transaction, ready or future, can take place accordingly. Such a market is very sensitive to change economic or political. Also, a Produce Exchange has only one price on a day. This is not necessary for an unorganized local or village market.

CLASSIFICATION OF ECONOMIC MARKET

Q Explain briefly the different Economic Markets for which reports are prepared.

ANSWER:

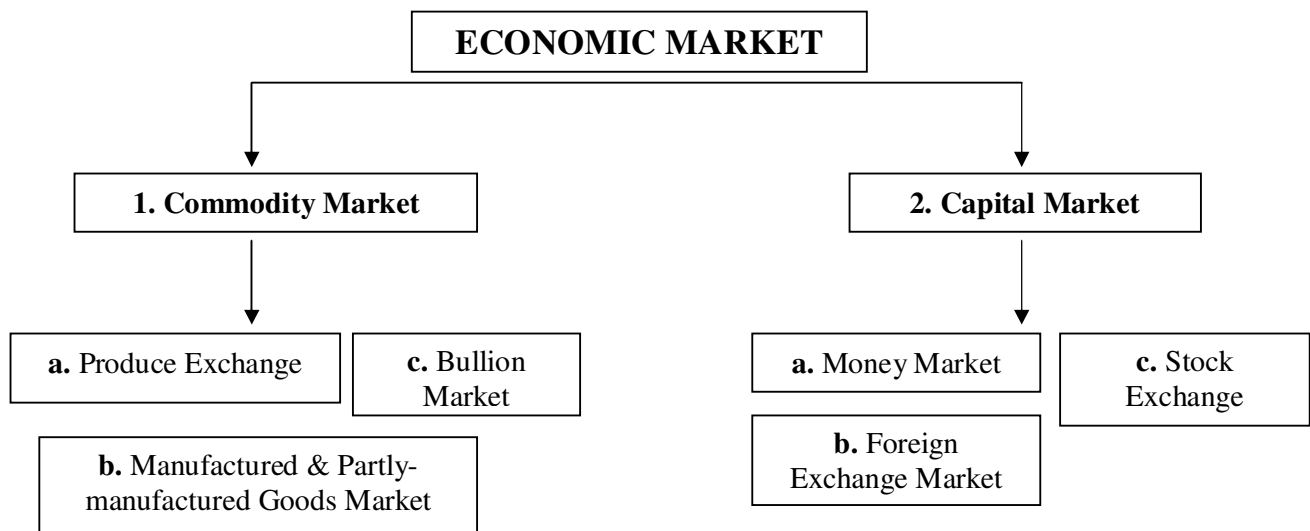
Market in general usage is a place where things are bought and sold. In economics, market is not necessarily the name of a place or building built of bricks and motors. Market is a situation in which buyers and sellers of a commodity meet at a particular point of time and the price is fixed by the interaction of the forces of demand and supply.

Economic Market can be classified on the basis of time, on the basis of area covered, on the basis of commodity or merchandise, etc. Generally, we can classify on economic market as follows:

The markets for which reports are prepared are not too many. In our context, Stock Exchange and Produce Exchange are common forms of market for which reports are prepared. Bullion Market is unevenly reported. It is located in Karachi, Hyderabad, Lahore and Peshawar.

Stock Exchange is and organized market for long-term investments. It facilitates free movement of stocks and shares, e.g., Karachi Stock Exchange and Lahore Stock Exchange.

Produce Exchange is an organized market dealing in raw produce such as wheat, cotton, rice, pulse, oil-seeds, etc. located in Karachi, Lahore, Faisalabad, etc in Pakistan.



SPECIMEN

REPRODUCTION OF MARKET REPORT

RECOVERY IN COTTON EXCHANGE

Q. Reproduce the following market report in no-technical language:

“Karachi April 22,2002 improved condition were obtainable in the Cotton Market. Yesterday and admits moderate scale trading future finished the day 45 paise higher for the ruling May contact and 20

paisa dearer for the distant July delivery. The other factor which helped the market to stage sector and spot rates was also hundred to the extent of 60 paisa for all the staple varieties”.

ANSWER:

This is an extract from Karachi Exchange. The business condition is reported to be favorable on April 21, 2002. There was too much of activity and rise in price after all creating dull situation. A good deal of business was transacted tendency in the market and May delivery is expected to be 45 paisa higher whereas 20 paisa higher for July delivery.

At the close of the market, the price of Cotton was 60 paisa higher than the previous day. The future, however, is expected to be bright.

BEARISH CONDITION CONTINUES

Q. Reproduce the following market report in no-technical language:

“Karachi June 02,2002 Bearish conditions continued to be witnessed in the market. With the buying interest remained at low and the selling pressure continued to mount. However, as against last close the 4-F January,2002 hedge contract opened 15 paisa up at Rs.166.40 but on renewed Heavy liquidation it slumped down to Rs.161.25 at which level a bearish hella to be unforced”.

ANSWER:

This is an extract from Karachi Stock Exchange both for future and ready delivery.

The declining tendency of prices continued to prevail the market. The speculators expected a fall in price. Buyers were least interested in doing any activity. Sellers, therefore, showed more and more interest in selling.

4-F January,2002 contract to cover up risks through a counter deal opened at Rs.166.40 i.e., 15 paisa than the rate at the end of the previous day.

Heavy selling activity further pulled down the price to Rs.161.25. this was the point when the market had to be postponed temporarily by declaring a Bearish Hella.

MARKET REPORT IN TECHNICAL WORDS

Q Draw up, in proper form, a Market Day Report in technical words relating to Karachi Stock Exchange using imaginary facts and figures. You are to report mixed tendency in prices and explain the main causes responsible for it.

ANSWER:

Karachi, March 13,2002:

A mixed feeling continued in the Karachi Stock Exchange/Market on Tuesday with interest centered round.. Gains and losses were evenly matched. Turnover totaled 56,240 Shares against 80,000 shares transacted in the last period.

In the forward section Adamjee Cotton which started steady at 16.75 against their previous close at 16.60 declined to as low as 16.50 to close round 16.55 I.C.P. after opening 50 paisa better at 102.50 touched the day’s highest at 104.50. This, however, could not be maintained due to offerings, and closed at 104.00.

In the spot section the rates prevailed were as:

| | | | Rs. |
|-------------------|---|----|------------|
| Adamjee Fabric | — | 10 | 24.25 |
| Karim Silk | — | 10 | 08.85 |
| Gul Ahmed Textile | — | 10 | 15.55 |
| Atlas Autos | — | 10 | 14.50 |
| Zeal Pak Cement | — | 10 | 17.95 |
| Habib Insurance | — | 05 | 14.80 |
| Adamjee Paper | — | 10 | 13.85 |
| Sandoz (Pak) | — | 10 | 05.50 |

IMPROVED MARKET CONDITIONS

Q Reproduce the following Market Report in non-technical language:

“Karachi August 02,200: improved conditions were visible in the Cotton Market yesterday and admits moderate scale trading future finished the day 50 paise for the ruling September contract and 30 paise dearer for the distant December delivery. The other factors helping the recovery of the market were demand in ready sector and expected increase in trading with Islamic Jamhuria Bangla Desh. Spot rates were also hardened to the extant of 65 paise each of all Desi varieties”.

ANSWER:

This extract is taken from Karachi Cotton Exchange for August 01, 2001. The reporter has discussed the factors that led to the improvement in the market conditions on the day reported for the market has taken a turn from the downward sewing to an upward spiral. The cause appears to be the presence of more buyers than the sellers. The prices, as a result, are rising and have recorded the day with 50 paise higher for September delivery and 30 paise for December delivery.

The other reasons appearing to contribute to the optimistic feeling was expected increase in trading with Islamic Jamhuria Bangla Desh. Rates for ready delivery showed the tendency of price rise to the extent of 65 paise each for all desi varieties.

DOWNWARD TENDENCY IN PRICES

Q. Draw up, in proper form a market day report in technical words relating to Karachi Stock Exchange using imaginary facts and figures. You are to report a downward tendency in prices and explain the main causes responsible for it.

ANSWER:

SPECIMEN
KARACHI STOCK EXCHANGE
Karachi, May 30th 2002

Generally, a sagging tendency was noted in the Karachi Stock Exchange on Tuesday with interest centered round mostly blue chips. Gains and losses were not evenly matched.

In the forward section, Adamjee Cotton which started steady at Rs. 17.75 against the previous close at Rs. 17.60 declined to Rs. 17.50 to close round Rs. 17.55.

I.C.P after opening 50 paise higher at Rs. 103.50 came down to Rs. 103.25 this however, could hardly be maintained.

In the spot section the rates prevalent were as follows:

| | | | Rs. |
|----------------------|---|----|------------|
| 1. Karim Silk | — | 10 | 8.90 |
| 2. Sandoz Pak | — | 10 | 6.60 |
| 3. Saifi Development | — | 10 | 6.50 |
| 4. Saifi Textile | — | 10 | 6.40 |
| 5. Khaiber Tobacco | — | 10 | 9.25 |

In short, bearish conditions continued to be witnessed in the market while buying remained at loss ebb the selling pressure continued to mount. The reason for such fall is obvious. Political uncertainty has shaken the faith in dynamic steps. Nobody is prepared to risk. Naturally, easy conditions prevail in the market. A firm tone can not be displayed in this situation.

RISING TREND OF PRICES ON THE DAY

**Q Reproduce the following extract of market report in non-technical language:
Karachi December 09,2001:**

“The Stock Market gave an improved performance yesterday on amid relatively increased activity share values staged modes recovery across a broad front following revival of demand at the lower levels aided mainly by good dividend news”.

“Trading in the forward counter was highlighted by a sharp spurt in National Motors following the announcement of handsome dividend. After opening 55 paisa up against the overnight close which proved to be the day’s lowest bid, it steadily advanced to hit the day’s peak Rs. 29.00 but finished somewhat reacted round Rs. 27.90 Bullish hella was, however, not declared due to clearing Barring a few, all issues suffered falls ”.

ANSWER:

a) Comments:

This is an extract from Karachi Stock Exchange as on December 08,2001, showing on improved performance as compared to the yesterday’s business. The main reason for the increase in price was a good dividend news – most of the companies decided to declare a handsome amount of dividend to their share-holders.

The demand for the purchase of shares was high. This was another reason for cheerful starts as compared to dull business previously.

b) Interpretation:

During the day under review business on future settlement became quite cheerful on account of the announcement of handsome dividend from National Motors. In the very opening of the exchange Shares were 55 paisa up, but looking though the day’s transactions they were the lowest price of Shares for the day. They touched the peak of Rs. 29.00 but closed on Rs. 27.90 owing to subsequent profit selling. On an aggregate, it showed a rise of.

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