

1. Business Organisation Nature & Importance.

Introduction

We know that every person is busy with one or other activity to earn his livelihood, the very same activity can be distinguished between two categories

- (a) economic activities
- (b) non-economic activities

(a) Economic activities :- This category is related to production, distribution and exchange of goods. These activities are basically done for earning livelihood.

(b) Non economic activities :- These activities are carried out for not earning livelihood. It is carried out for love, sympathy humanity etc. These activities do not involve any type of earning or income.

- (*) • Combining both the activities of any human being in a balanced way or manner he himself become an organisation for example : (i) Birla's
(ii) Tata's

both the families in India are inspirational for their social and economic reforms.

All the ~~economic~~ activities or human occupation may be classified into following categories:-

(a) Business

(b) Profession

(c) Employment.

(a) Business:-

To understand business we must know the concept of business. Business is a very vast term various economist and scholars have defined the term business in their own words.

In simple word business implies busyness or the state of being busy, but it is not centpercent true, we all know that business is an economic activity where money is involved. The human activity directed towards the acquisition of wealth through the production and exchange of goods and services may be called a business, but ~~is~~ a ~~limited~~ the above lines are only a limited version of business.

In earlier days the concept of maximising profit was known as business, it was reflected by the slogan "The business of business is to do business"

This was changed later to profit with service. ~~The modern day has~~ In modern days the concept of business has been changed to profit through service. Hence we can also say that :- Business earns money by supplying the goods and services which can satisfy human wants.

Many people are confused by the term business. They think that business is 'commerce and trade', which is totally false.

Trade means buying and selling of goods and services.

Commerce includes Trade and the activities which facilitate trade.

but

as we know that business is much wider term embracing not only trade and commerce, industries, or all the activities related to

production and distribution of goods and services.

Business is combined term used which includes commerce and industry, processing and manufacturing, network of service providing, distribution, banking etc.

~~So we can also con~~

~~Refination~~ So we can also conclude that

"Economic activity which involves regular production or exchange of goods and service with the main purpose of earning profits through the satisfaction of human wants" is called business.

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Wheeler defined Business as:-

"Business means an institution organised and operated to provide goods and services to society under the incentive gain".

(*)

Owens defined Business as:-

"Business means an enterprise engaged in the production and distribution of goods for sale in the market or the rendering of services for a price."

So here we may now conclude the concept of ~~business~~ business by saying that it includes all activities which are most common in production and sale of goods and services.

(b) Profession :- All those occupation which require expertise for providing services is called profession. Basic example are lawyer, Doctor, Professor etc. They all need a certain academic qualification for expertise in their field such as LLB for lawyer, MBBS for Doctor and PhD for a professor. The professionals are required to follow the professional code of conduct.

(c) Employment :- Many human being earn their living through service. Employment is an agreement between Employer and the employee. Employee renders services in return of salary and wages from the employer. This agreement is known as employment. It may be permanent, temporary, or contractual for example a firm hires the service of Chartered accountant, A hospital appoints

doctors and nurses, enterprises appoints
employees. etc.

Textbook