

Business Organisation

B.com Part - I

Topic :- Nature & Importance
of
Business Organisation

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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 ect. These activities do not involve any type of earning or income.

* Nature of Business Organisation

Generally, a controversy arises as to whether business organization is a science or an art. This controversy has created a good deal of confusion about the nature of business organization. To determine whether business organization is a science or an art, we must understand clearly the meanings of the terms 'art' and 'Science'.

• Business Organisation - An Art

An art is a system of rules for the attainment of a given end.

J. L. Massie says, "In any activity that is classed as an art the emphasis is on applying skills and knowledge and accomplishing an end through deliberate efforts."

In the words of G. R. Terry, art is "bringing about of a desired result through application of skill."

"The function of an art is to accomplish concrete ends, effect result, produce situations that would not come about, without

the deliberate effort to secure them."

• Business Organisation - A Science:-

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The word science literally means knowledge. It is systematized body of knowledge acquired by mankind through observation and experimentation and which is capable of verification. In the words of Keynes, "Science is a systematised body of knowledge which establishes relationship between Cause and effect."

• Science has three basic features:-

- (i) It is a systematised body of knowledge that uses scientific methods for observation.
- (ii) The principles are evolved on the basis of continued observation and
- (iii) The principles are exact and have universal applicability without any limitation.

* Importance of Business Organisation

1. Products Growth:-

All business activities directed towards the production of goods and goods and services in the betterment of the business organizations.

2. Efficient use of Resources:-

Organization play a vital role in the efficient use of factors of production and other resources and thus reduced the cost of production of goods.

3. Technological Improvements:-

A good organization provides for the optimum use of technological improvements.

4. Creative Thinking:-

It stimulates independent creative thinking in various departments of production.

5. Use of skilled salesman:-

Another importance of business organization is that it is very useful in providing skilled salesmanship for satisfying the various needs of the customers.

6. Quick decisions:-

The business organization makes it easy to take quick decisions.

7. Recognition of the problem:-

The recognition of the problem, selection of the solution, issuing of the necessary orders can be taken at the right time.

8. Fixing of responsibility:-

One of the most important things of business organization is that fixing of responsibility can easily be pinpointed.

9. Feedback:-

An organization makes it possible to take decisions at the right

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time about production and they may take feedback. Before making any decision organization always research the market and combine the facts.

10. Minimum Cost:—

The organizations always try to attain the goals and objectives of the business at the minimum cost.