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Topic: Concept of Business

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BY: Dr. Santosh Kumar Lal

Principal-Cum-H.O.D. Dept. of Commerce

Concept of Business

Business is all around us and it is mainspring of modern life. But very few people understand its true nature and its role in the society. The study of business is essential for training oneself for a career. Study of the principles and practices of business organisation helps in understanding events in their right perspective and in tackling the problem of satisfying human wants through the use of available resources.

Every human being is busy in one activity or the other to satisfy his unlimited wants and desires. The sum total of human activities may broadly be divided into two categories- Economic activities and Non-economic activities.

Literally the term 'business' implies 'busyness' or the state of being busy. But this is not the proper concept of business as it covers every human activity. Business is an economic activity as it is concerned with earning money and acquiring wealth. It is the human activity directed towards the acquisition of wealth through the production and exchange of goods and services. A business enterprise is an economic institution as it is engaged in the production and/or distribution of goods and services in order to earn profits and acquire wealth. According to Wheeler, "Business is an institution organised and operated to provide goods and services to society under the incentive of private gain."

Thus, 'Business may be defined as an economic activity which involves regular production and exchange of goods and services with main purpose of earning profits through the satisfaction of human wants.'

Meaning of Business

The business is an activity which is primarily pursued with the object of earning profit. A business activity involves production and-or exchange of goods or services so as to earn profit. Business is an activity in which different person exchange somethings of value, whether goods and services for mutual profit or loss. It is an organised or systematic activity involving the satisfaction of human wants. Business involves regular or recurring purchase or sale of goods and services with the purpose of earning profits through the satisfaction of human wants and needs. Repeated dealings rather than a single isolated transaction constitute business. Business may be distinguish from other activities by the fact that goods and services created or purchased are meant for sale and not for personal consumption.

Definitions of Business

L. H. Haney: “Business may be defined as a human activity directed towards producing or acquiring wealth through buying and selling of goods.”

Peterson and Flowman: “Business is an activity in which different person exchange something of value, whether goods or services for mutual gain or loss.”

Keith and Gulteni: “A business is nothing more than a person or group of person properly organised to produce or distribute goods and services.”

Urwick and Hunt: “Business is an enterprise which makes, distribute or renders service which other members of the community need.”

After studying the above definitions and also those given by other experts, we conclude that the term ‘Business’ includes all those human activities which are related to the production distribution or providing of goods and services with the object of earning profit through satisfying customer’s “need and wants”.