

What is Business?

Human beings are continuously engaged in some activity or other in order to satisfy their unlimited wants. Every day we come across the word 'business' or 'businessman' directly or indirectly. Business has become an essential part of the modern world.



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Business is an [economic activity](#), which is related with continuous and regular production and distribution of goods and services for satisfying human wants.

All of us need food, clothing and shelter. We also have many other household requirements to be satisfied in our daily lives. We get these requirements from the shopkeeper. The shopkeeper gets them from the wholesaler. The wholesaler gets them from manufacturers. The shopkeeper, the wholesaler, and the manufacturer are doing business, and therefore they are called Businessmen.



Definitions of Business

Stephenson defines business as, "The regular production or purchase and sale of goods undertaken with an objective of earning profit and acquiring wealth through the satisfaction of human wants."

According to Dicksee, "Business refers to a form of activity conducted with an objective of earning profits for the benefit of those on whose behalf the activity is conducted."

Another common definition of business is, "Human activity directed towards producing or acquiring wealth through buying and selling of goods."

Thus, the term business means continuous production and distribution of goods and services with the aim of earning profits under uncertain market conditions.

Features of Business

The characteristics or features of business are discussed in the following points:

1. Exchange of goods and services

All business activities are directly or indirectly concerned with the exchange of goods or services for money or money's worth.

2. Dealing in numerous transactions

In business, the exchange of goods and services is a regular feature. A businessman regularly deals in a number of transactions and not just one or two transactions.

3. Profit is the main Objective

The business is carried on with the intention of earning a profit. The profit is a reward earned for the services of a businessman.

4. Business skills for economic success

Not everyone can run a business. To be a good businessman, one needs to have good business qualities and skills. A businessman needs experience and ability to run a business.

5. Risks and Uncertainties

Business is subject to risks and uncertainties. Some risks, such as risks of loss due to fire and theft, can be covered with insurance. There are also uncertainties, such as loss due to changes in demand or fall in price which cannot be insured. These must be borne by the businessman.

6. Buyer and Seller

Every business transaction has a minimum of two parties: a buyer and a seller. Business is nothing but a contract or an agreement between the buyer and the seller.

7. Connected with production

Business activity may be connected with the production of goods or services. In this case, it is called an industrial activity. The industry may be primary or secondary. An example of a primary industry is farming. An example of a secondary industry is car manufacturing.

8. Marketing and Distribution of goods

Business activity may be concerned with marketing or distribution of goods, in which case it is called a commercial activity.

9. Dealing in goods and services

Business deals in goods and services. Goods may be divided into two categories:

1. Consumer goods: Goods which are used by a final consumer are called consumer goods, e.g., furniture, soap, paper, etc.
2. Producer goods: Goods used by producers for further production are called producer goods, e.g., machinery, equipment, wood, etc.

Services are intangible but can be exchanged for value, like providing transport, warehousing and insurance services, etc.

10. Satisfying human wants

The businessman desires to satisfy human wants through the conduct of business. By producing and supplying various commodities, businessmen try to promote consumer satisfaction.

11. Social obligations

Modern business is service oriented. Modern businessmen are conscious of their social responsibility. Today's business is service-oriented rather than profit-oriented.

References

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