

# FACULTY OF JURIDICAL SCIENCES

# Lecture-1



# MEANING OF BUSINESS

The term business refers to an organization or enterprising entity engaged in commercial, industrial or professional activities. Business refers to all of the activities involved with the sale and purchase of goods and services. Business activity can take place anywhere, whether that's in a physical storefront, online or even on a roadside.

Business is a regular process of earning a profit by satisfying consumer's needs through the manufacturing of goods, reselling of products, providing services or carrying out all three together. It is an occupation which requires a particular set of skills and expertise to derive maximum profit out of it.

The term business can also be used to define the efforts and activities of individuals to produce and sell goods and services for profit.

Businesses often require business plans before operations begin. A business plan is a formal document that outlines the company's goals and objectives. It also lists the strategies and ways it plans to achieve these goals and objectives to succeed. Business plans are almost always essential when you want to borrow capital in order to begin operations.

Determining the legal structure of the business is another important factor to consider. Business owners may need to secure permits and licenses and follow registration requirements in order to begin legal operations. Corporations are considered to be juridical persons in many countries, meaning that the business can own property, take on debt, and be sued in court.

Organizations that aren't profit-based are referred to as not-for-profit or nonprofits. These entities may operate as: (not consider as a business)

Charities, Social services organizations, Arts, culture, educational, and recreational enterprises

Business may be defined as an activity involving regular production or purchase of goods and services for sale, transfer and exchange with an object of earning profit.

“Business may be defined as any form of commercial activity to satisfy the economic wants of people at a profit.” - **Keith Davis**

“Business is the exchange of goods, services or money for mutual benefit or profit.” - **Skinner**

“Business is any enterprise engaged in production and distribution of goods for sale in a market or rendering services for a price.” - **Professor Owen**

# Types of Business

Business involves goods or services or both. A person has first to select the kind of business line he wants to operate.

Thus, a business can be broadly classified as into the following types:

- **Service:** An activity performed to earn money through customer satisfaction is known as a service. It involves professional skills and expertise.  
E.g. A professional teacher earns money by taking tuition class
- **Merchandising:** Merchandising means procurement of goods from manufacturers or wholesalers, at a low price and selling it at a higher price to make a profit. It is also known as a retail business.  
E.g. A florist selling flowers
- **Manufacturing:** Making profit through production or creation of goods from raw material in such a way that it derives some utility to the consumer is known as a manufacturing business.  
E.g. Processing of sugarcane in a sugar mill to get fine sugar
- **Hybrid:** A business which involves all the three activities, i.e. manufacturing of goods, merchandising of products and delivering service falls under the hybrid category.  
E.g. A furniture seller, who manufactures furniture, buys old furniture and sells it at a higher price after repairing and also provides services for polishing old furniture.