

Nature and scope of Business

Every one surrounds us are busy in various activities. Farmers are farming, teachers are teaching, shopkeepers selling and so on. Some are busy during day, some at night while some are busy throughout year. People are doing such activities to satisfy their wants. People either earn money or discharge various obligations through activities. Let we learn more about various types of activities with which we keep ourselves busy.

Human Activities

Activities undertaken by humans are known as human activities. It is divided in two categories.

(i) Economic activities and (ii) Non-economic activities

Economic activities - Activities performing to earn money is considered as economic activity.

Non-economic activities – activities performing not to earn money but to get satisfaction can be called as non-economic activities.

Difference between Economic and Non-Economic Activities

Basis	Economic activities	Non-economic activities
Purpose	Earning money	Social and psychological motive
Outcome	Fore creation of wealth	For satisfaction and happiness
Expectation	Profit or money expected	Profit or money not expected

TABLE OF DIFFERENCE BETWEEN ECONOMIC AND NON-ECONOMIC ACTIVITIES

Types of Economic Activities

Performing activities to earn money is considered as economic activity. Normally people engage themselves in such activities on regular basis. It is called as their occupation. Occupations are categorized in three parts.

1. **Business:** Business refers to an occupation in which goods and services are produced and sold to earn money. Mining, manufacturing, trading, transporting, storing, banking and insurance are example of business activities.
2. **Profession:** profession refers to an occupation, which requires specialized knowledge and training to pursue it and primary objective of every profession is to provide service. A person may not be an expert in every field. we require services of others who specialize in

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one field or other. We need services of doctors for our treatment, lawyers to get legal support etc. They all called professionals.

3. Employment: Employment refers to an occupation in which a person works regularly to get wages/salary in return. Government servants, company executives, bank officials, factory workers are said to be in employment. Person seeking a job must join work only after being satisfied with terms and conditions.

Differences between Business, Profession and Employment

Basis	Business	Profession	Employment
Nature of work	Supply of goods and services to customers for profit	services for a fee with specialization of work	Performing work according to orders of employer
Qualifications	minimum qualifications not required	Education and training in a specific field required	Specialized knowledge not necessary in all cases
Capital requirements	Required according to nature, size and scale of business	Required limited for establishment	Not required
Motivation	Earning profits from sale of goods	professional fees for services	Fixed wage or salary
Risk	Risk involved. Profits uncertain	Income fixed. Negligence of duty liable	No risk. Fixed wages/salaries
Code of conduct	Not specified	It is rigid. Maintain high standards of profession	Contractual terms and conditions

TABLE OF DIFFERENCES BETWEEN BUSINESS, PROFESSION AND EMPLOYMENT

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