**COMMERCE SS 3**

**FIRST TERM**

**SCHEME OF WORK**

**WEEKS TOPIC**S

1. **Business Law.**

**Meaning, Branches of commercial Law e.g, Law of contract, Hire purchase, Sales of goods, Agency etc.**

**Law of contract.**

**Definition of contract.**

**Classification of contract.**

**Essential element of valid contract.**

1. **Types of Contract.**

**Termination of contract.**

**Remedies for branch of contract. Terminologies used in contract.**

1. **Law of Agency**

**.Definition of Agency.**

**Types of Agent.**

**Appointment of Agent.**

**Duties and Right of Principals.**

**Termination of Agency.**

1. **Hire Purchase / Instalmental payment / Deffered Payment.**
   1. **Meaning, features of Hire purchase, parties to Hire purchase, conditions for Hire purchase.**
   2. **Merits and demerits of the Hire Purchase, termination of Hire purchase.**
2. **Contract of Sales of Goods.**

**Definition of sales of good.**

**Terms of contract of sale.**

**Provision of sales of goods Act of 1893.**

**Terminologies associated with contract of sale.**

6.**Contract of Employment.**

**Meaning (Employer & Employee).**

**The employer: duties & rights.**

**The employee: Duties and Rights.**

7.**Government Regulation of Businesses.**

**Meaning, methods of government regulation of Business e.g Business Registration, Patent Right, Trademark, Copy Right etc. Document required for Business establishment.**

8. **Structure of Business.**

**Organization structure / set-up.**

**Organization chart, Short notes, Authority and Responsibility, Span of Control, Scalar Chain of Command and, Unity of Command and Unity of Directions etc.**

9.**Introduction to Business Management.**

**Meaning of Business.**

**Business Resources.**

**Objective of Business.**

**Management: Meaning and Functions.**

10. **Business Environment.**

**Departmentalization and Functions of each Department. Social responsibilities.**

**11&12. Revision & Exams.**

**WEEK ONE**

**BUSINESS LAW.**

Laws serve as the fundamental rules that societies enforce to ensure their orderly existence and functionality. Business law, also known as commercial law, encompasses the legal aspects governing various facets of business transactions. These laws regulate the operations of business activities, providing a structured framework for commercial interactions.

**Branches of Commercial Laws**

Commercial law comprises several branches, each addressing specific aspects of business transactions. The primary branches include:

1. Law of Contract: Contracts form legally binding agreements that impose rights and obligations on parties, enforceable by courts. They require the involvement of at least two parties: the offeror, who makes a proposal, and the offeree, who accepts it.

2. Agency: Agency law deals with relationships in which one party, the principal, appoints another, the agent, to act on their behalf in various capacities.

3. Sales of Goods: This branch focuses on the sale and purchase of goods, covering issues related to quality, quantity, warranties, and delivery.

4. Law of Employment: Employment law governs the legal aspects of employer-employee relationships, ensuring fair labor practices and addressing issues such as employment contracts, discrimination, and workplace safety.

5. Hire Purchase: This involves a legal arrangement where goods are bought and paid for in installments, with ownership transferring to the buyer upon the final installment.

6. Guarantee: Guarantees provide a legal assurance that one party will fulfill the obligations of another party if they default.

7. Lien: Lien allows a person to retain possession of another's property until a debt is discharged.

8. Pledge: Pledge involves the transfer of property as collateral for a loan, with the understanding that the property will return to the owner upon debt repayment.

9. Bankruptcy: Bankruptcy law addresses the legal processes and consequences for individuals and businesses facing insolvency and unmanageable debt.

**Essential Features of a Valid Contract**

To be considered valid, a contract must possess certain key features:

1. Offer and Acceptance: An offeror must make a clear proposal, which is unconditionally accepted by the offeree.

2. Consideration: Consideration is an essential element of a contract, involving a valuable exchange of rights or benefits between parties.

3. Contractual Capacity of the Parties: Those entering into the contract must have the legal capacity to do so. Some exceptions, like minors, aliens, and mentally incapacitated individuals, may lack contractual capacity.

4. Intention to Create Legal Relations: Parties should intend for their agreement to have legal consequences and create legal obligations.

5. Genuine Consent: Consent must be freely given without mistake, misrepresentation, undue influence, or duress.

6. Legality of Objects: The purpose and objectives of the contract must be lawful, avoiding illegal activities and actions against public policy.

7. Possibility of Performance: The contract must be based on the assurance that all parties involved can perform their respective obligations, ensuring feasibility.

Differentiating Offer and Acceptance

1. Offer: An offer represents a statement indicating a willingness to be legally bound by specific terms and conditions.

2. Acceptance: Acceptance signifies an unambiguous, final expression of agreement to the terms of the offer, creating a legally enforceable contract.

General Evaluation Questions

1. Differentiate between offer and acceptance.

2. Enumerate and explain the features of a valid contract.

**WEEK TWO**

**TYPES OF CONTRACT**

Contracts in the realm of commerce encompass a diverse array of forms, each with its distinct characteristics. These contracts play a vital role in the business world. Here, we explore various contract types:

1. Informal Contracts: Informal contracts, while indeed contracts, often lack some essential elements and proof typical of formal contracts. They tend to be challenging to enforce due to their informal nature.

2. Formal Contracts: Formal contracts come in several key types:

- Contract Under Seal: These are written contracts featuring a seal, wax impression, or the notation "SIGNED AND SEALED." Such contracts, known as Specialty Contracts, may not solely originate from agreement.

- Contract Of Record: This contract is formally registered in a court, acknowledged by the legal system.

- Oral Contract: These contracts are verbally agreed upon and represent informal arrangements. In specific cases, oral contracts can hold the same legal weight as formal ones, provided evidence of the agreement exists.

- Written Contracts: These contracts document terms and conditions, with their formal or informal nature contingent upon the context.

- Implied Contract: Implied contracts arise from the conduct or actions of both parties without explicit oral or written agreement. For instance, purchasing goods from a store implies a contract.

- Expressed Contract: In these contracts, both parties use their freedom to make oral or written declarations of their intentions and transaction terms.

3. Valid Contracts: Valid contracts meet all essential conditions and elements required for binding and enforceable agreements.

4. Voidable or Void Contracts: These contracts may be binding but are subject to rejection by one party due to the absence of an essential element, such as signing under duress or one party lacking legal capacity at the contract's inception.

5. Void Agreements or Contracts: These contracts hold no legal effect and are unenforceable due to prohibited subject matter, rendering them illegal.

6. Executed Contracts: When a contract is fully performed, it becomes executed. In this case, the obligee has no further claims.

7. Executory Contracts: Executory contracts involve pending actions, where certain aspects remain incomplete.

8. Bilateral Contracts: In bilateral contracts, both parties exchange promises. The offeror makes a promise, and the offeree accepts it by making their promise. Mutuality of obligations characterizes bilateral contracts.

9. Unilateral Contracts: In unilateral contracts, only one party is expected to perform after the contract is made.

**Termination of Contracts**

Contracts may conclude through five primary methods:

i. Performance: Contracts terminate upon the completion of all obligations.

ii. By Consensus: When both parties mutually agree to terminate the contract, it ends by consensus.

iii. Operation of Law: Some contracts end as a result of legal provisions.

iv. Frustration: Contracts may be terminated if events beyond the parties' control make performance impossible.

v. Breach of Contract: A contract may be terminated if one party fails to fulfill their obligations as stipulated in the agreement.

**Remedies for Breach of Contract**

In the event of a breach of contract, several remedies are available:

1. Damages: The injured party can sue for damages to recover the loss they've incurred.

2. Rescission: Parties can request the restoration of their pre-contractual position through legal proceedings.

3. Injunction: The injured party can obtain a court injunction, mandating specific actions.

4. Specific Performance: The injured party may seek court enforcement of the contract to ensure it is upheld.

Assignment

Please explain the methods for terminating a contract.

**WEEK THREE**

**LAW OF AGENCY**

DEFINITION

1. Agency is a common legal association which exist when one party, known as the principal, authorizes another party, known as the agent, to enter into contract with a third party in his or her name.
2. This is a contractual relationship between a principal and an agent, in order to the principal into an agreement with the third party.

AGENT: An agent is a person who is employed to act on behalf of another person called the principal.

WHO MAY APPOINT AN AGENT: The Law allows every person who is legally competent to appoint an agent. Companies, partnerships, clubs, churches and societies as well as individuals, may appoint agents.

HOW AN AGENT MAY BE APPOINTED

An agent may be appointed in the following ways. By,

1. Appointment: This is a statement by the principal authorizing a person to be his agent.
2. Ratification: This happens when one person approves an act preciously done by another in the former’s name without authority.
3. Estopel: This is an agency which arises when a person by word or conduct leads another person to believe that a third party is his agent or has the authority to execute particular acts.
4. Necessity: An agent arises by necessity when an unforeseen emergency occurs. For instance, the driver of a bus operation between Lagos and Maiduguri may pledge his principal’s credit. In order to have needed repairs and may thereafter send the bill to the bus owner for settlement.
5. By Implication: The circumstance of the situation may warrant a principal to appoint an agent by conduct or implication, but not in writing. In this case the persons finds himself in a position where his services are accepted as an agent.

TYPES OF AGENTS

Agents are of various types as follows;

1. Brokers: Brokers are commercial agents who link their principals with potential buyers. They just search for potential buyers and link them up with their principals.
2. Universal Agent: A universal agent is not restricted to any line of goods but is authorized by his principal to enter into all sorts of business transactions on the principal’s behalf.
3. General Agents: This type of agent has authority to represent his principal in all matters relating to a particular business.
4. Jobber: This type of agent buys from his principal and sells on his own behalf rather than on behalf of his principal.
5. Factor: A factor is a commission agent who sells goods on behalf of his principal.
6. Del-Credere Agent: This type of agent sells goods on credit on behalf of his principal and under takes responsibility for the collection of the proceeds of the sale. If the buyer defaults in payment the del-credere agent pays so that his principal does not suffer any loss.

7 Commission Agents: This is an agent who is engaged by his principal to buy and sell goods at competitive prices on his behalf. Such agents are seen more in foreign trade and they deduct the commission due to them before remitting the cash proceeds to their principals.

1. An Auctioneer: This is an agent who is licensed to sell the principal’s goods on auction to the highest bidders.
2. Forwarding and Clearing Agents: These agents function more in import and export trade. They work at seaports and airports. Their duty is to do custom’s formalities and forward goods to the foreign importer on behalf of the home exporter. They also clear imported goods on behalf of the home importer and deliver the goods to the named destination of the importer.
3. Advertising Agent: This is an advertising practioner who advertises goods and services for his principal.
4. Manufacturer’s representative: This is an agent who represents a foreign or local manufacturer in the marketing of the manufacturer’s goods.

AGENT’S DUTIES TO HIS PRINCIPAL

An agent owes five important duties to his principal. These are as follows:

1. Loyalty and good faith.
2. Obedience.
3. Information.
4. Reasonable skill and diligence.
5. Accounting.

PRINCIPAL’S DUTIES TO HIS AGENT.

The principal has five important obligations to his agent. These are as follows;

1. Compensation.
2. Reimbursement.
3. Abide by the terms of the agency.
4. Not to interfere with the agent’s efforts.
5. To make available all facilities that will enable the agent perform his duties satisfactory.

RIGHTS OF AN AGENT.

An agent enjoys the following rights.

1. Right of lien over the goods he sells. If he has assumed liability for payment of the purchase price to the principal, he has the right to stop the goods from being consigned to his principal.
2. He has the right to obtain refund of all expenses incurred on behalf of the principal.
3. He has the right to be indemnified for losses incurred in the course of the agency.
4. He has the right to his commission or remuneration.

RIGHTS OF THE PRINCIPAL

1. Repudiation of the contract.
2. Sue the agent for default.
3. He can sue the third party for default.
4. Takes over the secret profit made by the agent.
5. Refusal to pay the agreed commission.
6. Dismissal of the agent.

TERMINATION OF AGENCY

Agency come to an end in the following circumstances.

1. Bankruptcy of the principal.
2. Insanity of agent or principal.
3. Death of either the principal or agent.
4. By mutual agreement.
5. By completion of the agreement.
6. Breach of contract.
7. Frustration of the agency.
8. Illegality of object.
9. By lapse of time.

ASSIGNMENT

What are the right of an agent

State the right of the principal

**WEEK FOUR**

**HIRE PURCHASE CONTRACT**

MEANING: This is a form of agreement in which the owner transfers possession of goods to the hirer after paying an initial deposit while he retains ownership until final payment is made. It means the goods are on hire and not owned by the buyer until the final installment is paid.

PARTIES TO THE CONTRACT

1. The dealer.
2. Hirer.
3. Finance company.

FEATURES OF HIRE PURCHASE

1. Cash price should be stated.
2. Agreement should be documented and evidenced in writing.
3. Requires initial deposit.
4. Installment payment.

5 Suitable for durable goods.

1. Seller has right of repossession.
2. Buyer can take possession and not ownership.

ADVANTAGES OF HIRE PURCHASE TO SELLERS.

1. Increase in turnover.
2. Enable sellers to dispose of expensive.
3. The sellers can change higher prices for goods.
4. Sellers can repossess the goods.
5. Sellers retain ownership until full payment is made.
6. Increase in profit.

ADVANTAGES OF BUYERS

1. Buyers enjoy the use of goods even when they have not fully paid.
2. Affords buyers the opportunity of acquiring expensive goods.
3. Improves the customer’s standard of living.
4. Buyers can return goods to seller before completion of payment.
5. Buyers have access to credit.

DISADVANTAGES TO SELLERS

1. Customers may fail to pay as at when due.
2. Additional cost may be incurred as a result of court persecution.
3. A lot of capital may be tied down.
4. Problems of irrecoverable debts.

DISADVANTAGES TO BUYERS

1. Buyers may pay more for the goods.
2. They can buy more than what they can afford to pay for.
3. The customers may not be able to negotiate better conditions of sales.
4. The interest rate may be very high.

DEFERRED PAYMENT

This is a credit agreement in which the customer is allowed to take possession and ownership of the goods upon the payment of the initial deposit.

FEATURES OF DEFERRED PAYMENT

1. Ownership and possession are transferred immediately to the buyer.
2. Less durable goods are involved.
3. Sellers cannot repossess the goods.
4. Lower price is charged.

ASSIGNMENT

Differentiate between a buyer and a seller

State the advantages of a buyer

State the feature of hire purchase

**WEEK FIVE**

**CONTRACT OF SALES OF GOODS**

Meaning of sales of goods: The contract of sales of goods is governed by the law of contract. According to the sales of goods Act of 1893. Sales of goods is a contract of goods whereby the seller transfers or agrees to transfer property in goods to a buyer for money consideration called the price.

FEATURES OF CONTRACT OF SALES

1. There must be agreement to transfer property in goods.
2. The property may be transferred immediately under the contract or it may be agreed to be transferred.
3. There must be a buyer and a seller.
4. There is money consideration on called price.

IMPLIED PROVISIONS OF THE SALES OF GOODS ACT 1893

1. Right of seller to sell.
2. That the goods shall correspond with the description.
3. That the goods must be of merchantable quality.
4. That the goods shall be fit for a particular purpose.
5. That the bulk of goods shall correspond with sample.
6. That the goods shall be free from any encumbrance at the time property is to pass.
7. That the goods shall be delivered and accepted.

CONTRACTUAL RULES FOR THE SALES OF GOODS.

1. Existence of an agreement.
2. Intention to create legal relations.
3. Contractual capacity of parties.
4. It must be supported by valuable considerations.

RIGHTS OF THE UNPAID SELLERS.

The seller has the following rights;

1. Right to lien.
2. Right to stoppage in transit.
3. Right to re-sell.
4. Right to sue the buyer for the price.
5. Right to sue buyer for non-acceptance.

RIGHT TO THE BUYER

The buyer has the following rights in a contract of sale;

1. He can sue for non-delivery.
2. He can sue to recover purchase price.
3. Right to sue the specific performance.
4. Right to repudiate the contract.

ASSIGNMENT

Explain the right of a buyer

**WEEK SIX**

**CONTRACT OF EMPLOYMENT**

MEANING.

This is a contract whereby a person called the employer agrees to pay consideration usually called salary or wages to another called the employee for services rendered to him.

EMPLOYER: This is an organization or a person who agrees to pay consideration usually called salaries or wages, to another called the employee, for services rendered or for work done.

DUTIES OF THE EMPLOYER

1. Duty to pay salaries and wages.
2. Duty to provide training facilities.
3. Duty to provide work.
4. Duty to indemnity the employee.
5. Duty to ensure safety.
6. Provision of adequate job security.
7. Duty to provide tools and equipment.

RIGHTS OF AN EMPLOYER

1. Right to dismiss the employer.
2. Fixing of salaries and wages.
3. Right to employ.
4. Right to withhold remuneration.
5. Right to use invention of his workers.

EMPLOYEE

This is a servant or someone who works under the control and direction of the employer. He receives remuneration called wages and salaries for rendering services to the employer.

DUTIES OF THE EMPLOYEE

1. Duty to perform his function in good faith.
2. Duty to obey all lawful instructions.
3. Exhibition of skill and care in the performance of his assignment.
4. Duty to render proper accounts.
5. Non-acceptance of bribe or making of secret profit.
6. Performance of his duty.
7. Confidentiality of information.
8. No conflict of interest.
9. Duty not to delegate duties.

RIGHT OF AN EMPLOYEE

1. Right to be indemnified.
2. Right to go on leave.
3. Right to work in safe place.
4. Right to be re-imbursed for expenses.
5. Acceptance of job.
6. Right to receive salary.

ASSIGNMENT

State the duties of an employee

What are the duties of an employer

WEEK SEVEN

GOVERNMENT REGULARITIES OF BUSINESS

The government regulated business in one or more of the following ways;

1. Registration of business: The government registers all business units not only to give the business legal backing but also to determine the strength of the economy in the various industrial spheres.
2. Patent: This is a special right granted by government to someone who has made an invention so as to protect that invention for him or her. Patent confers monopoly. The owner of patent is called patentee.
3. Trade-Mark: A trade-mark is an identification mark registered by the owner to distinguish his products from those of other competitions. Trade-marks; Lux, Elephant, Omo, etc are registered trade-marks.
4. Copyright: This is the sole right which the copyright law grants an individual to reproduce and market an intellectual, literary, artistic or musical work. Copyright does not last forever but it is limited to 50 years in the case of musical works from the date of release, or 50 years in the case of intellectual properties after the demise of the owner.

NOTE: GOVERNMENT REGULATION OF BUSINESS

This is the way by which government uses new information technology to provide people with more convenient access to government information and services to improve the quality of the services and to provide greater opportunities to participate and influence government and its policies.

OTHER METHODS OF GOVERNMENT REGULATIONS OF BUSINESS

Publication of financial statement.

Fiscal policies.

Establishment of regulatory bodies.

Use of standard weights and measures.

Giving approval for business location. Ownership of business.

REASONS FOR GOVERNMENT REGULATION OF BUSINESS

1. Prevention of monopoly.
2. Revenue generation.
3. Ensuring production of quality goods.
4. Enhancing economic growth and development.
5. Uniformity in commercial activities.
6. Ensuring compliance with rules and regulations.
7. To ensure uninterrupted supply of goods.
8. Protection of consumers from exploitation.
9. Production of safe goods.

ASSIGNMENT

Explain the reasons for government regulation of business

**WEEK EIGHT**

**STRUCTURE OF BUSINESS**

Organizational structure is the framework by which tasks are divided, grouped and coordinated.

ORGANIZATION CHART OR ORGANOGRAM

Organizational chart is a graphic representation or a blue print of all the units, divisions and departments and their related duties in an organization with a view to making every member be aware of the person he is directly responsible to.

BOARD OF DIRECTOR

MANAGING DIRECTOR

COMPANY SECRETARY

PRODUCTION FINANCE PURCHASING

MARKET SALES PERSONNEL

STORE

MANUFACTURING DESIGN CONTROL WARE HOUSE

ADVERTISING SALES

MARKET RESEACH

TREASURY CASHIER AUDITY COSTING

ADMINISTRATION RECRUITMENT TRAINING

TYPES OF ORGANIZATIONAL STRUCTURE

There are various types of organizational structure. Some of them are explained below.

1. LINE STRUCTURE: This is the oldest and simplest organizational structure which is suitable and applicable mostly to small or medium size manufacturing enterprises. It is used to denote the direct line of authority and responsibility between each superior and subordinate.

DIAGRAM OF A LINE STRUCTURE

BOARD OF DIRECTOR

MANAGING DIRECTOR

PURCHASING MANAGER MARKETING AND SALES MANAGER HUMAN

RESOURCE MANAGER FINANCE MANAGER

EMPLOYEES EMPLOYEES EMPLOYEES

EMPLOYEES

FUNCTIONAL STRUCTURE: The activities of the organization are structured according to the basic organic functions of business undertaken by them. Under this structure, similar or related activities are grouped together under each department. E.g, production, marketing and finance.

DIAGRAM OF FUNCTIONAL ORGANIZATION IS A MANUFACTURING COMPANY

BOARD OF DIRECTOR

MANAGING DIRECTOR

PRODICTION MANAGER MARKETING AND SALES MANAGER HUMAN RESOURCE MANAGE FINANCE MANAGER PURCHASING MANAGER

EMPLOYEES EMPLOYEES EMPLOYEES

EMPLOYEES EMPLOYEES

LINE AND STAFF STRUCTURE: This is a mixture of direct executives responsibilities with specialists auxiliary services. It resembles the line structure, only that specialists are included in the arrangement.

DIAGRAM OF LINE AND STAFF

BOARD OF DIRECTOR

MANAGING DIRECTOR

ASSISTANCE TO THE

M D

PRODICTION MANAGER MARKETING AND SALES MANAGER HUMAN

RESOURCE MANAGE PURCHASING MANAGER FINANCE MANAGER

QUALITY CONTROL

SUPERVISOR SUPERVISOR SUPERVISOR

TEAM-BASED STRUCTURE: This is made up of workgroup that performs organization’s work. It breeds departmental barriers and decentralizes decision making to the level of the teamwork.

WEEK NINE

INTRODUCTION TO BUSINESS MANAGEMENT.

What is management? Management can be defined as the co-ordination of all the resources of an organization through the process of planning, organizing, directing, and controlling in order to attain organizational objectives effectively and efficiently.

PRINCIPLES OF MANAGEMENT

These are the fundamental principles propounded by Henry Fayol. He was a French engineer. He wrote comprehensively on management.

1. DIVISION OF LABLOUR: This is breaking down of job into several parts so that each stage can be handled by different individuals.
2. UNITY OF COMMAND: It means that the employee should receive orders from one superior at a time.
3. AUTHORITY AND RESPONSIBILITY: Henry Fayol stated that responsibility should be commensurate with authority.
4. DISCIPLINE: This is the respect for agreements which are directed at activity. It means obedience and outward mark of respect.
5. REMUNERATION: The principle states that the employees should be given fair remuneration and the mode of payment should satisfy both the employee and employer.
6. CENTRALIZATION: This refers to the extent to which authority is concentration at the top of the organization.
7. ESPIRIT DE CORPS: This principle preaches that in union, there is strength.
8. UNITY OF DIRECTION: This states that there must be one head and plan for each group.
9. SPAN OF CONTROL: This refers to the numbers of employees a manager can effectively supervise.
10. SCALAR CHAIN: This is the line of authority from the highest to the lowest rank of the organization.

BUSINESS: Business can be described as the sum of all activities involved in the production and distribution of goods and services for profit.

OBJECTIVES OF A BUSINESS

1. Profit maximization.
2. Wealth maximization.
3. Consumer satisfaction.
4. Turnover maximization.
5. Employees’ welfare.
6. Social responsibility.
7. Survival and growth.

BUSINESS RESOURCES

A resource can be an asset, competency, process, skill or knowledge controlled by the organization. Business resources are inputs that are used in productive processes. It comprises of human, material, financial, opportunities and goodwill.

FUNCTIONS OF MANAGEMENT

* 1. PLANNING: This involves the establishment of objectives and the formation of strategies, policies, procedures, and action required to achieve the objectives of an organization.
  2. CONTROLLING: This is the process of compelling events to conform to plan. It requires the establishment of standards, measurements of performance with standards and ensuring that corrective actions are taken if there are deviations.
  3. ORGANIZING: This is the determination of the structure that would optimize the utilization of the corporate human and material resources in the achievement of its objectives.
  4. COORDINATION: This is the process of integrating the objectives and activities of the separate units of organization in order to achieve pre-determined goals effectively.
  5. STAFFING: This is a management function which focuses on the recruitment of qualified personnel to main different posts in an organization. The major components of staffing are recruitment, selection and placement.
  6. DIRECTING: This is the accomplishment of a company’s objective by guiding and

motivating subordinates.

* 1. MOTIVATING: This is the management function that makes the difference in intensity of behavior. It is the process of getting subordinates to put up their best willingly in terms of hard work and efforts through offer of incentives.

ASSIGNMENT

Explain the 14 principle of management by henry frayol

**WEEK TEN**

**BUSINESS ENVIRONMENT**

The external environment of a business includes forces that affect a business organization, as well as other business operating within the same environment, such forces are external to the organization and cannot be controlled by the management. It can be classified into two major elements;

* 1. Direct Element.
  2. Indirect Element.
  3. DIRECT ELEMENT: These include individuals and institutions who have considerable impact on the attainment of the organizational goals.
  4. INDIRECT ELEMENT:
  5. Political environment.
  6. Technological environment.
  7. Social-cultural environment.
  8. Legal environment.
  9. Economic environment.
  10. Demographical environment.
  11. Financial environment.
  12. Infrastructural environment.
  13. International environment.
  14. Ecological environment.

DEPARTMENTALIZATION

This is the way jobs are grouped into logical units. It ensures that activities that are similar are grouped into departments.

FUNCTIONS OF EACH DEPARTMENT

PERSONNEL DEPARTMENT: This is the department that is responsible for all matters concerning recruitment, selection, and training of staffs.

FUNCTIONS OF PERSONNEL DEPARTMENT

* 1. Determining and maintaining good relations with trade union.
  2. Maintaining records and statistics of employment.
  3. Coordinating performance appraisal scheme.
  4. Coordinating promotion procedures.
  5. Manpower planning and training.
  6. Administration of wages and salaries.
  7. Ensuring adequate safety measures and welfare services.
  8. Developing and maintaining procedures for recruitment.
  9. Discipline of members of staff. 10. Dismissal of members of staff.

a. PURCHASING DEPARTMENT: This department makes arrangements for purchase of all items required by the business.

FUNCTIONS OF PURCHASING DEPARTMENT

* 1. Processing of materials and assets.
  2. Maintaining inventory level.
  3. Monitoring of price of materials.
  4. Controlling volume of materials coming into the store.
  5. Advising production on late delivery.
  6. Purchasing of materials at the least costs.
  7. Maintaining records of operation.
  8. Checking invoices presented by vendors.

FINANCE DEPARTMENT: This is a department that is concerned with the financial aspect of the organization. It is divided into different sections like accounting and auditing, etc.

FUNCTIONS OF FINANCE DEPARTMENT

* 1. Efficient management of the financial resources of an organization.
  2. The finance department makes decisions on financial matters.
  3. It provides permanent records of all transactions.
  4. It evaluates the performance and profitability of the business organization.
  5. Finance department is charged with the responsibility of controlling expenditure.
  6. To control cost.
  7. Keeping records of assets and liabilities.
  8. It deals with tax matters on behalf of the organization.
  9. Calculation of salaries and wages.

PRODUCTION DEPARTMENT: This department produces goods under the instructions of the production manager.

FUNCTIONS OF PRODUCTION DEPARTMENT

* 1. The production department deals with the control of cost of production.
  2. It produces goods for the organization.
  3. It embarks on produce design.
  4. Ensuring quality control.
  5. It carries out research in order to develop new products.
  6. MARKETING AND SALES DEPARTMENT: This is the department that organizes the distribution and sales of goods. It ensures that the products of the firm are taken to the right place, at the right time and at the right price to meet demand.

FUNCTIONS OF SALES AND MARKETING DEPARTMENT

* 1. To identify customers need.
  2. It advertises the products of the organization.
  3. To plan the distribution of finished products.
  4. In embarks on market research.
  5. The goods produced by the organization is sold by this department.
  6. It promotes the sales of goods.

SOCIAL RESPONSIBILITIES OF A BUSINESS

An organization should be socially responsible to all the people in the area where it operates.

An organization has responsibilities to the following;

1. GOVERNMENT: A business organization provides the following responsibilities to the government;
2. Tax payment.
3. Partnership with government to provide social amenities.
4. Compliance with government’s regulations and rules.
5. Using local input for production.
6. Accepting government regulatory rules.

COMMUNITY:

Sport sponsorship.

Rural development.

Employment opportunities.

Provision of infrastructural facilities.

Elimination of poverty.

Scholarship award to students.

Provision of quality products.

Preservation of culture of the people.

Donation to orphanages and rehabilitation centres.

CONSUMERS:

Protection against misleading advertising.

Consumer oriented labelling.

Provision of quality and reliable products.

Provision of pre-sales service. E.g, credit facilities.

Ensuring fair pricing of products.

Rendering after-sales service. E.g, installation.

Provision of information to make right choice.

Giving attention to complaints from the consumers.

EMPLOYEES:

Payment of fair remuneration.

Provision of conducive environment.

Ensuring security of job.

Provision of good welfare package.

Ensures that the workers are well trained.

Ensuring safety of the employees.

Indemnify employees in case of injury.

Ensuring job satisfaction.

SHAREHOLDERS:

Provision of satisfactory returns or profits.

Safety of investment of owners.

Distribution of profit as dividend.

Organizing annual general meetings.

Ensuring compliance with various accounting policies and standards.

Preparation of financial statements.

Provision of information about the organization to the owners.

Implementation of decision taken at the annual general meeting.

ENVIRONMENTAL RESPONSIBILTIES:

Development of pollution control techniques.

Adequate disposal of wastes.

Reduction of pollution in the environment.

Chemically treating wastes to make it harmless.

ASSIGNMENT

What is departmentalization

Explain the function of production and finance department