



UNIVERSITY OF CAPE COAST
COLLEGE OF DISTANCE EDUCATION

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SBU 101 **FUNDAMENTALS OF** **BUSINESS I**

CHAPTER 1

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TOPIC

NATURE AND SCOPE


OF BUSINESS



The Concept of Value Addition

 According to Smith(2018), Value addition refers to increasing the value and importance of goods or services by enhancing quality, usefulness, or perceived utility.

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 It is a complex idea covering a broad spectrum of tactics and methods intended to convert basic materials, parts, or services into final goods with higher value for customers.



Significant of Value Addition

 Value addition plays a vital role in several domains:




- **Competitive advantage.** Companies that continuously improve their goods or services have an advantage over their rivals.
- **Profitability.** Businesses can typically command higher pricing when they add value, which boosts profit margins
- **Customer Satisfaction.** Customer satisfaction and loyalty are typically attained when value-added goods and services match or surpass customers' expectations.
- **Economic growth.** Value addition creates jobs, increases productivity, and encourages innovation, all of which are catalysts for economic growth

Strategies of Value Addition

 There is a myriad of strategies for adding value to products and services, including:








1. Quality Improvement
2. Innovation
3. Customisation
4. Efficiency and Cost Reduction
5. Customer Service and Support
6. Marketing and branding
7. Sustainability

Meaning of Business

-  Skripak (2018) defines business as an organisation that provides goods or services to earn profit”.
-  Business activities are possible because of the existence of organisations.
-  Farnham and Horton (1996) (as cited in World Bank, 2020) defined organisations as social constructs created by groups in society to achieve specific purposes utilising planned and coordinated activities.

Features of Modern Business







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-  Businesses differ in size, but most companies share a common purpose of profit-making.
-  A business is an important institution in society.
-  It is believed that society cannot do without business.
-  Business today is dynamic.
-  Modern business is characterised by the word 'change'.
-  This surrounding feature has placed the demand for more investment into research and development (R&D).
-  Also, today's business activities are more of mass production and mass marketing.



Purpose of Business






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-  It must be understood that the purpose of businesses transcends profit-making or economic surplus.
-  The business provides us with necessities such as food, clothing, housing, medical care, and transportation, as well as many other things that make our lives easier and better.
-  The business provides people with the opportunity to become wealthy.
-  Businesses can provide wealth and a high quality of life for almost everyone.
-  Businesses pay salaries to employees, and they pay taxes to the state to build the economy.
-  A country's business is part of an economic system that helps to create a higher standard of living and quality of life for everyone in the country



Organisations

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-  The beginning of civilization led to the coming together of people to form associations, groups, and organisations.
-  Some of these groups and organisations included civic organisations, religious groups, and businesses.
-  All organisations perform some functions.
-  They exist to achieve objectives and to provide satisfaction for their members.
-  According to Skripak, an organisation is a coordinated unit consisting of at least two people who function to achieve a common goal or set of goals.



Features of Organisations

 The organisation can be seen in two broad umbrellas, that is:

1. Technical Perspective

- Capital
- Labour
- Production of products

2. Behavioural perspective

- People
- Their way of working
- Their relations

Categories of Organisations

- Organisations come in all forms, shapes and sizes.
- Not only are there many different types of organisations but there are also some suggestions that cultural differences in countries can reflect different conceptions of what an organisation is.
- As a result, in Rees and Mullins (2023), several categorisations of organisations are made,
- By structure, by sector, by profit motive, by purpose or by prime benefit.

Categories of Organisations

 Under the **Classification by structure**, we have two types of organisation:

- Formal organizations
- Informal organizations

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 **Classification by sector** two types of organisation fall under it:

- Private organisations
- Public organisations



Categories of Organisations

 **Classification by prime benefit** we have,

- Mutual benefit organisations
- Business concerns
- Service organisations
- Commonwealth organisations

 **Classification by activity** contains,

- First-order factors(genotypic)
- Second-order factors

Categories of Organisations


Classification by purpose

- Business firms or economic organisations
- Protective organisations
- Associative organisations
- Public service organisations

Classification by profit motive

- Profit organisations
- Non-profit organisations

Objectives of Organizations

 Organisational objectives are the endpoints of an organisation's mission and are what it seeks through the ongoing, long-run operations of the organisation

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 The following are some requirements of an objective:

- Identify key result areas / critical result areas (WHAT)
- Determine the time frame to be covered by the objective (WHEN)
- Determine the methods or policies needed to achieve the target objective (HOW)
- Put the objectives in a written form to ensure efficient control.






Qualities of a good objective(SMART)

 The qualities of an objective is denoted by the SMART acronym:


- **Specific:** It should be clean, straight to the point, understandable, and unambiguous
- **Measurable:** Ability to assess it or better still, quantifiable
- **Attainable:** It should not be over-ambitious i.e., easily achievable
- **Realistic:** Meaningful or makes business sense
- **Time constraint:** it should take place within a time frame

Functions of Business Organizations

The following are ways of dividing an organisation by function:

-  Marketing: The role of the marketing function is to capture buyers without losing present customers, i.e., “Find and keep buyers.”
-  Production: To generate a product, an organisation will need to combine labour, capital, energy, materials, and information.
-  Human resource: Human resource's main responsibility is the recruitment, selection, training, and development of staff, labour relations, health, and safety.

Functions of Business Organizations Con't

 Research and development: It aims to improve existing products, create new and better products, improve production methods, and create effective processes.

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 Finance and Accounting: The financial section of the organisation will keep manual or electronic records of money received and paid out.

 Administrative (or Facilities management): This involves dealing with all administrative tasks, including mail handling, dealing with inquiries/complaints, catering, and computer services.



Board of Directors

 The board is elected by the stockholders and is charged with overseeing the general management of the firm to ensure that it is run in a way that best serves the stockholders' interests.

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 Responsibilities of BOD as put forth in Boachie-Mensah and Marfo-Yiadom (2006) include:

- Establishing the mission
- Formulating a company philosophy
- Establishing policies
- Setting objectives
- Developing strategy




The Business Profession

 The business profession encompasses a wide range of activities, roles, and responsibilities centred on managing organisations, resources, and strategies to achieve goals and drive growth.

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 Professionals in this field are involved in various disciplines, such as accounting, finance, marketing, human resources, and management.

 They focus on decision-making, problem-solving, and innovation to meet organisational objectives and adapt to the dynamic market environments



Components of Profession


Here are a few key points to understand about the concept of a business profession:

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-  Professional Expertise
-  Formal Education and Training
-  Ethical Standards
-  Professional Associations
-  Ongoing Professional Development



The **CONCEPT** Professionalism

 Professionalism refers to the set of skills and values that, in the case of medicine, characterise the essence of humanism in professional work (Rodd, 2020).

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 Employers expect both prospective employees and hired staff to demonstrate professionalism in business while engaging with others.

 This trait makes people appear more trustworthy, confident, and knowledgeable

 Professionalism describes the behaviour, goals, or attributes that define a profession or distinguish a professional individual.



Components of Professionalism

Here are some of the components of professionalism:

 Specialised knowledge

 Honesty and Integrity

 Accountability

 Self-Regulation

THANK YOU

