

## INTRODUCTION TO BUSINESS MANAGEMENT

**MEANING OF BUSINESS:** It is any activity that people engage in directly or indirectly in order to make profit. It can be owned privately or by the government.

**BUSINESS RESOURCES:** They are inputs which are required for effective and efficient running of a business concern. The resources must be organized by the manager to achieve the set objectives of an organization. These are human, finance, materials, time and opportunities.

1. **HUMAN RESOURCES:** This is the most important resources because it plans, controls, organizes and co-ordinates all other resources to achieve maximum efficiency. Human resources refer to the personnel required to run the business to achieve the organization's objectives. They may be skilled or unskilled labour.
2. **MONEY RESOURCES:** Financial resources include the money to start a business and to purchase other resources. Money as a resource is important because it is used to finance all aspects of a business such as purchase of machinery, materials and payment of labour.
3. **MATERIAL RESOURCES:** Material resources include input-raw and semi-finished raw materials, equipment, tools, plant and machinery which are needed for production. For a business to operate efficiently, the quality and quantity of the material resources must be taken into consideration.
4. **OPPORTUNITIES/GOODWILL:** Opportunities include facilities within the environment which the business uses. They include water, roads, electricity and telephone services. The name and reputation of a business which is referred to as **goodwill** is also good for business operation.

**OBJECTIVES OF BUSINESS:** 1. To derive maximum profit. 2. To provide goods and services that will meet the needs of the consumers. 3. To provide job opportunities for the people. 4. To help solve some of the country's social problems, e.g. environmental pollution. 5. To provide quality and cheap goods to the consumers. 6. To protect the interest of workers.

**MANAGEMENT:** Management can be defined as the process of using authority to organize, direct and control subordinates in order to achieve the objectives of the business.

### FUNCTIONS OF MANAGEMENT:

1. **PLANNING:** It is a process of formulating targets or objectives for an organization and outlining ways or means of achieving these objectives.
2. **CONTROLLING:** It is setting standards, measuring progress with the set standard and taking corrective action to minimize or avoid errors, thus achieving the objectives. It helps in reducing wastage by taking corrective measures. Actual performance will be compared with the set standards and where there is deviation, corrective measures will be taken.
3. **ORGANISING:** This function involves the bringing together or arranging whatever resources that are available, e.g. people, time, money, equipment to achieve the objectives of an organization.

4. **MOTIVATING:** These are ways the leaders get the subordinates to willingly carry out their responsibilities to the business, by inspiring them through monetary and non-monetary welfare packages.
5. **STAFFING:** This is the process of organizing human resources in such a way that the organization has the right people in the right place or position at the right time to achieve the objectives. It involves the provision of qualified, skilled and efficient personnel to manage the affairs of the organization.
6. **DIRECTING:** It entails using leadership, motivation and other skills to ensure that people in the organization know what their work is and have it done.
7. **COMMUNICATION:** Planning, organizing and directing etc require managers to communicate with subordinates so that group goals can be achieved.

**BUSINESS ENVIRONMENT:** It consists of a number of activities that affect the operations of a business. For a business to survive, it must monitor what is going on in the environment.

1. **TECHNOLOGICAL ENVIRONMENT:** A business must be concern about the technical know-how as technological development will lead to increase in the quality and quantity of goods to be produced, e.g. computers.
2. **POLITICAL ENVIRONMENT:** The policies of the political party in power would affect the operation of business. Government policies will determine business practices and investment in a country.
3. **FINANCIAL ENVIRONMENT:** The effect of present economic condition is reflected in the financial position of business organizations. Businesses are suffering from a deficiency of liquid (cash) financial resources. The inability to obtain loans, raise capital through the sell of shares affects the performance of business.
4. **ECONOMIC ENVIRONMENT:** This includes the general economic conditions which affect business decisions. Recession affects business operations negatively while economic boom affects it positively
5. **SOCIAL/CULTURAL/RELIGIOUS/ETHICAL/MORAL ENVIRONMENT:** This is called socio-cultural setting. The general nature of a society in which a business operates has a significant influence on business characteristics. Business organization should change with the social, cultural or religious changes.
6. **INFRASTRUCTURAL ENVIRONMENT:** The availability of social amenities like road, telephone, railway, airports and seaports will affect the operation of a business. The facilities within the environment of a business play crucial role in the survival of an organization.
7. **LEGAL ENVIRONMENT:** This constitutes all the laws, decree or edicts made by the government to regulate business operations, e.g. law of agency and the Enterprises Promotion Decree. A business is required to conform to the laws of the land.

**DEPARTMENTALISATION:** It is the creation of departments and divisions in an organization. It also the grouping of activities that are similar and connected into departments.

#### **FUNCTIONS OF EACH DEPARTMENT**

- 1. PERSONNEL DEPARTMENT:** This is concerned with the general administration of the whole organization. The Personnel Manager is the head of this department. The main functions are: 1. Human resources planning. 2. Recruitment, interviewing and selection. 3. Staff disciplines. 4. Promotion. 5. Promotion. 6. Welfare, safety and health of workers. 7. Demotion and dismissal
- 2. FINANCE DEPARTMENT:** This is concerned with the financial aspect of the organization. There are various divisions like accounting, costing and auditing within this department. The main functions of the department are: 1. To control expenditure 2. To take account of revenue To keep proper books of account. 3. To calculate personnel emoluments, wages and salaries. 4. Cash control. 5. To ensure that profit justifies investments.
- 3. PRODUCTION DEPARTMENT:** This department produces goods under the direction of the production manager who is the head of the department. The functions of this department are: 1. Cost control. 2. To produce goods of right quality 3. To produce goods of actual quantity 4. To research and develop new products 5. To design product.
- 4. MARKETING DEPARTMENT:** This is concerned with the marketing, sales and distribution of goods produced. Its key functions are: 1. To advertise. 2. To sell goods. 3. To make market research. 4. Distribution of goods etc.
- 5. PURCHASING DEPARTMENT:** The purchasing department makes arrangement for purchase of all items required by the business. The perform functions such as: 1. Purchase of raw materials 2. Purchase of assets 3. Storage and control of stock 4. Warehousing of goods 5. Maintaining accurate record of sources of materials.

**SOCIAL RESPONSIBILITY OF A BUSINESS:** A business is not profit oriented alone; it is also set up to contribute to the welfare of the people in its environment. The social responsibilities of the business to the society are classified as follows:

**RESPONSIBILITIES TO THE COMMUNITY:** 1. Provision of quality goods and services. 2. Developmental programmes. 3. Employment of community members 4. Controlling pollution. 5. Provision of social amenities. 6. Support for sports and games. 7. Award of scholarship

**RESPONSIBILITIES TO THE GOVERNMENT:** 1. Payment of taxes 2. Complying with rules and regulations 3. Employment of citizens. 4. Acceptance of Government role in business affairs

**RESPONSIBILITIES TO THE CONSUMERS:** 1. Truth in advertising. 2. Provision of quality products 3. Provision of after sales services. 4. Provision of pre-sales services. 5. Educating the consumers. 6. Prevention of product defects. 7 Attending to customers' complaint.

**RESPONSIBILITIES TO THE SHAREHOLDERS:** 1. Distribution of dividends 2. Ensure business profitability. 3. Annual general meeting. 4. Preparation of statement of Accounts

**RESPONSIBILITIES TO THE EMPLOYEES:** 1. Recruitment and promotion 2. Payment of remuneration 3. Provision of conducive working environment. 4. Job satisfaction. 5. Welfare packages. 6. Training facilities

**ENVIRONMENTAL RESPONSIBILITIES:** 1. Reduction of pollution 2. Waste Treatment 3. Proper Disposal of waste.