

**ENVILLE INSTITUTE OF MANAGEMENT & TECHNOLOGY**

**DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT**

**FIRST SEMESTER EXAMINATION 2019/2020**

**CLASS: ND I (FULL - TIME)**

**TITLE: INTRODUCTION TO BUSINESS**

**CODE: BAM III**

**MARKING GUIDE**

1a. Define business and administration (10 marks)

**Business** is defined as the activity of making, buying, selling or supplying goods and or services for money.

Business also defines as the sum total of all economic activities which people engage into create, procure or provide desired goods for and/or services to the consumers in proper quantities at suitable times and at satisfactory prices in order to make profit.

Business is any activity that people get engaged in directly with a view to making profit.

**Administration:**

- Administration refers to the activities that are done in order to plan, organize and run a business, school or other institution.
- It is also organizing the way that something is done.
- Administration also refers to the people who plan, organize and run a business and institution etc.

(b) List six (6) business resources and explain four (4) (10 marks)

**Business resources:** To achieve business objectives, certain resources are being employed by the manager, these are:

- i. Human resources
- ii. Financial resources
- iii. Time resources
- iv. Machines resources
- v. Material resources
- vi. Opportunities/goodwill
- vii. Information

- i. **Human resources:** This is the most important resources in the organization because it plans, controls, organize and coordinates all other resources to achieve the organizational objectives.
- ii. **Financial resources:** Financial resource includes the money to float a business and purchase other resources. Finance can be obtained through borrowing, selling shares debentures and retained profit.
- iii. **Materials resources:** Includes input-inform of raw material and semi finished raw material, equipment, tools, plant and machinery which are needed for production. The fact remains that for a business to operate efficiently, the quality and quantity of the material resources must be taken into consideration.
- iv. **Time:** This is a resource of a high limitation. The manager should be conscious of time available to achieve a set objective by making effective use of it. The ability to manage time well shows how effective and efficient a manager is.

2a. What do you understand by these term Business objective (5 marks)

Business objective refers to what a business intends to achieve target, it may be specific or broad or short term or long term. Some of the business objectives differ according to organizations, individuals, union and management

**Examples of business objectives are:**

- i. Financial objectives
- ii. Marketing / sales objectives
- iii. Products / services objectives
- iv. Operations objective
- v. Human resources objective
- vi. Community corporate social responsibility

(b) Three (3) importance of business objectives

- i. Business objective assists everyone in the business to have a clear focus of the direction that it is going in.
- ii. They allow a business to see how much it has achieved after a given time.
- iii. Business objective provide a frame work within which business strategic can be drawn up.

3. Define business environment (5 marks)

Business environment: has the general meaning of external factors, that surround and potentially affect the activities and behaviors of a particular business organization the environment of a business means the external forces influencing the business decision.

- 3b. Some of the components of business environment. (15 marks)

Environment of a business had two (2) component

- i. Internal environment
- ii. External environment

**Internal environment:** This includes 5m<sup>s</sup> i.e. man, material, money, machinery and management usually within the control of business.

Business can make changes in these factors according to the change in the functioning of an organization.

**External environment:** Includes those factors which are beyond the control of business organization.

These factors are: government and legal factors, geo-physical factors, political factors, socio-cultural factors, demo-graphical factors.

External environment is broken into two types namely:

- i. Micro/operating environment
- ii. Macro/general environment

**Micro/operating environment:** The environment which is close to business and effects its capacity is known as micro or operating environment. It consists of suppliers, customers, market intermediaries, competitors and public.

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**Macro/general environment:** This includes factor that creates opportunities and threats to business units. The following are the elements of macro environment.

i. **Economic environment**

- Economic environment
- Economic condition of public
- Economic policies of the country
- Economic system
- Other economic factors:
  - Infrastructural facilities, banking, insurance, companies, money markets, capital markets

ii. **Non-economic environment**

- i. Political environment
- ii. Socio-cultural environment
- iii. Technological environment
- iv. Natural environment
- v. Demographic environment
- vi. International environment

4. List and explain the characteristics of business environment (20 marks)

- i. Totality of external forces
- ii. Combination of specific and general forces
- iii. Dynamic nature
- iv. Uncertainty
- v. Relative/multifaceted

i. **Totality of external forces:** Business environment is the sum of all things external to business organization and as such is aggregative in nature.

ii. **Combination of specific and general forces:** Business environment includes both specific and general forces. Specific forces include suppliers which affect individual organizations directly and immediately in their day to day working. **General forces:** include such as social, political, legal and technological condition. That have impact on all business organization and therefore may affect an individual company only indirectly.

iii. **Dynamic/nature:** Business environment is dynamic in that it keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competition in the market.

- iv. **Uncertainty:** Business environment is largely uncertain as it is very difficult to predict future happenings, especially when environment at changes are taking place frequently as in case of information technology or fashion industries.
- v. **Relative/multifaceted:** Business environment is a relative concept since it differs from country to country and even region to region. What is a threat to a particular business organization may be an opportunity for another business organization explanation three (3) marks each.

5. Discuss two (2) merits and two (2) demerits of the following forms of business organization and ownership.

**Sole proprietorship:** These are business owned by individual, usually the individual has day-to-day responsibility for running the business.

He assumes complete personal responsibility for all of its liability or debt. The owner is the same with the business i.e there is no separation.

#### **Merits**

- It is the easiest and least expensive form of business to establish.
- The owner had total control
- The business is easy to dissolve
- The owner receives all income generated by the business to keep or reinvest.

#### **Demerits**

- The owner bears all the risks alone
- Less access to large capital
- Most time, the life span of the business is subject to the existence of the owner

#### **Partnership**

These are business organization in which two (2) to twenty (20) persons agree legally to set up and aim of making profit.

#### **Merits:**

- It is formed where the success of the business requires the skill or knowledge e.g. accountants.
- Partnership business is suitable for running short time venture.

### **Demerits**

- It is not a legal entity as the partners are not separated from the business.
- The lifespan of the partnership depends on the agreement signed by the partners involved.

### **Cooperative societies**

A cooperative society is a voluntary organization in which individuals business men and traders common interest pool their resources together to promote the economic and welfare interest of the members.

### **Merits**

- It encourage saving habit among its members
- It is easy to form
- No obstruction for membership

### **Demerits**

- Limited resources
- Inefficient management
- Lack of secrecy
- Disputes and differences

### **Public Liability Company**

This is a type of limited company that has a minimum number of seven while the maximum is not stated. The owners are called shareholders who have the freedom of entry and exist.

### **Merits**

- Legal entity
- Limited liability
- Expansion
- Raising of additional capital
- Continuity

## **Demerits**

- Double taxation
- Difficult to establish
- No privacy
- Non-flexibility
- Separation of ownership

(6) Mention six (6) and explain four (4) forms of modern business you know through the internet.

- i. Online sales of fast food
- ii. Online marketing of commercial products: cosmetic
- iii. Booking online for flight tickets
- iv. Bet Naji pools online
- v. Recruitment online for international business jobs.
- vi. School fees payment for most higher institutions

(7). **Organizational structure** refers to the way an organization arranged people and jobs so that its work can be performed and its goals can be met.

**Formal organization structure** is possible in a larger organization decision have to be made about the delegation of various tasks. Example, government agencies, NPA, NTA, University.

**Informal structure:** This are work setting in a small work group where face-to-face communication is frequent, Example sole proprietorship. But the best organizational structure of any organization depend on many factor in choosing.

- i. The work it does
- ii. Its size in times of employees, revenue and the geographic dispersion of its facilities.
- iii. The range of its business

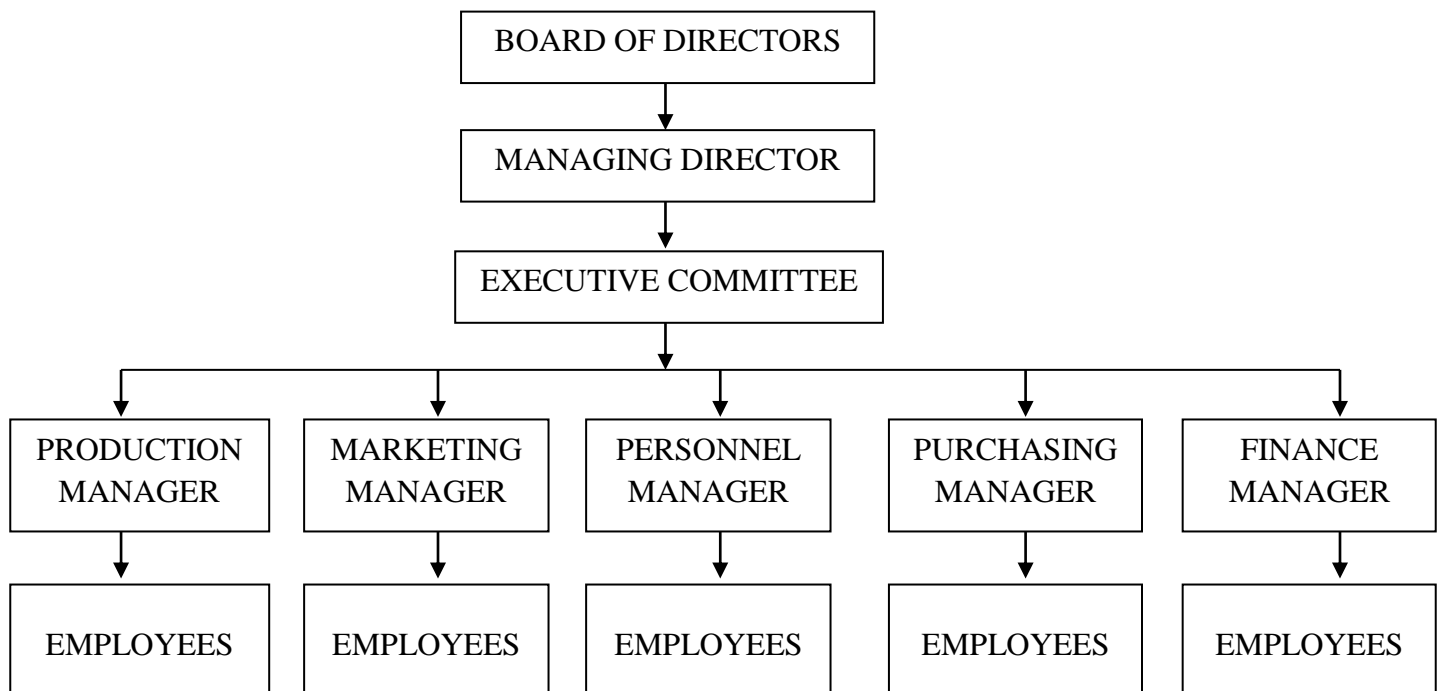
(b) Merits of line organization

- i. Technical experts are in a better position to advise the line managers on difficult tasks.
- ii. There is joint decision making

**Demerits**

- i. Staff manager may attempt to usurp line of authority
- ii. Frictions may result when staff managers report to higher authority

(C) **DIAGRAMMATIC REPRESENTATION OF LINE ORGANIZATION**





## DIAGRAMMATIC REPRESENTATION OF LINE STAFF STRUCTURE

