

# ***WHAT ARE NEEDS AND WANTS?***

To know what business is, one needs to understand some basic concepts such as, wants, needs, goods and services.

- ❖ **Wants** – are things you wish you could have for instance, you wish to have a jeep car, a job in the oil industry after graduation. These are desires.
- ❖ **Needs** – These are necessities of life. They are things you cannot do without such as food, shelter and clothing. Your needs and wants are translated into goods and services.
- ❖ **Goods** – These can be physically weight or measured e.g. cars, bicycle.

# Characteristics of Business

1. Business involves an engagement in manufacturing or buying and selling of goods and services.
2. Business has to be continuous to be regarded as such, single one off transaction cannot be regarded as a business. For example, if a man sells his house to meet his financial needs, that is not regarded as a business, it is just a single transaction.
3. One of the major attributes of a business is the profit motive. That is the individual is essentially in the activity to make profit to ensure survival and growth

# What is Business?

Business can be defined as activities involving production or purchase of goods and services for sale, transfers and exchange with the motive of making profit that ensures the survival and growth of the business concern.

- For an activity to be regarded as a business, it must have an element of risk. However, businessman takes only calculated risk.
- Earnings from a business are basically uncertain because of the fact that the business environments are uncertain.
- Every business involves investment of cash or kind or both as the business may demand.
- Businesses as of necessity have somebody or groups of persons to manage the activities involved. The individual or individuals assume the role referred to as managers.

- Businesses normally must have an identified location in which they operate.
- Businesses create employment opportunities for people to be engaged as workers and they are rewarded through payment of wages.

# Importance of Business

1. Business provides employment opportunities for people to work and earn a living.
2. It reduces poverty which is largely caused by rising unemployment in any country.
3. Businesses bring about improvement in standard of living of the people through provision of good quality and cause variety of goods and services to meet the needs of the people.
4. The available resources of a country which are limited can only be deployed into mass production of goods and services by businesses.

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# Beneficiaries of a Business

The beneficiaries of business are basically four namely; the business owners, the employees, government and the society.

**1. Business Owners:** One of the major motivations of going into business is the pride of ownership. The pride of being one own boss. Apart from the pride of ownership, the owner will make profit and also the pride of providing opportunities to others.

**2. Employees:** Employees are people engaged by businesses to work for them and in return they get wages and salaries. Other benefits to employees are:

(a) They benefit from training as employees that develops them personally and in their careers.

(b) Experience secured by employees can lead into them starting their own businesses.

- They have secured future through provision of pension, gratuity and health insurance in retirement put in place by businesses.

- **Government:** The major benefit government gets from businesses is revenue from corporate tax. The revenue generated from businesses is in turn used to provide infrastructural facilities to the populace.
- **The Society:** The society benefits through infrastructural facilities put in place by businesses as a social responsible business. Businesses build schools, hospitals, good roads, community parks, sporting facilities and support for the disadvantaged in the society.

# Classification of Economic Activities

*What is Economic Activity?*

- ❖ Economic activity can be defined as an engagement in a productive affair that has monetary reward attached. It can be one-shot affair or it can be continuous. When one engages in a continuous productive affair on a continuous basis, it can be described as that person's occupation.

❖ Occupation can be broadly discussed under the following heading:

(a) Profession,

(b) Employment, and

(a) Business

# Profession

- A profession is an activity engaged in by people with special knowledge gained through adequate training and development programmes such as Doctors, Lawyers, Engineers, Architects etc. They are all known as professionals and the activities they engage in are called profession. The basic features of a profession are as follows:
- It is an occupation which requires that the individual acquires a specialized knowledge and skill.
- The monetary reward received for providing such service is known as 'professional fee'.

- Most of the professions are regulated by a professional body. The professional body provides a code of conduct that must be followed by the professional. In Nigeria, for example we have institute of Chartered Accountants, Nigeria Medical Council regulate, the professions of accountants and doctors respectively.
- Professionals acquire their specialized knowledge mostly from universities, polytechnics and other institutions. Some professionals also acquire their special training through apprenticeship.
- Professionals render consultancy services for a fee, since the primary objective of any profession is to render service.



# Employment

- Economic activity rendered by one person to another under a contract of service, for remuneration is called employment. This has led to The employer and employee relationship. The main functions of employment are as follows:
- It is an occupation where one person (employee) agreed to work for another (employer) on agreed salary or wages.
- The employee receives remuneration in form of salary (usually paid on a monthly basis) or wages (usually paid on daily or weekly basis).

- There are other terms and conditions of service attached to the employment contract such as hours of work, annual leave, maternity/paternity leave etc.
- There is a legal contract aspect to employment that clearly specifies the terms and conditions of employment. It states the obligations of both parties and allows for legal recourse in case of dispute over the employment contract.

- People seek employment for the main purpose of securing assured income through wages and salaries which are paid daily, weekly for the formal and monthly for the latter.
- Either of the parties to a contract employment can terminate the contract by giving a notice as specified in the terms and condition of employment.

# Business Objectives

- Business objectives are what a business wants to get accomplished over a specified period of time. The general believe is that a business has a singular objective, which is to make profit and protect the interest of its owners.

## **Importance of Business Objectives**

Objectives are the ends which business desires to attain. Objectives are important because they:

- (a) Indicate the purpose of the business and therefore justify the very existence of the enterprise.
- (b) They provide direction for the operations of the enterprise.
- (c) They set standards for control of the business activities.
- (d) They help to coordinate decisions making by managers.

# Primary Objectives of Business

The main objectives of the business enterprise is to make profit. Profit is a reward to the owners for taking risk of starting the business. Profit is also the source of growth and continued survival of the business enterprise.

# The Secondary Objectives of a Business

The secondary objectives of a business are as follows:

- ❖ **Productivity** – This shows the extent to which a business concern is able to utilize a given set of resources to attain the highest or a predetermined value of output. The pre-determined value of output is usually a target set by the organization.
- ❖ **Innovation** – This a strategic objective to satisfy the needs of consumers better than its competitors by involving itself in the introduction of new products, new methods of production and distribution.

- **Shareholders satisfaction** – This occurs when the business seeks ways to improve on returns on investment as well as reduce their risks. The shareholders expect robust dividends and when this is met, they become happy.
- **Employee satisfaction** – The business must look for ways of improving the welfare of employees to make them more productive.

- **Positive public image** – When the business enjoys a positive public image, they are in position to obtain resources on favourable terms. A positive image can only be achieved when the business produces and distribute high quality products or services as well as striving to project itself as an organization that cares about its employees, the community and other social responsibility expectations.



# Classification of Business Objectives

The objectives of the business also need to aim at contributing to national goals and aspirations as well as international development. The objectives of business can therefore be classified as follows:

- Economic Objectives
- Social Objectives
- Human Objectives
- National Objectives
- Global Objectives

We can now go on and discuss these objectives individually.

❖ *Economic Objectives*: In essence deals with profit earning motive and those factors with direct impact on the profit-earning objective of business. Some of the major economic objectives of business are:

(a) Earning of adequate profits

(b) Exploring new markets and creation of more customers

❖❖ *Social Objectives* : These are objectives which are desired to be achieved for the benefits of the society. Some of the main social objectives are as follows:

(a) Contributions towards the general welfare and upliftment of the society

(b) Ensuring fair return to the investors of the business

- Taking steps in the direction of consumer education
- Conserving natural resources, wild life and protecting the environment
- Avoidance of unfair practices such as hoarding, black-marketing and over-charging etc.
- Making goods and services available at affordable prices
- Ensuring production and supply of good quality goods and services to the society.

❖ *Human Objectives*: These refers to the objectives of protecting the interest of its employees and their welfare such as:

- (a) Providing fair remuneration and incentives to the employees
- (b) Arrangement of better working conditions and good work environment for the employees

- Ensuring job satisfaction by providing interesting and challenging job
- Providing opportunity for the employees to advance on the job
- Organizing training and development programmes for growth of the employees
- Providing employment to the under-privileged class of the society and people who are physically and mentally challenged.

❖ *National Objectives*: These are objectives of fulfilling the national goals and aspirations such as:

Creation of employment opportunities

- Promotion of social justice
- Production of goods and services in accordance with the national interest and priorities
- Helping to maintain law and order by ensuring good industrial relations
- Payment of taxes and other dues regularly

- *Global Objectives*: These refer to objectives of meeting the challenges of global market such as:
- Producing globally competitive goods and services
- Reducing disparities among rich and poor nations by expanding its operations.