LECTURE SLIDES

COURSE CODE: DOTM 115

COURSE TITLE: INTRODUCTION TO BUSINESS

- **PREPARED BY MR. DAN-ASABE ZONNYARI**

INTRODUCTION

- The firm is the economic unit that produces and sells commodities. In real life firms differ widely in size, forms management and so on. In this study we shall deal with various forms of business organizations.

MEANING OF BUSINESS

- Business, like others management science has not got a precise and universally accepted definition. This is the term business to enlarge extent has been applied to many diverse activities. In facts, different people defines business in different ways which makes the definition to be as many as there are authors on the subject. Business, for example, is defined as what people do for money (pickel et al.1974). In this definition, the term business is viewed as an activity which people primarily do in order to make money. In this regards, we can say that, the food we eat,

MEANING OF BUSINESS cont:

- The cloths we wear, the cars we drive and the books we read are product of business activities. This is because the products mentioned above are produced by people in order to make money.
- Buskirk et al. (1976), defined business as a system of transactions. Busness, in this context, is considered to be a system of events which take place between two or more persons (ie the seller and buyer). This in effect implies that business is as old man himself because different types of transactions no matter how rudimentary they were have had taken place since the time immemorial.

MEANING OF BUSINESS cont:

- Transactions such as trade by barter practiced in the ancient times, for instance, could be seen as business. Business can also be defined as organization to make profit (gubellini and keith, 1978). In this definition, it can be observed that any entity that attempts to make profits is considered to be a business organization. From the foregoing definitions, it could be deduced that the tern business can applied to an activity; to a system and to an entity.

MEANING OF BUSINESS cont:

- Business activities are usually carried out by people referred to as entreprenurs. Entreptrenurs are people who seek out for unsatisfied or partially satisfied needs and they invest their resources by way of satisfying the needs adequately.
- The activities of the entreprenurs or business as they are otherwise called; are termed as business activities and are normally carried out in organizations referred to as business organizations or business enterprises. Therefore, it is the business organizations or enterprises that this book intends to examine how they are established and manged.

ADMINISTRATION

- Organizations exist achieve certain goals and objectives, and one of the major responsibilities of administration is to plan strategies to effectively accomplish those goals and objectives. This can be done by deciding on what to be done and how to do them. Management and administration are terms that are often used interchangeably and regarded almost same thing. In real sense of it both are concerned with the utilization of human, material and financial resources to achieve the organization goals and objectives.
- Administration is the systematic and arrangement of human and material resources and programmed that are available and carefully using them within defined guidelines or policies to achieve goals.

ADMINISTRATION:cont:

- Ogbonna (1995). Says administration handle current problems that may rise carrying out policies laid down by management. Administration is concerned with social services, government and nonprofit oriented. That is why business profit oriented.
- Administration on other hand is services oriented concerns itself with planning, organization, directing etc which are not profitable.

PROFIT

- A profit may be defined as the excess of selling price over price. On the excess of proceeds of sales over cost of production. Thus means the total revenue realized from goods produced or bought exceed the total expenditures. The reverse is the case, it is known as the loss which indicates that the business concerned did not make profit but loss.
- Profit may also be termed as the reward a person gets for the risks he took in providing his capital in a business. The main reason for establishing a business is to take profits, because it increases business capital and provide income to the owner of the business.
- A business will fold up if it is not making a profit . Profit motivates establishing of business.

TYPES OF PROFIT

- Gross profit or net profit are the types of profit that a business will realize. Gross profit may be defined as the excess of the selling price of goods and services over the cost price. It represents the total profit before expenses are deducted. Gross profit is ascertained from Trading Account.
- NET PROFIT: may be defined as the excess of the of the gross profit over the total expenses incurred by a business over a period of time. This is the actual again made by a business unit because it is the profit remaining after all expenses have been deducted from the gross profit. Net profit is ascertained from the profit and loss account.

IMPORTANCE OF PROFIT

- Profit is the initiator of a business. Without it a business cannot be set up. The following are the importance of profit:

a. A varieties of product are produced by a business, without profit business cannot be set up to produce different products we use today.
b. Increase or improve standard of living.
c. improving standard of goods and services.
d. Profit expands production capacity of firms or industries.
e. It create employment opportunity for most people either self employed or giving others employment.

THE BUSINESS ENVIRONMENT

- A business environment consists of forces which exert significant influences of business action and operations, (Glos et al.1965). By this, it is meant, business organizations operate in a dynamic and complex environment; and charges in the environment may bring opportunity or threats to the organizations. In order words, environment changes may be favorable or unfavorable to a particular business firm. Therefore, what required of the business firm is to be conscious of the changes by analyzing the environment periodically. The environmental analysis is done in order to determined or identify the opportunities or problems that are like to be brought by the changes. If the changes, for instance, would be accompanied by threat, the business firm need to develop strategies that can deal with such threats and vice-versa. The major element of the business environment, according to blonsrom and davis (1966), are

THE BUSINESS ENVIRONMENT :con

i. **The economic environment**: people will be willing to start new business if they feel that the risk of losing their money is not great. Part of risk involves the economic system and how government works with or against businesses. Government can do a lot to lessen the risk of starting business and thus increase entrepreneurship and wealth. Example government can keep taxes and regulation to a minimum.

ii. **Technological environment**: technological changes could also pose some threats to business firms; and in other cases, they may create opportunities. The changes for example, may be in the form of new and improved machinery or equipment; new source of energy new and better types of raw materials and even improved production processes. Example bound in introduction of mobile telephones, computers, scanning machines, etc. these changes in technology have brought threats to organizations dealing In postal services, typewriting etc.

THE BUSINESS ENVIRONMENT :con

iii. **The competitive environment**: competition among business has never been greater that it is today. Simply making quality products is not enough to allow a company to stay competitive in the world markets. Companies now have offered both quality product and understanding services at competitive prices.

iv. **The social environment**: this is the statistical study of the human population with regards to its size, density and other characteristics such as age, race, gender and income.

v. **Global environment**: the global environment of business is so important that we show its as surrounding all other environment influences. Perhaps the most important global environment changes in recent years have been the growth of international competition and increase of free trade among nations.

FORMS OF BUSINESS

- Selecting a form of business to operate therefore, is a crucial and complex decision to make. The potential operator has to weigh all the problems that are connected with each form. Things to consider include the available resources and the main objectives for establishing the business.
- Some of these objectives include;

1. Making profit
2. Staying solvent; ability to pay debts as they mature.
3. Creating employment
4. Improving an existing product.
5. Meeting peoples needs at lower cost.

FORMS OF BUSINESS: con

- The ownership cost could be in many forms, it could be in form that would be controlled and owned by an individual, which is referred to as sole proprietorship or one man business. it could also take the forms of partnership which should have a minimum of two and maximum `of twenty partners. It can also be in the form of a limited company, which could be either public or private in ownership. Whatever category an entrepreneur belong to, those are some rules, laws and company acts that determines the structure of formation of each business ownership.

SOLE PROPRIETORSHIP

- This is a business that is owned, financed, managed and controlled by a single individual (Jonah 1995). Sole proprietorship is considered to be the oldest form of business organization in the world, (Oshagbemi, 1983). Other names used to describe this type of business are: single ownership, individual enterprise, sole trader and one man business.

Nature of sole proprietorship

- A sole proprietorship has the following characteristics:
- 1. It is formed to make profit
- 2. The business is owned by only one person
- 3. He provides the total assets of the company alone
- 4. He bears the risk alone
- Sole proprietorship is the oldest form of business ownership and is still the leading form of business enterprise in Nigeria.

Advantages of Sole proprietorship

- 1. It is easy to organize
- 2. The proprietor can make quick decision
- 3. Capital requirement to start business may be quite low

Disadvantages of Sole proprietorship

- 1. Continuity is not assured in such a form of business
- 2. The proprietor does not enjoy the advantage of limited liability
- 3. Business expansion is always hampered by limited capital.

PARTNERSHIP

- Partnership is a form of business organization in which two or twenty persons may combine their resources to set up and run a business. Partnership is the relationship which exists between persons carrying on a business in common with view to make profit. Some of the types of partnership are:
- A. Active partner: This type of partner takes active part in managing the business and because of this, his liabilities are unlimited.
- B. Sleeping or dormant partner: This partner does not take part in the management of the business, hence his liabilities are limited to his capital investment.

Partnership cont:

- In essence, this type of partner contributes his capital only and does not participate in managing the affairs of the business.
- C. Nominal partner: Is the partner that is also like the dormant partner who does not actively contributes to the daily operations in the business circle. He/she is not involved in the management of the business as well. The nominal partner does not contribute anything except to repay beyond his/her investment.

Partnership cont:

- D. Limited partner: Is that partner that is limited only to his/her level of investment in the business. In the event of liquidations of the business, the limited partner can not be made to repay beyond his/her investment.

Nature of partnership

- i. It is formed to make profit
- ii. It must obey the law in partnership acts
- iii. Each partner is liable to repay debts totally, even if they had to or force to sell their personal assets

Advantages of partnership

- 1. Relatively higher capital ability than one man business
- 2. Special skills can be pooled together
- 3. The branch of managing and controlling the establishment is shared by the partners
- 4. Partnership is equally easy to set up

Disadvantages of partnership

- 1. There may be problem of continuity in the case of the death of any among the partners
- 2. Partnership does not enjoy the limited liability and the risk inherent unlimited liability is high
- 3. Even thou more capital may be available compare to one man business, amount so raised may be inadequate.
- 4. Division of profit: Sharing risk means sharing profits and that can cause conflict. These are not set system of dividing profits in a partnership, so profits sharing are not done evenly.

CORPORATION OR JOIN STOCK COMPANY

- A company is an organization of persons banded together for some particular objective, usually carrying on business with the view of making profits. Corporation is a state chartered legal entity with authority to act and have liability separate from it owners.
- What this means for the owners is that, they are not liable for the debts or any other problems of the corporation beyond the money they invested.
- A joint stock company could be a private limited company or a public limited company.

PRIVATE LIMITED COMPANY

- A private limited company is any registered company which is not public. The company enjoys limited liability, it shares are not offered for public subscription and the shares of one member cannot be disposed off without the agreement of the other members.

PUBLIC LIMITED COMPANY

- A public limited liability company is a business registered under the companies Act which has the following features; invite the public to subscribe for it shares, shareholder can transfer their shares and wide spread ownership

ADVANTAGES

- 1. The company has wider sources of capital and hence greater ease in raising funds
- 2. Limited liability of shareholders
- 3. Continuity of existence
- 4. wide spread of risks
- 5. Separation of ownership from control i.e control is divorced from ownership
- 6. Joint stock company is a legal entity

DISADVANTAGES

- 1. Ownership divorce from management, meaning that since managers are not owners, they may not be too serious in the affairs of the organization.
- 2. The directors are paid managers, they lack initiatives, and sometimes they betray the trust reported on them.
- 3. No secrecy about the affairs of the company
- 4. Great or wide separation of functions sometimes causes poor coordination
- 5. shareholders have no opportunity of knowing each others.

CORPORATIVE

- Corporative is a business organization principally aimed at organizing non profit making institutions that would protect its members from exploitation by capitalist. One could rightly say that corporative is as old as mankind. The most essential characteristics of a corporative is that the shareholder are employees and risk takers. The services which a corporative can provide are very many and diverse. Example: Finance, agriculture production, insurance, transport etc.

TYPE OF CORPORATIVE

- 1. Consumers corporative: These are organized by consumers who wish to advance their interest in retail purchases.
- 2. Producers corporative: They are organized by producers, mainly the primary producers who may want to market their products themselves.

Social benefits of corporative

- 1. The cooperators are the owners and at the same time the laborers. Therefore, they work with great care.
- 2. They are not acute industrial disputes
- 3. The cooperators can raise loans for expansion at lower rate of interest
- 4. consumers corporative societies keep prices of consumers' goods within bearable limits.
- 5. The economic position of the member workers is improved because they share the profit of the business in addition to their wage.

Sources of business capital

- There different ways by which business can raise capital. It is important to know that capital could be raised either to begin a business or for expansion of the existing one. In any case, there are two broad categories of financial sources open to a business:
- i. Internal sources.
- ii. External sources
- i. **Internal sources:** These are the ways and means by which business enterprises get capital themselves. Some of these ways are:

Cont:

- i. Personal savings
- ii. Plaguing sources
- ii. **External sources:** These are the ways by which firms can raise capital from outsiders.
- **i.** Issuing out shares and stocks
- **ii.** By merger
- **iii.** Government grants

ORGANIZATION

- Organization is a group of persons who work interdependently towards some purpose. Organization is an association of persons engaged in concentrated activities directed to attainment of specific objectives. An organization is a social unit of people that is structured and managed to meet a need or to pursue collective goals. All organizations have a management structure that determines the relationship between the different activities and the members and subdivides and assigned roles, responsibilities and authorities to carry out different tasks. Organizations are open systems, they are affect and are affected their environment.

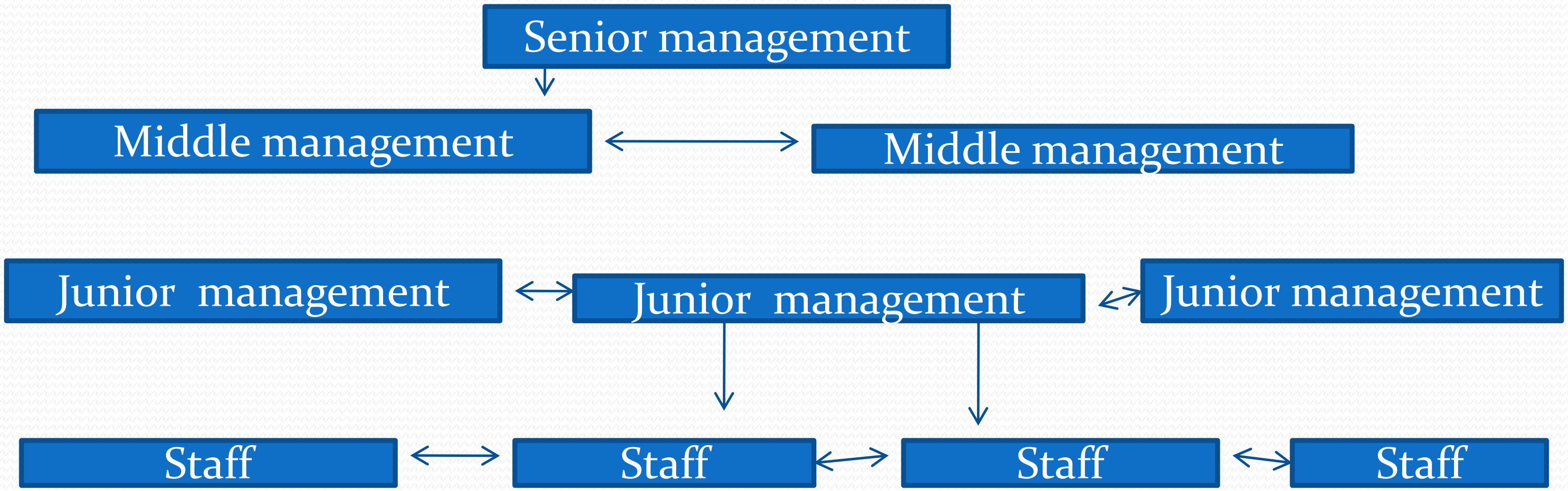
Organization structure

- It refers to an established patterns of relationships among the components of an organization. It defines how activities such as task, allocation, coordination and supervisions are directed towards the achievement of organizational aims. It can also be considered as a viewing glass or perspective through which individual see their organization and it environment.
- Organization structure is a typical hierarchical arrangement of line of authority, communication, right and duties of an organization.

Organizational chart

- An organizational chart is a diagram that shows the structure of an organization and the relationship and relative rank of its parts, position and jobs. An examples of a line (hierarchical) organizational chart is shown below:

The diagram of organizational chart



Tips on the chart.

- Line organization is also known as vertical organization of departmental organization. Line organization assumes that direct authority is exercises by a superior over his subordinate.
- The flow of this authority is always downwards.
- There are basically three organizational structures and these include:
- 1. Line organizational structure
- 2. Functional organizational structure
- 3. line and staff organizational structure

LINE ORGANIZATIONAL STRUCTURE

- A line organizational structure otherwise called scalar or military organizational structure is the least sophisticated form of organization. It is commonly found in small business enterprises where the chief executive is the overall boss who passes authority and directives down to the subordinates, executives who further pass same undisrupted to the workers.
- This set up is divided into units and each unit remains self sufficient and independent of the other subordinate staffs. The set up is characterized by line authority where the chief executive or his representative directs the activities of those directly under him.

Advantages

- 1. Simplicity: It is the simplest form of organization and very simple to understand and implement. It can be easily defined and explained to all staff.
- 2. It makes clear division of authority
- 3. It encourages speedy action
- 4. Quick decision making: Single authority, unified control and fixed responsibility help in quick decision
- 5. Flexibility: In this type of organization, it is flexible in nature.

Disadvantages

- 1. overloading: The executive is overloaded at each level of organization. There are lacks of several things he must manage independently. Here, his level of efficiency is not the same that is why most of the time the organization activities suffer due to overloading.
- 2. Lack of capitalization: Different types of jobs are looked after, hence he cannot claim to be expert in all types of jobs he handles.
- 3. It depends on the retention of a few principal officers.

Functional organizational structure

- Functional organizational structure otherwise refers to as staff organizational structure was introduced by F. W Taylor to help overcome the problems of job supervision in the various units of the line organization. It therefore constitutes the position of experts in specific areas who provides specialized supportive service to line structure. It is an extension of the lines structure and is charged with the responsibility of advising role of incumbents on the line on specific tasks. This set up clearly spelt all managerial functions so that each head has a few functions as possible to perform, thus enhancing specialization in his area of jurisdiction.

Advantages

- 1. It enables specialists to give expert advice
- 2. It refers the chief executive of detailed analyses
- 3. It afford young specialist a means of training

Disadvantages

- 1. It confuses organization if functions are not clearly defined
- 2. Reduces the power of experts to place recommendations into action
- 3. It tends towards centralization of organization

Line and staff organization

- Line and staff organization is a combination of the best features of both the line and functional organization. It is characterized by vertical and horizontal hierarchical structures. This is adequate labor and delegation of authority. It is further characterized by adherence to rules and regulations and establishment of committees and at task accomplishment.
- Line and staff organization is useful in identifying and describing the performance needed for the attainment of goals. It can also be used to specify the kind of person required to fulfill those roles. Line and staff provide unity of command and easy coordination of activities in which full advantage is taken of specialization and division of labor.

Advantages

- 1. It relieves line executive of routine specialized decisions
- 2. It provides frame work for applying expert knowledge
- 3. It relieves pressure of the need for large number of well rounded executives

Disadvantages

- 1. It makes relations more complex
- 2. It makes limits of authority of each specialist a difficult coordination problem
- 3. It tends towards centralization of organization
- 4. It creates social distance between super-ordinates and sub-ordinates
- 5. It places more emphasis on delegation of responsibility by supervisors to sub-ordinates.

Organic functions of business

- The organic functions of business are:
- i. Personnel
- ii. Finance
- iii. Production
- iv. Marketing
- v. Research and development
- PERSONNEL: since the success of the organization depends on competent individuals performing their job efficiently staffing is a most important function. It involves the assigning of personnel in the organization structure through proper and effective selection appraisal and development. Personnel management is the art of dealing with the recruitment and maintenance of labor in an organization.
- FINANACE: business sometimes called managerial finance deal with financial practice of business.

Organic functions of business con:

- PRODUCTION: is the transformation of human and physical products, production manager is respnsible to design standard work patterns and a convenient plan layout.
- MARKETING: it is finding out what the consumers want and the planning a products of a service that will satisfy those wants and then determining the best way to price, promote and distribute that products or services.

RESEARCH AND DEVELOPMENT

- This is the job of improving the existing products or introducing a products to the market is principally the work of research and development department.
- RELATIONSHIP BETWEEN FUNCTIONAL AREA OF BUSINESS.

To meet the overall objectives of the firm, there must be a close interaction and coordination between the various organs of business. All the department of a firm do. Not pursue their objectives all by themselves only. Each is an integral part of the firm e.i the financial, production, marketing, etc. all depends on each other. Sometimes there are conflict between the day to day operational goals of the department and the broader goals of the firm. To management must balanced the conflicting interesting of this unit to meet the overall objectives of the firm.

BUSINESS AND THE SOCIETY.

- A business as earlier said is any activity of production, buying and selling of goods and services to make profits, which the activities are surrounded with risks. SOCIETY is the community or a place where the business is set up to exist. To set up a business in a place, several factors have to be considered, like presence of raw materials, demand of the people in the society and population etc.
- Social responsibilies of business
- By social responsibilities of business, we mean the voluntary roles business firms play in the society it exists. These are social responsibilities are:

BUSINESS AND THE SOCIETY:con

- TO GOVERNMENT: this is known as a legal responsibility and is made up of accepting and complying with all legislations relating for the conducts of business. This include production and distribution of high quality of goods and services, advertising correct not defectives goods and services, offering credit facilities and charging low reasonable prices.
- TO COMMUNITY: this is done by providing electricity, pipe borne water, good roads construction of bridges for community development. Also, awarding of scholarship to the community, payment of compensation where the need arises and maintaining cordial relationship with community, where the business operates.
- TO EMLOYEES: this ensures job satisfaction, prompt payment of salaries, non discriminatory requirement and promotion. Cordial relationship between management and subordinates and keeping in the business.
- TO SHAREHOLDERS: include declaring all its relevant interest in individual and capital.

THE ROLE OF GOVERNMENT IN THE REGULATION OF BUSINESS

- Government all over the world to give direction, meaning, organization, management and leadership to the affairs of both human and material resources. In Nigeria for instance there is the philosophy and practice of capitalist economy. This socio-economic and political system allows and promotes individualistic ownership of means of production and distribution of goods and services. It is by the facts of the above reasons that this study seeks to identify the ways and means enterprises in Nigeria, viz-a-viz the well being of the entire citizenry, government deploys the constitutional powers at her disposal to effectuate the smooth operation of business enterprises within her jurisdiction.

THE ROLE OF GOVERNMENT IN THE REGULATION OF BUSINESS:con

iii. Consumer protection: the government role in business include protecting the consumer when a vendor fails to honor the guarantee the purchaser has resources in the law.

iv. Employee protection: hence, may state and federal agencies work to protect the right of employees.

v. Environmental protection: it is the role of government to regulate industry and thereby protect the public from environmental externalist.

vi. Taxation: government at all levels tax business and the resulting revenue is an important part of government budget.

ROLE OF GONERNMENT IN BUSINESS

- Government play three (3) major roles in business activities in any country. These are:

i. Regulatory role; to protect the interest and the welfare of the general citizens, present the environment and ensure fair dealing especially in competitive actions of business. Government interferes in the private sector activities through some forms of regulatory measures e.g. establishment of rules, directing every action to correct offending firms and establishment of numerous agencies to ensure safe quality products.

ii. Participatory role; the federal, state and local governments directly participate in business through investment and management stake in different types of activities.

ROLE OF GONERNMENT IN BUSINESS

- iii. Facilitating role; government play roles in ensuring healthy existence and smooth operation of business.

THE ROLE OF GOVERNMENT IN THE REGULATION OF BUSINESS: con

- Government adopts different measures and approaches in the regulations of business enterprises. These are:

i. Permission: most business needs to register with the government to operate. The function of this registration is to defined limited liability the owners of the company have, it also allows government to monitor companies to execute its other functions in the business world.

ii. Contract enforcement: business contract with other business, these contracts may be complex, such as mergers or they may be as simple as warranty on supplies purchased. The government enforces these contract.

PRIVATIZATION

Privatization is defined as the transfer fs state owned enterprises to the private sector. Privatization is the relinquishment of all or part of the equity and the interest held by the government or its agents in the enterprise. Privatization has served the strategic role of transforming state controlled economic and hence, changing the role of the state in economic development.

COMMERCIALIZATION

- Commercialization can be defined as a substitude policy meant to imply the by public enterprises of strict commercial objectives in all aspects of their operations including investment, recruitment, board appointment, pricing, setting new projects etc. under the Decree No. 25 of 1988 on privatization and commercialization was defined as the re-organization of enterprises wholly or partly owned by the government such that these enterprise operate as profit making ventures and without subventions from government.

PRIVATIZATION AND COMMERCIALIZATION IN NIGERIA

- As government could no longer continue to support the monumental waste and insufficiency of the public enterprise sector the program of privatization and commercialization was developed to address the peculiar socio-economic and political condition in Nigeria, being part of the structural adjustment programmed. The legal framework for the Nigeria programmed is the privatization and commercialization Decree No. 25 of 1988 and the implementation agency is the technical committee on privatization and commercialization.

OBJECTIVES OF PRIVATIZATION AND COMMERCIALIZATION PROGRAMME

i. To restructure and rationalize the public sector in order to lessen the dominance of unproductive investment in the sector.
ii. To encourage share ownership by Nigerians in productive investment hitherto owner wholly or partially by the government.
iii. To ensure positive returns on public sector investments in commercialized enterprises.
iv. To check the absolute dependence of commercially oriented parastatals on the treasury for funding and to encourage their approach to Nigeria capital market .
v. To create a favorable investment climate for both local and foreign investors.

DISTINCTION BETWEEN PRIVATIZATION AND COMMERCIALIZATION

- The term privatization narrowly define, means the transfer of government owned shareholding in designated enterprises to private shareholders, comprising individuals and corporate bodies. Broadly defined, privatization is an umbrella term to describe a variety of policies which encourage competition and emphasized the role of market forces in the place of statutory restriction and monopoly powers. While commercialization is the re-organization of enterprises, wholly or partly owned by the government in which such commercialized enterprises shall operate as profit making commercial ventures without subvention from the government.

INTERNATIONAL ORGANIZATION

- An international organization is a body that promotes voluntary cooperation and coordination between or among its members. International organization is an organization with an international membership scope or presence . These are:

i. International non-organisation (INGOs) e.g. Red Cross .
ii. International organization (INGOs) e.g. UN WTD, OPEC, ECOWAS etc.

The role of international organization are helping to set the international agenda mediating political bargain, providing place for political initiatives and acting a catalyst for which issues can be group together, thus help the government priority determination or other governmental arragements.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

- Ecowas was established by the treaty of Lagos signed in may 28, 1975. the main objectives of ecowas is to promote cooperation and integration in the context of an economic union of co- africa in order to raise the living standards of its people, to maintain economic stability, to strengthen relations among the member states and contribute to the progress and development of the African continent.

ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC)

- An organization consisting of the worlds major oil exporting nations. The OPEC was founded in 1960. OPEC. is a cartel that aims to manage the supply of the oil in effort to set the price of oil in in the market in order to avoid fluctuations that might affect the economics of both producing and purchasing countries.

ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC):con

- In accordance with its status the mission of the organization of the petroleum exporting countries (OPEC) is to coordinate and unify the petroleum of its members countries and ensure the stabilization of market in order to secure efficient economic and regular supply of petroleum to customers a steady income of producers and a fair return on capital for those investing in petroleum industry.

EUROPEAN ECONOMIC COMMUNITY (EEC)

- Was an economic union created by the treaty of Rome of 1957? Upon the formation of the European union in 1993, the EEC was incorporated and renamed as the European community. In 2009, the EC's institution were aborted into the EU's wider framework and the community ceased to exist.
- The community's aim was to bring economiv integration, including a common market and customs union among its six founding members. This include, Belgium, France, Italy, Luxemburg, Netherlands and west Germany.

CONTRIBUTION OF INTERNATIONAL ORGANIZATIONS TO BUSINESS ENTERPRISES IN NIGERIA

- The overall contribution of international organization to Nigeria business in particular is to widen the market for these business for their products to open more investment opportunity for more business to be established by both foreign and local investors. A lot of trade goes on between EU and Nigeria in the aspect of international trade which is growing most quickly. This was partly as a result of agreement reached between the EU and the Africa Caribbean and pacific countries (ACP) in 1975.

CONTRIBUTION OF INTERNATIONAL ORGANIZATIONS TO BUSINESS ENTERPRISES IN NIGERIA:con

- The economy generated employment, thereby reducing the number of unemployment in the labor market.
- Advancement the level of technology by means of transfer technology, which consequently lead to more foreign exchanges/reserved.
- Above all, economic development in the countries, EU development fund provides finances for promoting development in the countries like Nigeria which are associate members of the union.

INDUSTRIALIZATION AND DEVELOPMENT

- Industrialization is the process in which a society or community or world transformed itself from a primary agricultural society into one based on the manufacturing of goods and services. Individual manual labor is often replaced by mechanized mass production and craftsmen are replaced by assembly lines. Characteristics of industrialization include the use of technological innovation to solve problems as opposed to superstition or dependency upon conditions outside human control such as the weather, as well as more efficient division of labor and economic growth.

INDUSTRIALIZATION AND DEVELOPMENT:con

- Development can be defined as the process of expansion using reserve profit within a business or by borrowing and issuing of shares. It is also gradual growth so as to become economically advanced and stronger.
- In general industrialization and development is the process of putting material resources through the help of machine (technology) so as to improve the general welfare of the people through equitable distribution of the increase in output of goods and services.

FACTORS ENHANCING INDUSTRIAL DEVELOPMENT

i. Training of indigenous manpower
ii. Reduction in company tax
iii. Removal of administrative bottleneck
iv. Establishment of financial institution to aid enterprises.
v. Development of infrastructures
vi. Government intervention by decree and legislation

INDUSTRIAL ESTATE AND INDUSTRIAL LAYOUT

- In developing countries like nigeria, industrial estate has been set up major instrument for encouraging and supporting the location, expansion and modernization of small and medium scale industries. Other objectives include the centralization of industrial development of backward areas and rural industrialization. An industrial estate consist of a cluster of standard factory sheds erected according to a planned layout in advance of demand for sale lease to prospective occupants. An industrial layout on the other hand is a tract of land divided into sites or plots with access to road, water and power supply to enable enterprises construct their factories, building according to their own design and equipment.

FUNCTIONS OF INDUSTRIAL ESTATE

i. Development of infrastructural facilities
ii. Attracting foreign investors
iii. Provision of export consultancy services
iv. Provision of organized market
v. Fund raising

CONCEPT OF SMALL SCALE BUSINESS

- **Definition**: nigeria institute of management (2005), describes small scale business an enterprises employing between 1-35 people, utilize local raw materials.
- The main criteria used throughout the world to describe SSB include;

1. Number of employees
2. Sales volume
3. Financial strength
4. Relative size
5. Initiative capital outlay
6. Independent ownership

CHARACTERISTICS OF SMALL SCALE BUSINESS

The committee of economic development of the U.S.A. states that a small scale business will have at least two of the under listed characteristics:

i. Low level of education by employers
ii. Managers are also owners
iii. Owners supply capital i.e. personal saving
iv. Area of operation mainly local
v. Small size within the industry

ADVANTAGES OF SMALL SCALE BUSINESS (SSB)

i. Closer touch with customers and employers
ii. More cordial relationship with customers and employees
iii. Offers customers personalized
iv. More intimate knowledge of the community therefore easier environment in a beneficial way.

DISADVANTAGE OF SMALL SCALE BUSINESS (SSB)

i. limited market share
ii. Poor competitive position
iii. Poor conditions of banking financing

NIGERIAN SMALL SCALE BUSINESS

- There has been lack of agreement in Nigeria as to what constitute small scale business. The third national development plan describe SSB as any manufacturing establishment employing less than ten people or whose investment in machinery and equipment do not exceed N 600,000.00
- T.A. oshagbemi defined SSB in nigeria as any manufacturing processing or serving industry with a capital investment not exceeding N150,000 in machinery and equipment.

TYPES AND TRENDS OF NIGERIAN SMALL BUSINESS

- There are a thousand of enterprises in Nigeria which fall into the category of small business. They include;

i. Firewood supply
ii. Meat retailing
iii. Restaurant (buka)services
iv. Backyard poultry raising
v. Rabbit raising
vi. Operating nursery for children
vii. Growing fresh maize
viii. Barbing
ix. Hair weaving
x. Photography
xi. G.S.M. business
xii. Hunting and fishing
xiii. Car washing

REFERENCES

- Biradawa K. (1995) “Introduction to Business” Lecture notes. Department of Business management, University of Maiduguri.
- Boateng J. A (1985) “Elements of Business Administration” Department of Business Management, University of Maiduguri. Working paper
- Davis K. and Blonstrom R. L (1966) Business and its environment, New York, Mc Graw- Hill Book Company.
- Gubellini C.E and Keith L. A (1978) Introduction to Business enterprise. Tokyo Mc Graw Hill Books.
- Unamka P. C and Ewurum. U.J. F (1995). Business Administration, Enugu Nigeria. Precision printer and Publishers.
- T. A Oshagbemi (1985). Small Business Management in Nigeria. Longman group Limited. England