**SCHEME OF WORK FOR COMMERCE**

**SENIOR SCHOOL TWO**

**SESSION 2023/2024**

1. **ADVERTISEMENT**
2. **CREDIT**
3. **TOURISM**
4. **INSURANCE**
5. **COMMODITY EXCHANGE**
6. **PUBLIC RELATIONS**
7. **BUSINESS REGULATIONS**

**ADVERTISEMENT**

**DEFINITION**: It is defined as the process of preparing a non- personal commercial activity or a presentation of message about a product or service to the public with the aim of persuading the public to buy. In order words, it is a process of creating awareness for a product through the media.

Advertisement on the other hand is the message that is being passed itself. It can be oral or written and it is usually paid for.

**ROLES OF ADVERTISING**

1. It is used to persuade customers to buy a product
2. It provides employment for a large number of people through the advertising agencies
3. It helps to increase the market share of a company’s product
4. It increases the level of investment in the economy and thus the development of a large market
5. It builds a company’s image and enhances popularity of the company as well as to protect the good image of a company.
6. It educates a customer on how to use the product purchased
7. It helps a producer to continue to improve on the quality of her product through research in order to maintain the patronage of their customers.
8. It is used to counteract unfavourable criticisms and prejudice
9. It informs the public about the existence of a new product
10. It informs the public where to get the product
11. It creates demand for the product
12. It increases the firm’s turnover and hence the profit margin of the firm
13. It creates brand loyalty i.e. it helps consumers to differentiate the products of one manufacturers from one another

**TYPES OF ADVERTISING**

1. **Persuasive advertising**: This type tries to convince and induce people to buy and use a particular product whether or not they need it
2. **Informative advertising**: This type creates awareness or informs members of the public about the existence of a new good or service, the quality, prices, their uses and where to obtain them.
3. **Mass Advertising**: It is used to advertise the general use of goods without being specific on a particular brand. It is usually organized by producers or distributors of similar products in order to eliminate waste as well as cut down on cost.
4. **Competitive Advertising**: It is used to advertise branded products which have close substitutes in the market. The advertisement is presented in such a way that, a product is made to look far better than its substitutes.
5. **Specific Advertising**: It is a type that is directed at a specific target market. It is an advertisement of a particular brand of product or service through an appropriate media.
6. **Government Advertising**: It is also called public advertising and it is used to enlighten the public about information such as the need for safety on the roads, health issues e.g. Corona virus Pandemic e.t.c.
7. **Job Advertising**: It involves informing the public about existing vacancies for jobs in both the private and public sector of the economy.
8. **Business Advertising**: This type is mainly directed to the wholesalers, retailers, agents or dealers informing them about an existing producer who is in need of a distributing agent.

**METHODS OF ADVERTISING**

There are two methods namely;

1. **Direct Advertising**: This is a form of advertisement specifically directed to selected group of people only. For instance, an advertisement for books used by nurses and doctors may be published in journals or magazines used by such people.
2. **Indirect Advertising**: This is a form of advertisement that is usually published in such a way as to attract the attention of a large member of consumers as possible. Examples of such are advertisement made on television, radio, newspaper, posters e.t.c.

**MEDIA OF ADVERTISEMENT**

These are the various channels or ways by which advertisement gets to the target market. There are two major types of advertising media namely, the print media and the electronic media.

**THE PRINT MEDIA**

1. **Newspaper**: It is a form of advertisement in which messages are written in prints for the public to digest on a daily, weekly or monthly basis.

**Advantages**

1. It carries a lot of information
2. It is widely read
3. Its information is long- lasting because the newspapers are kept for a very long time

**Disadvantages**

1. It is of no use to illiterate since they cannot read
2. **Magazines**: It is almost the same as a newspaper. They are printed periodicals on weekly, quarterly or bi- annual.
3. **Posters (Handbills) and Billboards (Hoardings**): Hoardings or Billboards are bold coloured pictures in the form of big posters made of wood or iron erected in strategic positions along major roadside and roundabout to enable pedestrians and those in vehicles passing along the street to see at a glance.

Handbills are also the same as hoardings but are in smaller forms distributed hand from hand to people.

**Advantages**

1. Billboards have long life, high exposure and wide coverage
2. Handbills can be stored and also carried around
3. They easily capture attention because they are usually coloured

**Disadvantages**

1. They do not contain many details
2. They can easily be damaged
3. Only those who have access to handbills or posters get the message
4. **Window point -of –sale display**: It involves displaying products in attractive ways in front or inside the windows of shops in order to attract passerby.

**Advantages**

1. Customers merely window shopping may be attracted to buy something
2. It does not cost the seller anything to advertise his product

**Disadvantages**

1. Unless consumers pass along that way, they may not see the goods
2. **Catalogue**: This is a form of advertising media used mainly by the mail order business. Pictures of the items for sales are displayed in colour, sizes as well as prices.
3. **Shopping Bags**: Information about a product or business is printed on the shopping bags which are given to customers to pack their goods after sales.
4. **Stickers**: They are advertisement written on small but well- designed pieces of paper with adhesive on the back to enable it stick on any object.

**ELECTRONIC MEDIA**

1. **Radio:** It is used by listening audience. It has a wide coverage compared to television.
2. **Cinema and Television**: Here, pictures of the products are shown and demonstrated to the watching public. In order words, it combines both visual and audio features.

**Advantages**

1. The actual shape and form of the products are seen
2. It appeal to both senses of sight and hearing
3. It demonstrates how the product can be used
4. It has an effective way of reaching the public

**Disadvantages**

1. It is a more expensive method of advertising compared to others
2. It lacks mobility
3. Few people have access to television
4. There can be distorted reception in some areas
5. Frequent power failure makes television advertising less effective
6. The message cannot be retained by the audience
7. Information given is usually too brief
8. **Neon Lights or signs**: They are a form of advertisement used by business organization. They are used to show or display the different products a firm has in stock for sale I different reflective colours on an erected board in front of the shop
9. **Loudspeakers/Bell:** This is the use of loudspeakers as well as the ringing of bells to convey products information or advertisement to the public.
10. **Free samples**: These are samples of products specifically designed to be given away to the public or existing customers so as to create awareness
11. **Exhibition**: This is the type or form of advertisement in which firms choose a date and place to meet the public or consumers and display their products through the use of a projector

**Advantages**

1. It enables a company to meet existing and potential customer
2. It enables firms to identify new sales outlets
3. New products are introduced there

**Disadvantages**

1. It is a very costly form of advertisement
2. A majority of the people at the exhibition may not buy the product during or after the exhibition
3. It gives the competitive firm the ability to access her opponents
4. Internet Advertising: It is the type of advertisement that makes use of computer to depict messages to the users. It is used by an organization to advertise their products to members of the public who are also connected to the internet

**Advantages**

1. It link people, nations and continents together
2. It has a more wider coverage compared to other forms of print media

**Disadvantages**

1. Only a few persons have access to a computer
2. Most people are computer illiterate
3. Internet uses computer but these computers are costly to acquire

**FACTORS TO BE CONSIDERED IN THE CHOICE OF ADVERTISING MEDIA**

1. The type of products to be advertised
2. The number of people which the channel can reach
3. The cost of using a particular media whether it is expensive or not
4. The target audience of the medium
5. The purchasing power of the group
6. The geographical areas covered by the medium

**ADVANTAGES OF ADVERTISING**

1. It stimulates, creates and sustains demands for goods and services
2. It offers employment opportunities for a large number of the populace
3. It can lead to strong brand loyalty
4. It increases sales and generate more income which helps to improve the living standard of the citizens
5. Buyers are well informed about existing as well as new products
6. It increases the popularity of a firm and hence boost its image
7. It teaches the public how` to use `the products and inform them about the prices of the products
8. It increases a firm’s volume of sales and thus their profit margin
9. It breeds healthy competition among producers of similar products and thus improve in the quality of the products in order to win consumer’s favour and patronage

**DISADVANTAGES OF ADVERTISING**

1. It can lead to multiplication of brand
2. It makes the product more expensive due to the cost of advertisement
3. It is used by big businesses to drive smaller firms through the creation of unhealthy rivalry
4. Some adverts carry immoral contents
5. It makes consumers to buy what they do not need at times through the system of persuasive form of advertising
6. It mislead the consumers in the area of visual distortion and false testimonial
7. Advertising makes the cost price of a product to be so high that it will eventually lead to a fall in the demand for that product which is to the disadvantage of the firm

**PERSONAL SELLING AND USES**

**DEFINITION**: It is a direct face-to-face personal contact between the seller and the potential buyer in their houses, offices, market places, along the road or anywhere with a view of making a sale.

**REASONS**

1. It teaches potential buyers how to use a product
2. It is used as a public relation tool to project the good image of a firm
3. It help to increase sales
4. It is used to sell custom made goods
5. It is used to explain the unique qualities in a company’s product
6. It is used to introduce a new product to the buyer and also to revive their interest in an existing product.

**ADVANTAGES OF PERSONAL SELLING**

1. It helps a firm to be able to pinpoint a target market and work out the sales plan
2. The sales effort is not wasted but concentrated on a small group
3. It enables the sales person to foresee the needs and problems of a particular customer

**DISADVANTAGES OF PERSONAL SELLING**

1. The problem of finding the right caliber of sales personnel
2. Buyers can be made to buy products they did not plan for
3. The operating sales force is high

**CREDIT**

**DEFINITION**:

Credit is the granting of permission by a seller to a buyer to take possession and enjoy goods for a promise to pay in the future.

**TYPES AND SOURCES OF CREDIT**

1. **Book –me-down**: It is a system of credit that allows customers or Buyers to buy goods with a promise to pay at the end of the month. The items bought will be written down in the book of account of the seller.
2. **Leasing:** This is a system of account whereby the owner of a property allows a second party to take possession of his property on hire over a period of time in return for periodic payment. The seller still retains ownership of the goods.
3. **Factoring**: This is a system that allows trade credit to be sold immediately for cash to a factor at a lower amount than the actual value of the debt.
4. **Advance Payment**: In this system, retailers and wholesalers pay money in advance to the manufacturer for the manufacturer to be able to produce.
5. **Club trading/ Credit Club**: In this system, some organization establish clubs in which members contributes certain percentages of their income which is given to one of them each month until it goes round each member. The members when they receive their own turn use the money for investment purposes.
6. **Trade Credit**: It is a system in which a retailer pays goods without making payment from a wholesaler and pays back the money immediately after sales.
7. **Budget Credit**: It is a system of credit in which the wholesaler opens a note- book in which it records the maximum amount of credit to be given to each retailer depending on their credit worthiness.
8. **Smart Card/ Credit Card**: It is a system of credit in which a retailer presents his credit card at the point of sales to make payment for a good he buys in a retail outlet that have the payment terminal. The amount of purchases he makes is deducted electronically from the card.
9. **Mortgage:** It is a system of credit in which a long-term loan is given to an individual by mortgage bank or building societies who wish to own a landed property or build houses. The landed property or houses in question serves as the collateral security.
10. **Loans and Overdraft:**

**Loan-** This is a credit facility enjoy by both customers and non- customers of a bank at an agreed rate of interest.

**Overdraft** -on the other hand is a credit facility enjoyed solely by current account users. Overdraft allows customers of a current account user to withdraw over and above the amount of money they are having in their account.

1. **Differed Payment**: It is a type of payment where goods are bought on credit and payment are made later for the goods or services. Should the buyer defaults in his agreement to pay, the seller cannot reclaim ownership of the goods rather he can only sue the buyer to recover his money.
2. **Hire Purchase**: This is a credit facility that allows a buyer take possession of goods and uses them after payment of initial deposit. After paying the initial deposit, the buyer or hirer takes possession of the goods, but the seller or vendor retains ownership of the goods.

Under Hire purchase agreement, the seller or vendor is allowed to take back the goods if the hirer or buyer fails to pay any of the installment as at when due. The hirer or buyer retains ownership of the goods after the payment of the last installment.

**FEATURES OF HIRE PURCHASE**

1. It usually involves costly items and is most suitable for durable goods.
2. The buyer must pay a deposit before delivery.
3. The seller is the vendor while the buyer is the hirer.
4. Buyers are allowed to take possession of the goods after the initial deposit, but ownership remains with the seller.
5. The seller has right to re- possess the goods if the buyer defaults in payment.
6. The buyer has the right to cancel the agreement should he change his mind within three days.
7. The hire purchase agreement must be formally documented in writing.

**Advantages of hire purchase to the buyer**

1. If anything happens to the goods, the seller bears the loss.
2. It makes a buyer to enjoy a product before making full payment for it.
3. He may return the goods if he is not satisfied with it.
4. It increases the welfare of the buyer.
5. It makes easy the buying of goods
6. It increases his rate of turnover.

**Disadvantages of hire purchase to the buyer**

1. He pays higher price for the products
2. Buyers may be tempted to buy more than what he can pay for.
3. He loses all the payment he has made earlier if he defaults.
4. It encourages sellers to sell at high prices.
5. He can be sued to the law court if he defaults payment.
6. He lives beyond his earning as he tends to buy more than he can afford.

**Advantages of hire purchase to the seller**

1. It increases his rate of turnover
2. It makes the seller want to sell at a very high price than he would have sold for cash sales
3. It doesn’t tie down capital.
4. He can reclaim his goods whenever the buyer defaults payment.
5. He has title to the goods until full payment has been made to it.
6. It encourages large scale production as a result of increase in demand.

**Disadvantages of hire purchase to the seller**

1. It may lead to bad debt.
2. It may lead to court action.
3. Reclaimed goods cannot be sold as brand new.
4. Sometimes, debt recovery may cost the seller a lot of money.
5. It may lead to capital being tied down.

**DIFFERENCES BETWEEN HIRE PURCHASE AND DEFERED PAYMENT**

|  |  |
| --- | --- |
| **HIRE PURCHASE** | **DEFERRED PAYMENT** |
| Goods are on hire  He retains ownership until after full payment for goods.  He can re-possess goods if the buyer defaults in payment | Goods are on sale  He retains ownership after the full payment have been made  He cannot re-possess the goods should the buyer defaults in payment**.** |

**SIMILARITIES BETWEEN HIRE PURCHASE AND DEFRRED PAYMENT**

1. They both allow customers to take possession of goods and use them.
2. They both allow initial deposit to be made.
3. They both involve costly and durable goods.

**CREDIT SALES**

**DEFINITION:** It is an agreement in which a seller allows a buyer to take delivery of the goods with a promise to pay for them later within a certain period of time.

**Factors to be taken into consideration before granting credit**

1. The financial standing of the buyer.
2. Credit worthiness and reputation of the buyer.

**Advantages of Credit Sales**

1. Increase in turnover.
2. Increase in profit.
3. Reduction in the cost of storage.
4. Enjoyment of goods.
5. Increase in standard of living.

**Disadvantages of Credit Sales**

1. Increase in prices
2. Impulse buying.
3. Bad debt.
4. Capital tied –up.
5. Increase in expenses of keeping records of credit sales

**CREDIT INSTRUMENT**

**DEFINITION:** These are documents that serve as evidence of repayment of credit transaction in a future date.

**SOURCES OF CREDIT INSTRUMENTS**

1. Promissory note
2. Bill of exchange
3. Bond
4. Letter of credit
5. Voucher
6. Bank draft

**CREDIT UNION AND THRIFT SOCIETIES**

**DEFINITION:** These are association of low income earners who come together to raise funds on a weekly or monthly bases for the purpose of investing it into a profitable business. These contributed funds are also given out as loans to members at a low rate of interest.

**Aims and objectives**

1. It encourages members to save part of their income.
2. It makes available to members’ credit facilities.
3. It is a source of cheap capital to members who want to invest into a business.
4. It is a forum for social interaction.

**Characteristics of Credit and Thrift Union**

1. It is democratic in natures.
2. Profit is shared according to the level of patronage.
3. Members are usually low income earners.
4. It is managed and controlled by a group of persons nominated and voted in office.

**TOURISM**

**DEFINITION**: It is defined as the act of travelling for recreational, leisure or business purposes. A tourist is defined as a person(s) travelling to and staying in places outside their environment for not more than one consecutive year for leisure, recreational or business purpose.

**HISTORY OF TOURISM IN NIGERIA**

Tourism in Nigeria can be traced back to the pre- colonial era where some forms of trade existed between the savanna region of the north and the north Africa. Through this, later in the 15th century, the Europeans came for adventure purposes besides other things. By the 16th and 19th century, other foreigners were attracted and thus the avenue for tourism.

**MAJOR TOURIST ATTRACTION CENTRES IN NIGERIA**

1. **OGUN STATE**

●**Olumo Rock**: It is one of the most famous tourist attracted site in Nigeria. It is located in Abeokuta and its highest point is 137M above sea level. In the days of past, history record that it serves as a place of refuge for people during war. In recent times, the government of Gbenga Daniel’s administration injected a lot of money into it in order to upgrade it to international standard so as to attract more tourists from all over the world.

1. **OSUN STATE**

●**Erin-Ijesha Water Falls**: The fall have five to seven mountain layers where water flows among rocks to form a stream pool at the base. It is ideal for mountain exercises and picnics

**Osun Festival**: It is located in Osogbo and it is an event that is held annually every August. It is believed that anyone has a need especially of child bearing is often rewarded once they visit or attend the festival when the Osun goddess comes out. It has also been upgraded to international standard in order to attract more tourists.

1. **EKITI STATE**

**Ikogosi Warm Spring**: At this site, the hot water from the rock meets with the cold water stream 100m below. It is believed that water drawn from this site is of great medicinal value.

1. **KEBBI STATE**

**●Arugungu Fishing Festival**: It is usually held between February and March annually. In the festival, over 30,000 fishermen equipped with only hand nets and hooks take part in the ceremony. This festival have attracted tourist both within and outside the country.

**5. CROSS RIVER STATE**

●**Cross River National Park**: It is a site that has attracted people from all walks of life. It is a centre where people go for relaxation, picnics and sightseeing.

1. **LAGOS STATE**

●**The Slave Port**: The port serves as a meeting place between the European merchants and the Nigerians counterparts for human trafficking in the 17th to 19th century.

●**Tomb of George Freeling**: The first slave merchant located at the palace of the Akran of Badagry.

●The first storey building in Nigeria where the Holy bible was translated into Yoruba.

●The Ijede warm spring

●The site of the fallen Agia tree where the first Christian religious service was held in 1842.

●The Muritala Mohammed Memorial garden

1. **PLATEAU STATE**

**●The Plateau**: It was formed through the continuous process of weathering and erosion by running water, ice and winds. It serves as a place of abode for those who love cold weather. It also serves as a place of abode for refuges in the time of war in the day past.

**●Jos Wildlife Park**: It serves as a place of abode for all types of animals and birds and also serves as a place of attraction for fun- seekers and picnics.

**●Nok Sculpture**: It is one of the foremost tourist attracted site in Nigeria. The Nok people inhibited the Js plateau of central Nigeria because of the terra- cotta sculpture of a female head using iron cast. They occupy the Jos- Plateau of central Nigeria and they are figurines finely crafted people and animals in terra- cotta.

**●National Museum**: It is a site where ancient traditional architecture is preserved.

**8. CROSS RIVER STATE**

●**Obudu Cattle Ranch**: It is the most tourist attracted centre in Nigeria for now. A lot of visitors from within and outside and among the upper class always visited this area for holiday, picnics and sightseeing. The facilities provided there are of international standard and they include horse riding, biking, hotel accommodation, e.t.c.

**ADVANTAGES OF TOURISM IN NIGERIA**

1. Revenue generation
2. It encourages international friendliness
3. It promotes culture
4. It generates employment
5. It enhances the history of a nation
6. It encourages creativity and research
7. It leads to the development of infrastructure
8. It encourages international trade
9. It increases standard of living
10. It is a form of education

**DISADAVANTAGES OF TOURISM IN Nigeria**

1. Destruction of culture
2. It encourages terrorism
3. It leads to the spread of harmful diseases
4. It causes pressure on social facilities
5. It leads to increase in crime rate
6. It can cause inflation
7. It can lead to conflict between the tourist and the host community
8. It causes traffic problems
9. It causes environmental pollution
10. It causes disturbances as a result of constant noise from traffic

**HOW CAN GOVERNMENT PROMOTE TOURISM IN WEST AFRICA**

1. Tourism development board for effective publicity
2. Establishment of tourism centres throughout the country
3. Development of infrastructures required to make tourist accessible e.g. airport e.t.c.
4. Development and market of sustainable tourism
5. Rehabilitation and conservation of tourist attraction centers

**INSURANCE**

**DEFINITION**: It can be defined as an agreement between two parties in which one party promise to indemnify another party a sum of money in the event of his suffering specified loss or damages.

Insurance does not cancel out a risk rather it offers monetary assistance by providing cover against some eventuality which may occur at some time in the future. The monetary assistance offered often depends on the amount contributed by one of the parties and the extent of the loss.

**HISTORY OF INSURANCE IN NIGERIA**

Insurance scheme existed in Nigeria long before the coming of western civilization in the form of what is commonly known as “ajo” among the Yoruba speaking group. It operates in an organized social scheme in which extended family members, association of age grade, market women association e.t.c. periodically contribute money and this money is used to rally round any member that suffer a loss.

In the 20th century, the British merchants introduced modern commercial insurance into West Africa and in 1921; the first insurance company was established in Lagos by the Royal Exchange Insurance. Gradually, other insurance companies emerged and by 1969 in order to check the operations of insurance companies in Nigeria, the National Insurance Corporation (NICON) was established as the leading insurance company in Nigeria.

**INSURABLE AND NON- INSURABLE RISKS**

Insurable risks are those risks which an insurer can insure against because it is possible to collect and estimate the future losses should in case it occurs e.g. life assurance, marine insurance e.t.c while non- insurable risks are those type of risks which the insurance company is not ready to insure against because the likely future losses cannot be collected and estimated e.g. loss of profit through competition, gambling, opening of a new shop, risks due to war, change in fashion, the poor location of a business, loss of profit through fall in demand, speculation, launching of a new product and loss incurred as a result of bad management**.**

**INDEMNITY INSURANCE AND NON- INDEMNITY INSURANCE**

Indemnity insurance is the type of insurance in which the insured is restored back to his former position before the event occurred while non- indemnity insurance is the type in which the insured cannot be restored to his former position before the event occur e.g. life assurance.

**PRINCIPLE OF INSURANCE**

There are basic rules which must be followed in insurance and they are seven in number namely;

1. **Indemnities**: It is the principle in which the insured is restored to his former position before the loss occurred. The insured is given compensation in monetary terms by the insurer in the event of his suffering a loss.
2. **Insurable interest**: This principle states that one can only insure properties that will bring financial loss to the insured only, i.e., he cannot insure properties that belong to someone else on his behalf.
3. **Utmost good faith**: This principle is also called uberimae fides. It states that the parties must disclose all material facts truthfully so as not to render the contract void.
4. **Contribution**: This principle states that where a person has insured a certain risk with many insurance companies, he cannot claim compensation in full from each of the insurance companies.
5. **Proximate cause**: This states that only the losses which arise from the direct and immediate cause of the event insured against are indemnified
6. **Subrogation**: This principle states that once the insured is given an indemnity for loss, he can take over the subject matter of the insurance and the rights relating to it. i.e. the insurer can take over the rights of the insured once he has been compensated.
7. **Abandonment**: This principle states that properties that have been insured may be abandoned in certain cases if the actual loss or the cost of repairing the damaged property will exceed their values.

**IMPORTANCE OF INSURANCE**

1. It aids international trade because it provide cover for ships and properties
2. It makes funds available in lump sum for investment
3. It help to reduce financial risk for the business
4. It is a means of savings
5. It serves as collateral security to obtain loans from the bank
6. It provides for old age and disability
7. It help to motivate workers to work harder which brings about higher productivity

**TYPES OF INSURANCE**

There are four major types of insurance namely;

1. **MOTOR VEHICLE INSURANCE**: It is a policy that is taken by a person to provide for death or bodily injury to the person as a result of the use of vehicle on the road.

**Types of motor vehicle insurance**

1. **Third Party motor insurance**: It is a policy that is compulsorily taken by all car owners to cover damages to the vehicles alone as a result of accident by a second party.
2. **Third party fire and theft**: This policy provides cover to the vehicle as a result of accident, fire and theft.
3. **Comprehensive insurance:** This policy provides cover to the driver, the insured vehicle, third parties (i.e. other passengers in the vehicle as at the time of the accident) and the content of the insured vehicle against accident, theft and fire.
4. **MARINE INSURANCE**: It is a branch of insurance which covers losses relating to ship and their cargoes against the dangers of the sea such as storm, collision, theft and fire. Marine insurance is compulsory in international trade.

**Types of Marine insurance**

1. **Hull insurance**: The policy covers the ship against damages which may result from storm, collision and fire. It is usually for a specific time or journey.
2. **Cargo insurance**: This policy covers the cargoes carried by the ship while in transit.
3. **Ship owners’ liability**: This type of insurance covers all risks for which the owner of the ship is negligence in handling of goods which also causes injury to crew on board, damages to other ships or to ports.
4. **Freight insurance**: This policy covers against refusal to pay charges for lifting the goods as well as if the cargo was lost in transit before reaching its destination.
5. **Time policy**: This policy covers the ship and cargoes for a specific period which is usually a year.
6. **Voyage insur**ance: This policy covers a specific journey from one place to another e.g. from Lagos to Abuja.
7. **Floating policy**: This policy is used by traders who make frequent shipment of cargoes.
8. **Mixed policy**: This policy covers the cargoes that are being carried for a particular period of time in a particular journey or voyage.
9. **Construction policy**: This policy covers the construction of a vehicle.
10. **Open cover policy**: It is a form of policy in which an insurer insures or agrees to insure all shipments of cargoes that will be made during an agreed period of time.
11. **Valued policy**: It is a type of policy in which the insured receives a specified sum in the event of a total loss irrespective of the value of the vessel as at the time of the loss.
12. **Unvalued policy**: It is the type in which the insured receives claim based on the value of the vessel in the event of a total loss.
13. **Fleet policy**: The policy covers a fleet of ships under one ownership.

**Marine losses**

There are two types of marine losses namely, total loss and partial loss

1. **TOTAL LOSS**: This occurs when the cargoes carried by the ship is completely destroyed. It is divided into two types;
2. **Actual total loss**: This occurs when the cargoes are completely destroyed by fire or when a ship sinks after collision or when the ship has been worn out by the sea water.
3. **Constructive total loss**: This occurs when the cost of repairing the insured object exceeds the value of the object.
4. **Partial Loss**: This occurs when there is damage to a portion of the ship or cargo. It is divided into two namely;
5. **General average loss**: This occurs when the ship master jettison or deliberately for reasons, throw overboard some of the cargoes in order to lighten the ship so as to prevent it from sinking. The exercise is usually borne by all concerned.
6. **Particular average loss**: This is when the ship or cargo suffers partial loss or damage which is usually accidental e.g. when there is collision between two ships. Here, the loss is borne by the owners of the objects affected.
7. **LIFE ASSURANCE**

It is a policy that is taken as a protection against loss caused by the death of a person.

**Types of Life Assurance**

1. **Term Assurance**: This is the type in which payment will be made to the insurer if the life assured dies within the specified period of the policy.
2. **Whole Life Assurance**: This is the type in which the life assured pays premium throughout the duration of his life. The sum assured is payable to the life assured only at his death.
3. **Endowment Policy**: This is the type in which the sum assured is paid to the life assured either after a fixed number of years or at his death depending on which one occurs first.
4. **Annuities**: This is the policy type in which the insurer agrees in return for a certain sum of money, which was paid either in lump sum or installments, agrees to pay the money plus the investment income i.e. it is able to earn over the expected life time of the investor.

**Reasons for taking Life Assurance**

1. It makes provision for permanent disability
2. It can be used as collateral security to obtain loans from banks
3. It is a means of savings for the future or towards retirement.
4. In the event of death, it can provide for loan repayment
5. It provides for one’s dependants in the event of death
6. It makes provision for the repayment of capital on the death of a partner
7. **FIRE INSURANCE**: It is a type of insurance policy that covers all risks associated with fire, lightening, wiring, lighting and explosion on a person or property such as building, Factories goods and shops. The insured can only receive cover if the fault is not caused by him.

**OTHER TYPES OF INSURANCE**

1. **Bad debt insurance**: It guarantees to protect the insured business against irrecoverable debts
2. **Goods in transit**: It covers against accidental damage or loss to goods while it is being transported from one place to another through any means of transportation
3. **Cash in transit**: It is a policy that provides compensation to he insured if cash is stolen from the business premises, home or while it is being carried to or from the bank
4. **Burglary, theft and robbers**: It is a policy that provides compensation for losses which may arise from goods stolen or damaged through breaking into a shop or business premises
5. **Group insurance**: It is a policy that is taken by an employer to cover its employees or to cover a group of people against accident while still on duty
6. **Employer’s Liability insurance**: It is a policy that is taken by an employer to ensure that he is compensated for any money he may have to pay in respect of a claim to provide compensation, if any of his employees suffer any industrial fatality such as injury, diseases or death
7. **Fidelity guarantee insurance**: It is a policy that is taken by an employer to insure himself against the possibility of the dishonesty of an employee arising from misappropriation of money or fund kept in his charge
8. **Glass plate** **insurance**: It is a policy that covers accidental damage to glass plate, windows, doors and shelves
9. **Agricultural insurance**: It is a policy that provides cover to farmers that suffer losses on their crops due to drought, pests and diseases
10. **Export credit guarantee insurance**: It provides cover for exporters against the major risks of exportation such as bad debts arising from goods sold to foreign buyers, insolvency of buyers and the actions of some foreign government such as trade restrictions e.t.c.
11. **Contractor all risks**: It is a policy that provides compensation to contractors in the event of any damage done to the construction work while work is still in progress
12. **Consequential loss insurance**: It is a policy that covers all losses to commercial firms after a firm’s accident which may cause the firm to stop production for the time being
13. **Aviation insurance**: It is a policy that provides cover to all risks associated with the use of aircraft as a means of transportation i.e. it provides cover for both the aircraft and the passengers there in
14. **Accident insurance**: It is a policy which provides cover for a person in the event of an accident of any form such as car accident or even sickness which may lead to death or an injury.

**TERMINOLOGIES IN INSURANCE INDUSTRY**

1. **Actuary**: He assesses the risks in pension funds and calculate the premium
2. **Proposal form**: This is the form which a person need to fill and sign when he wishes to enter into an insurance contract
3. **Underwriter:** It is a marine insurer who offers to cover a portion of a ship
4. **Re-insurance**: It is a type of insurance in which an insurer insures with another insurance company all or part of the risk
5. **Insurance Agent**: He is a person employed by the principal to enter into a contract on his behalf
6. **Insurance broker**: He is a person who negotiate an insurance cover with an insurance company on behalf of his client(s)
7. **Insurer**: This is the insurance company who undertakes to cover a risk
8. **Insured**: This is the person with whom the insurance company enters into a contract with
9. **Insurance policy**: It is the document which states out the terms of the insurance contract
10. **Premium**: It is the payment which the insured makes to the insurance company once he is insured
11. **Cover note:**  It is a temporary insurance cover given to an insured while his form is being processed and it is usually valid for 60 days
12. **Surrender value**: It is the amount in cash which an insurance company pays to an endowment policy holder if he wishes to stop the contract before the maturity date
13. **Brown card**: It is a type of insurance card which a motorist visiting any country within the West African region carries with him to cover third party liabilities
14. **Barratry**: This is when a captain of a ship acts in detriment to the interest of the ship owner.

**COMMODITY EXCHANGE**

**DEFINITION:** A commodity is defined as any object that possesses commercial value used to satisfy human wants. It can also be defined as a class of goods for which there is a demand.

Exchange simply refers to the act of giving out something in order to have something else in return.

A commodity exchange is any exchange in which various commodities and derivative products are traded particularly agricultural products and raw materials through a commercial institution. Commodity exchange plays an important role in the economy of a nation because

it helps stabilize prices as well as ensure a steady supply of commodities.

**TYPES OF TRADABLE COMMODITIES**

Tradable commodity which are exchange within the international market are classified into three groups namely

1. Agricultural produce e.g. cocoa, coffee, sugar, ginger, palm kernel e.t.c
2. Solid minerals e.g. gold, coal, zinc, lead, diamond, copper e.t.c
3. Oil and Gas

**REQUIREMENT / CONDITIONS FOR TRADING**

For a product to be traded at the commodity exchange, it must undergo certain condition or fulfill certain requirement namely;

1. **Standardizing:** Commodities traded on, must conform to the approved and acceptable international standard of measurement in terms of quality, size, packaging and quantity.
2. **Grading System**: It must conform to the approved grading system internationally.
3. **Clearing System**: It must follow the due protocol
4. **Nature of product**: The product or commodity must be good enough for trading in terms of whether it is perishable or fragile
5. **Nature of trade**: If the demand is large, it would require that the commodity exchange will take over the task rather than the producer dealing directly with the buyer
6. **Warehousing:** A producer of a commodity must have a warehousing facilities because it ensure a steady supply of the commodity all round the year
7. **Capital**: Availability of capital enables a firm to be able to expand on its production capacity to ensure more production
8. **Size of the market**: When the demand for a product is large, it will encourage the producer to produce more
9. **Political stability:** A politically stable country or economy will create a good atmosphere for trading activities
10. **Fallen price of commodity**: A fall in the price of commodity without a corresponding increase will lead to a fall in the demand and thus, low scale of production. This in turn would lead to a maximum profit on the side of the producers because they tend to increase the prices of their products.

**METHODS OF COMMODITY TRADING**

There are two methods of commodity trading namely;

1, **Open outcry**: In this method, floor traders stand in a floor pit to call out traders, prices and quantities of a particular commodity. These floor traders are usually dressed in different coloured jackets or uniforms to indicate their different functions on the floor

2. **Electronic Trading**: In this method, traders are allowed to trade from the trading floor while at home or in offices by connecting to a globex which uses a modified version of the NSC trading system through the internet

**TYPES OF COMMODITY TRADING**

1. **Spot**: It is the type in which delivery either take place immediately or within a minimum time lag. It involves visual inspection of the commodity to be delivered
2. **Forward Contract**: It is the type in which the two parties involve agree on a fixed price of a commodity to be delivered or supplied within a period in future

**BENEFITS OF COMMODITY EXCHANGE**

1. **Employment**: It provides jobs for people e.g. Oil industry
2. **Foreign Exchange**: It help a country to earn foreign exchange through export
3. **International Co-operation**: It creates friendliness among nations as they exchange goods and services with one another
4. **Raw materials**: It serve as a source of raw materials for the local industry
5. **Improvement in standard of living**: People are able to get good and quality things such as food, clothing e.t.c. from other countries that they would not have otherwise have
6. **Development**: It bring about the economic growth and development of a nation
7. **Stabilization**: It helps in price stabilization of a country’s commodities e.g. cocoa, coffee e.t.c.
8. **Flow of goods**: It ensures the flow of goods between nations or from one country to another
9. **Quality product**: Through this exchange, countries tend to improve on the quality of their product as they become specialized
10. **Speculation**: It enables speculators e.g. bear, stag e.t.c. to easily buy as well as sell their contracts

**PROBLEMS OF COMMODITY TRADING**

1. **Risk**: Natural disaster such as drought and erosion poses greater danger to farmers in the area of continuous production and supply of agricultural produce
2. **Poor storage facilities**: It discourage large scale production and hence most of them tend to produce little in order to avoid waste
3. **Too many middlemen**: This lead to unnecessary increase in the prices of commodities which in turn affect the demand for the product
4. **Lack of finance**: Most of the traders lack adequate stable finance to execute their contracts and this in most cases make them to default
5. **Unfulfilled contracts**: When prices of commodities rise up beyond speculation, most of the traders , especially the exporters of cocoa, find it very difficult to fulfill their contracts in a future delivery
6. **Price fluctuation**: Price fluctuation usually occurs due to war in major countries producing the commodities and this may affect many forward contracts from being honoured

**MEASURES TO PROMOTE COMMODITY EXCHANGE**

1. Provision of adequate storage facilities
2. Provision of capital at a small interest rate to farmers
3. Price legislation on certain essential commodities
4. A stable political atmosphere should be ensured
5. Quality specification to meet international standard in terms of quality and grading
6. Development of infrastructures e.g. electricity, water e.t.c.
7. Good transport system like roads, railway and air transport system should be ensured
8. Clear rules: Clear rules should be enacted in order to ensure consistency
9. Security: Trading in commodity exchange career strive where the security is volatile i.e. where citizens and properties are safe e.g. the activities of Boko Haram in the northern states of Nigeria is affecting some commodities grown in that area

**DIFFERENCES BETWEEEN COMMODITIES AND STOCKS**

|  |  |
| --- | --- |
| **STOCK** | **COMMODITY** |
| Stock yield different dividends | Commodity yield same dividends |
| They are investment | They are capital or consumable goods |
| Stock are fully paid for at the stock exchange | Commodities can be paid for installmentally |
| Stock offered for sale must be of quoted companies | Commodity or trader can be sold at the floor pit |
| They are sold and bought at the stock exchange market | They are bought and sold at the commodity market |
| They are majorly used to raise capital for a business | They are bought and sold for human consumption |
| They can be preserved for a very long time | They cannot be preserved for a very long time |
| They can continue to yield dividend for the investor as the year roll by | They are sold at once |

**PUBLIC RELATIONS AND CUSTOMERS SERVICES**

**DEFINITION**: It is defined as a planned effort by a business organization to create and establish a good image between her organization and the general public.

**IMPORTANCE OF PUBLIC RELATIONS**

1. It helps advertise the products of a firm
2. It helps the organization to achieve her goals
3. It makes the public to be aware of the organization and her products
4. It ensures a good relationship between an organization and its public
5. It helps in maintaining good relationship with the employees

**PUBLIC RELATIONS MEDIA/ METHODS**

1. **Cinemas/Television/ Radio**: Firms build good images for themselves by sponsoring special programmes on televisions and on air which interest members of the public e.g. sponsorship of World Cup during FIFA e.t.c.
2. **Trade Fair and exhibitions:** Trade fairs are organized nationally and internationally and firms use the avenue to participate by booking and setting up a stand to promote its products both old and new.
3. **Gifts and samples**: Manufacturers of products give free goods regularly as samples or gifts to their customers especially during festive periods or at anniversaries of the firm in order to maintain goodwill. The gifts may be in form of cash prizes or souvenors with the company’s name and logo on it.
4. **Feature articles/ Press release:** By way of promoting goodwill, a firm can sponsor the publication of articles in the national dailies, magazines or periodicals. Such articles are written to highlight the good qualities of the firm and its products and as well as counteract criticisms about the company.
5. **Seminars / Workshops/ Conferences:** are organized to highlight the various activities of the firm to the general public. They also use it as opportunity to answer questions that are being asked about the firm and its products
6. **Sponsored Programmes:** Companies boost their images by sponsoring sporting activities like live- telecast of sporting events e.g. Olympic or school programmes e.g. Cowbell Mathematic competitions e.t.c.
7. **Provision of After-sales Services**: These are services that are given to customers after purchasing the company’s products e.g. delivery services, installation services, repairs and maintenance of products e.t.c. This serve to boost the image of the firm.
8. **Charitable Ventures**: A firm can boost her image by contributing financially to a charitable organization e.g. donating to motherless children homes, spinal cord injury society , giving scholarship to the disabled or under- privileged people in the society e.t.c
9. **Social responsibility**: Some firms by way of boosting their image contribute or participate in community projects such as building of community centres, roads, markets, hospitals, schools, pipe-borne water e.t.c.
10. **Annual reports/ Publications**: Through this medium, the activities of a company is highlighted in terms of numbers of employees generated, tax paid to the government dividends, welfare programmes e.t.c

**CUSTOMER SERVICES**

**DEFINITION**: These are services that are given to a customer by a company before and after buying a product.

**TYPES OF CUSTOMER SERVICES**

1. Pre- Sales Services
2. After sales Services

**PRE-SALES SERVICES**: These are the services that are given to the customer before the purchase of the company’s product. Examples include:

1. Parking space
2. Price-list
3. Shop- assistants: Some assistants are made always available to help assist the buyers in making their purchases
4. Display of products
5. Credit facilities
6. Demonstration: special trained personnel are made available to help demonstrate to the potential buyer how to use the product. This act encourage some buyers to buy the product on the spot
7. General atmosphere of the shop premises: The environment should be made conducive to the buyer. Most firms air- conditioned their rooms and decorate it with well lilted light to enable customers to see the products
8. Granting of discount

**AFTER-SALES SERVICES**

**DEFINITION**: These are services that are given to the customers after the purchase of the company’s product in order to ensure continuous patronage. Examples include;

1. Home delivery
2. Free installation services
3. Servicing , repairs and maintenance
4. Shop attendants/ Porters: They assist customers to help carry their goods to their cars.
5. Packaging of goods: Goods bought by customers are well packed into branded bags for the customers
6. Free samples: are sometimes given out to customers to encourage them to buy more
7. Customer relations: When customers make complains about a company’s products and they are well- attended to, it makes the customers want to keep patronizing the company’s products

**BUSINESS REGULATION**

**Introduction**: There are different rules and regulations set up by the government to regulate and control business activities in a country. The essence of these rules is to ensure uniformity or a uniform standard for every business organization to follow so as to ensure a smooth operation**.**

**Methods or ways by which Government regulates business activities**

1. **Registration of business:** All business units in a country are mandated by the Company Acts to register with the Corporate Affairs Commission before commencing its operation.

A one- man business or partnership undergo ordinary registration while limited liability companies register with the registrar of Companies and will only commence operation after they have been issued with a certificate of trading and a certificate of incorporation.

1. **Patent rights**: This is the exclusive rights that are given by the government of a country to an inventor to sell an invention for a certain period of years in order to enable him to benefit from the proceeds of the investment. Anyone gave a patent right have a degree of monopoly in the production of that item. The person to whom the patent right is granted is known as the patentee.
2. **Trademarks**: It is an identification or mark or symbol or design which is usually attached to goods in order to distinguish them from similar products.

The trademarks are usually registered with the appropriate government agency, hence giving the possessor of the trademark some degree of monopoly power in the production of that product. The use of trade mark ensures that the quality of that particular commodity does not vary and cannot be imitated by other firms. An example of a trade mark is close- up tooth paste wraps.

1. **Copyrights**: This is the sole right granted by law to a person to produce a literary or dramatic work, artistic or musical compositions. It gives the person a monopoly in the production of his work, but he may at his own will, assign the copyright to another person(s) in return for payment. The period for the copyright is for a specified period of years. Literary copyrights usually will last for 50 years after the death of the author while musical rights will last for 50 years after its release.
2. **Publication of accounts**: Public limited liability companies are mandated by law to publish their annual account for the general public in order to prevent fraudulent practices.
3. **Approval of business location**: Government regulates businesses by giving approval for the location of a business and most times it achieves this, by establishing industrial estates.
4. **Standard weights and measures**: All business units are mandated to use standard weights and measures for their products.
5. **Regulation of disposal waste**: Businesses are mandated by law to introduce or devise a method by which they dispose of their waste in order to prevent environmental pollution.
6. **Taxing company’s profits**: Government regulate businesses by taxing the excess profits especially of monopolistic firm in order to prevent them from exploiting the masses. Likewise, the government does grant tax concessions to poor firms in order to encourage them to stay on production.
7. Production **of safe goods**: The government ensures that companies offer safe and high quality goods for consumption.

**Reasons for government regulation of businesses**

1. To create uniformity in the mode of operations of companies
2. To ensure industrial harmony between employers and employees
3. To raise revenue for the government through the payment of taxes by companies
4. To make provision for the production of quality goods
5. To ensure a regular supply of essential goods and services
6. To promote economic development

**ASSIGNMENT**

In your own view and in one page, observe and explain the effectiveness or inefficiency of the methods by which government regulates businesses in Nigeria.