BUSINESS STUDIES

**JS 1 SECOND TERM**

***INSTRUCTION:*** *MAKE SURE YOU COPY ATLEAST THREE TOPICS BEFORE RESUMPTION*

**SCHEME OF WORK**

1. Occupation
2. Honesty in Business
3. Ethics in sourcing chemicals
4. Entrepreneurship
5. Forms of business units- Sole Trade
6. Partnership
7. Limited Liability Company
8. Private limited liability company
9. Public limited liability company
10. Cooperative Societies

**OCCUPATION**

This is any productive activity that people do to earn a living, e.g., farming, singing, cleaning, teaching, trading, hunting, driving, etc.

**Types of Occupation**

* **Primary or Extractive Occupation:** This involves obtaining natural resources that can be used as raw materials, e.g., farming, mining, hunting.
* **Industrial Occupation (Secondary Occupation):** These are occupations that exist in different industries. They require training and educational background, e.g., machinist, mechanic, panel beater, plumber, etc.
* **Commercial or Tertiary Occupation:** These involve the exchange, distribution, and sale of goods and services, e.g., traders, transporters, etc.
* **Social Service Occupation:** These occupations render direct and indirect services. They include health service workers, medicine, and medical assistants, e.g., nursing, physiotherapy, etc.

**Protective and Defense Services**

1. Prison officers
2. Firefighters
3. Guards
4. Police
5. Defense (Armed Forces)
6. Civil defense

**Personal Services**

1. Haircuts/Hairdressing
2. Private house help/Domestic service
3. Private teaching and childcare
4. Laundry services

**Factors Affecting Choice of Occupation**

1. Interest
2. Ability
3. Risks
4. Family background
5. Education and training
6. Reward/Remuneration
7. Talent
8. Proximity to natural resources
9. Religious beliefs
10. Economic conditions
11. Employment prospects
12. Possibility of self-employment
13. Job security
14. Cost and duration of training

**HONESTY IN BUSINESS**

Honesty is the ability to tell the truth regardless of the situation.

Truthfulness is refusing to lie or make false claims about an organization, its workers, or its products.

**Attributes of Truthfulness That Lead to Business Success**

1. Consistent behavior
2. Steadfastness
3. Uprightness
4. Integrity
5. Reliability
6. Honesty
7. Sincerity
8. Trustworthiness
9. Credibility
10. Objectivity

**Factors That Cause People to Lie in Business**

1. Greed
2. Desperation to survive in a competitive market
3. Fear
4. Desire for acceptance
5. Habit
6. To save costs and make profit
7. To cover up weaknesses

**Rewards for Being Truthful**

1. It creates goodwill.
2. It builds trust.
3. It increases sales and turnover.
4. It leads to improvement.
5. It builds credibility and respect.
6. It builds courage and integrity.

**Consequences of Not Being Truthful**

1. Loss of credibility and respect
2. Lack of trust
3. Breakdown of relationships
4. Business failure
5. Financial losses

**Fair Play**

Fair play means adhering to established rules, being open and impartial, and treating everyone equally.

**Attributes of Fair Play**

1. Equity
2. Openness
3. Impartiality

**Golden Rule**

It is an accepted rule of social behavior: Do unto others as you would have them do unto you.

**Justice for Unfair Treatment**

Justice for unfair treatment can take three forms:

* **Reparative Justice:** Compensation, indemnity, or redress
* **Restorative Justice:** Making amends, restoring justice
* **Retributive Justice:** Punishment/Retribution

**ETHICS IN SOURCING CHEMICALS**

Ethics in sourcing chemicals are rules guiding the sourcing and use of chemicals.

**Ethics in Sourcing Chemicals**

1. **Licensed Chemical Vendors:** All chemicals should be purchased from licensed vendors to maintain quality supply.
2. **Good Handling Techniques:** Chemicals should be handled properly to avoid explosions or damage to people or property.
3. **Safe Distribution:** Distributors or chemical sellers should be careful when transporting products to avoid endangering people's lives. Flammable chemicals should be arranged carefully in special containers.
4. **Proper Disposal:** Chemical wastes must be properly disposed of to avoid endangering people and animal life. The containers should also be well labeled to indicate the type of chemical waste they hold.

**Advantages of Ethics in the Use of Chemicals**

1. Prevents negative effects on the environment
2. Maintains professional practices
3. Maintains quality products
4. Avoids danger to the health and safety of people

**Entrepreneurship**

An entrepreneur is a person who owns a business enterprise. They provide land, labor, and capital for the business.

**Enterprises:** These are business ventures set up to provide goods and services and generate profit.

**Self-Employment:** This is simply described as someone working for themselves. Therefore, an entrepreneur is self-employed.

**Requirements for Self-Employment**

1. **Skill:** An entrepreneur needs to acquire skills related to the business they want to start for easy management.
2. **Capital:** An entrepreneur should secure capital before setting up the business; otherwise, it will not expand or may collapse.
3. **Infrastructure:** It is the entrepreneur's responsibility to secure an adequate location and social amenities for the growth and development of the business.

**Local Entrepreneurs**

These are entrepreneurs who operate in their local communities, e.g., the founder of Flying Doctors Nigeria (West Africa's first Air Ambulance service in 2009), Bamitale Alimi (founder of Recreation Fashion House), Akeem Lawal (founder of Creamy Delight Cake), and Oghenero Oghenova (founder of T-shirt Factory).

**National Entrepreneurs**

These are successful entrepreneurs at the national level:

1. Mike Adenuga - Conoil and Globacom
2. Cosmos Maduka - Cosharis Group
3. Jim Ovia - Zenith Bank & Visafone

**International Entrepreneurs**

These are entrepreneurs who are successful internationally, e.g.:

1. Bill Gates (founder of Microsoft)
2. Elon Musk (founder of Tesla and SpaceX)
3. Mark Zuckerberg (founder of Facebook)

**Importance of Entrepreneurship**

1. It helps to create employment.
2. It leads to new and improved products.
3. It helps with the development and realization of creative and innovative ideas.
4. It creates wealth for the nation.
5. It helps individuals to be self-sufficient.
6. It helps to reduce social problems, e.g., petty crimes like gang violence.
7. It creates demand for products.
8. It encourages the creation of more businesses.

**FORMS OF BUSINESS ORGANIZATIONS**

**SOLE TRADE/SOLE PROPRIETORSHIP**

A sole proprietorship or sole trade is a business owned by one person. It can also be called a one-person business.

**Features of a Sole-Proprietorship Business**

1. It is owned and run by one person called a sole proprietor.
2. The capital is provided by the sole proprietor.
3. Liability is unlimited.
4. It is not a separate legal entity.
5. The duration of the business is determined by the owner.

**Advantages of a Sole-Proprietorship Business**

1. Decisions can be made quickly.
2. The owner is fully devoted to the business.
3. It is easy to form.
4. The owner enjoys all the profit.
5. There is direct supervision because it is managed by only one person.
6. The owner attends to customers personally, which builds owner-customer relationships.
7. It is flexible.

**Disadvantages of a Sole-Proprietorship Business**

1. The death of the owner might mean the end of the business.
2. Liability is unlimited.
3. The owner bears all the risks.
4. The owner provides all factors of production.
5. Lack of capital hinders the expansion of the business.

**Sources of Capital**

1. Personal savings
2. Borrowing from friends and relatives
3. Reinvested profits
4. Trade credit

**PARTNERSHIP BUSINESS**

A partnership business is a business owned by between two and twenty persons.

**Formation of a Partnership Business**

This type of business is formed when two or more persons come together and agree to conduct a business for profit. They choose a business name called a TRADE NAME, create a written agreement called a PARTNERSHIP DEED, and register their name with the registrar of companies, receiving a certificate of authorization to commence their business.

**Partnership Agreement/Deed**

This is a document that contains the terms of the agreement between the partners.

**Content of a Partnership Agreement/Deed**

1. Names of partners
2. Duration of the business
3. Method of sharing profit and loss
4. Interest to be charged on capital contributions
5. Interest on money withdrawn by any partner
6. Interest on loans to the business
7. How the business accounts will be kept
8. How the business will be audited (external or internal)
9. Valuation of goodwill
10. Settlement for a retired or deceased partner

In the absence of a partnership agreement, if there is a dispute among partners, they will refer to the Partnership Act of 1890.

**Content of the Partnership Act of 1890**

1. Equal contribution of capital
2. Equal sharing of profits
3. Expenses incurred by a partner on behalf of the business will be reimbursed to the partner.
4. No salary will be paid to any partner for services rendered to the business.
5. Admission of a new partner must be with the consent of all existing partners.
6. All partners must approve any changes to the nature of the business.
7. All partnership records must be accessible to all partners.
8. Interest will only be paid on capital after the partnership's profit has been determined.

**Types of Partners**

1. Ordinary Partners
2. Limited Partners
3. Active Partner
4. Dormant or Sleeping Partner
5. Nominal/Quasi Partner

* **Ordinary Partner:** This type of partner is fully liable for the debts of the business. If an ordinary partner dies, the partnership dissolves.
* **Limited Partner:** This type of partner has limited liability in the business. They must register with the registrar of companies.
* **Active Partner:** This type of partner takes an active role in the formation and management of the business.
* **Sleeping or Dormant Partner:** This type of partner contributes capital but does not participate in the daily running of the business.
* **Nominal/Quasi Partner:** This type of partner lends their name to the business. The partner is usually a prominent and well-regarded person.

**Features of Partnership Business**

1. A partnership business is not a separate legal entity.
2. Liability is usually unlimited (except for limited partners).
3. It is owned by between 2 and 20 persons, except in professional businesses like banking and accounting, which have between 2 and 10 persons.
4. It is managed by the partners.
5. Capital is provided by the partners.

**Advantages of Partnership Business**

1. The lifespan is generally longer than that of a sole proprietorship.
2. The capital base is larger than that of a sole proprietorship.
3. Risks are shared among the members.
4. There is more potential for expansion due to the larger capital base.

**Disadvantages of Partnership Business**

1. Ordinary partners have unlimited liability.
2. It may have a limited source of capital compared to a company.
3. The death or withdrawal of an active partner can cause the dissolution of the partnership.
4. Disagreements and conflicts can arise among the partners.
5. Expansion can be limited due to the restriction on the number of partners.

**Sources of Capital for Partnership Business**

1. Contributions from partners
2. Reinvested profits (ploughed-back profits)
3. Trade credit
4. Loans from banks

**LIMITED LIABILITY COMPANY**

A company is a business enterprise that is incorporated (registered). It is a business enterprise formed by an act of parliament or under the Companies Act (Companies and Allied Matters Act, 1990).

A company formed under the Companies Act is known as a Joint Stock Company. It is formed when a number of persons subscribe their names in a document called the Memorandum of Association and register the name of the company with the Registrar of Companies (Corporate Affairs Commission).

**Memorandum of Association**

This is a document that contains:

1. The objectives of the company
2. What the company can and cannot do
3. The nature of the company
4. The relationship between the company and the public

**Articles of Association**

This document contains the internal affairs of the business, which include:

1. Rules and regulations for members
2. Duties of the directors
3. Rights, duties, and limitations of members

**Nature of Limited Liability Companies**

These are companies/business enterprises in which the liability of the members is limited, i.e., the liability of the ordinary shareholders cannot exceed the amount they contributed as shareholders.

A shareholder's liability can be:

1. Limited by Shares
2. Limited by Guarantee

* **Limited by Shares:** A shareholder can only lose the amount they used to purchase shares if the company is liquidated.
* **Limited by Guarantee:** The liability of the members is limited to the amount they agreed to contribute to the company's assets if it becomes insolvent.

**Advantages of a Limited Liability Company**

1. They have more capital than sole traders and partnerships.
2. The company continues to exist even in the event of a member's death.
3. Shareholders enjoy limited liability.
4. It is a separate legal entity.
5. It has legal rights and obligations.

**Disadvantages of a Limited Liability Company**

1. Formation is more complex than for sole proprietorship or partnerships.
2. Withdrawal of capital/membership is usually not allowed without the consent of other shareholders.
3. Auditing of accounts is compulsory.
4. Management can be complex.
5. Decision-making can be slow.
6. There is less privacy in the business's affairs.

**Share**

A share is a unit of a company’s capital. The person who buys a company’s share is a shareholder.

**Classes of Shares**

1. Ordinary share
2. Preference share

* **Ordinary shareholders** are the owners of the company. They have the right to vote and to be voted for. They are entitled to dividends when they are declared. They enjoy several benefits when the company is progressing and incur losses when it is retrogressing. They are the residual claimants of the company’s assets. They receive their dividends after other shareholders have been paid.
* **Preference shareholders** have a fixed rate of dividend. Their capital is repaid before other shareholders in the event of company liquidation. They receive a fixed rate of dividend. There are two types of preference shareholders: cumulative and non-cumulative.

**Cumulative preference shareholders** are shareholders who collect their arrears of unpaid dividends from future profits while **Non-cumulative preference shareholders** are shareholders who cannot collect arrears of unpaid dividends from future profits.

**PRIVATE LIMITED LIABILITY COMPANY**

This is a limited liability company formed by between two and fifty persons.

**Features of a Private Limited Liability Company**

1. The number of members is between 2 and 50.
2. They do not sell their shares to the public.
3. They do not list their shares on the stock exchange market.
4. The abbreviation "Ltd." is used after their name.
5. Members who want to transfer their shares must seek the consent of other shareholders.

**Advantages of a Private Limited Liability Company**

1. They enjoy privacy.
2. Their annual reports and accounts are not published, except for taxation purposes.
3. The management structure is simple.
4. It requires less capital than a public company.

**Disadvantages of a Private Limited Liability Company**

1. Shares cannot be issued to the public.
2. Borrowing from the public is not allowed by law.
3. Transfer of shares from one person to another is restricted.
4. It is not listed on the stock exchange market.
5. Its capacity to raise capital is restricted.

**External Sources of Capital for a Private Limited Liability Company**

1. Borrowing from specialized banks
2. Borrowing from private individual investors

**Internal Sources of Capital for a Private Limited Liability Company**

1. Selling shares to existing shareholders
2. Retained profits
3. Proceeds from the issue of new shares to existing shareholders

**Public Limited Liability Companies**

These are companies made up of between seven and an unlimited number of members.

**Features of Public Limited Liability Company**

1. Membership is between seven and an unlimited number of members.
2. They sell their shares to the public.
3. Shareholders can sell or transfer their shares without the consent of other shareholders.
4. The letters "PLC" (Public Limited Company) are written after the company’s name, e.g., Access Bank Nigeria PLC.

**Advantages of a Public Limited Liability Company**

1. It can sell its shares to the public.
2. They can engage in diverse lines of business.
3. It can borrow from the public.
4. It can be listed on the stock exchange market.
5. A listed company has a wide market for its shares.

**Disadvantages of a Public Limited Liability Company**

1. Formation is expensive/costly.
2. It lacks privacy.
3. Annual reports and accounts must be published.
4. Individuals with few shares may not influence the policy of the company.
5. All information required by the Companies and Allied Matters Act must be published.

**External Sources of Capital for a Public Limited Liability Company**

1. Selling of shares
2. Borrowing from the public through debentures
3. Issue of preference shares
4. Borrowing from banks and other financial institutions

**Internal Sources of Capital for a Public Limited Liability Company**

1. Retained profits
2. Profit on sales of shares
3. Revaluation of assets
4. Short-term capital, including bank overdrafts, trade credit, and short-term loans

**Diagram of Limited Companies**

Limited Companies

Limited by Share

Limited by guarantee

Public Limited Liability Company

Private Limited Liability Company

**COOPERATIVE SOCIETIES**

This is an organization formed by a group of individuals, organizations, and workers who voluntarily pool their resources and invest them in a business for their mutual benefit.

**Types of Cooperatives**

1. **Producers' Cooperative:** These are groups of producers who pool their resources together to buy equipment that one person might not be able to afford, produce their products, and sell them to maximize profit, which is then shared among their members according to their contributions.
2. **Consumers' Cooperative:** These are groups of consumers who pool their resources together and buy goods directly from producers to eliminate middleman costs and share the goods among their members.
3. **Retail Cooperative:** These are groups of retailers who pool their resources together and buy goods at a cheaper rate directly from producers, sell them, and share their profits according to patronage.

**Advantages of Cooperative Societies**

1. Trade is carried out in a stable environment.
2. Management is democratic.
3. Members are loyal to the organization.
4. Each member is entitled to one vote.
5. Conflict is minimal because of the democratic nature of the business.
6. There is an increase in turnover and profit.

**Disadvantages of Cooperative Societies**

1. There may be a lack of expertise in the management of the business.
2. Powerful cooperatives could compete unfairly with retail traders and put them out of business.
3. Some members may borrow money and not repay it, which can cause conflict among members or instability within the organization.

**Sources of Income for Cooperative Societies**

1. Contributions from members
2. Building up reserves
3. Loans from banks
4. Introduction of new members

**Public Enterprises**

These are organizations formed by the government to serve the public.

**Types of Public Enterprises**

1. **Government Departmental Enterprises:** These are groups formed to operate social services. They are wholly owned by the government and operate as government departments, following civil service rules. Examples include NITEL, NIPOST, state water boards, and health management boards.
2. **Public Corporations:** These are public enterprises wholly owned by the government but managed by their own boards. They are formed through acts of parliament or by decree. Examples include the Nigerian Railway Corporation and the Nigerian Ports Authority.
3. **State-Owned Companies:** These are limited companies owned by the state. They are formed and operate under the Companies Act. In some of these companies, individuals may be shareholders, for example, commercial banks and some industrial organizations.
4. **Municipal Enterprises:** These are enterprises formed and owned by local governments to provide local services to the public. Examples include Kwara Express (transportation company) and Jos Riders.

**Advantages of Public Enterprises**

1. They enjoy government financial support.
2. They provide cheaper and accessible services to the public.
3. They provide employment opportunities to citizens.
4. They protect certain sectors from competition.
5. They provide essential services to the public.

**Disadvantages of Public Enterprises**

1. Mismanagement often leads to losses.
2. There may be a lack of supervision.
3. Fraud and corruption are common.
4. Appointments are not always made based on qualifications.
5. There is often interference from the government.

**Internal Sources of Capital for Public enterprises**

* 1. Financial surplus from income and expenditure accounts
  2. Taxes from citizens

**External Sources of Capital for Public enterprises**

* 1. Government loans and grants
  2. Loans from financial institutions
  3. Sales of equity shares (state-owned companies)
  4. Foreign support through grants and soft loans

**Consumer Market and Society**

**Consumer:** This is the final user of any product or service. Examples include Yomi and all individuals.

Market: A place where buyers and sellers meet to exchange goods or services for payment.

**Society:** A group of people living together in a community or particular place. Society is made up of producers, sellers, and consumers who exchange goods and services in the market for payment.

Consumer education is the knowledge or education given to consumers to enable them to make informed decisions when buying goods and services.

**Need for Consumer Education**

1. To obtain good information on products and services
2. To know their rights and limitations
3. To have a good understanding of their roles in the economic development of society

**Importance of Consumer Education**

1. Quality control
2. Resource management
3. Informed choice
4. Understanding of rights and responsibilities

**Consequences of Lack of Consumer Education**

1. Poor purchasing decisions
2. Price exploitation
3. Waste of resources
4. Lower standard of living

**Chemicals**

These are substances produced by a process involving chemistry. They may be liquid, solid, semi-solid, or gas. They are obtained from various sources, for example, plants and animals.

**Types of Chemicals**

* Suitable or non-hazardous chemicals
* Unsuitable or hazardous chemicals

1. **Suitable or Non-Hazardous Chemicals:** These are chemicals that are not harmful for human consumption. Examples include flavoring spices and preservatives (thyme, curry, Maggi, Onga, etc.).
2. **Unsuitable or Hazardous Chemicals:** These are chemicals that are harmful and can have adverse effects on our lives, property, and the environment. Examples include caustic acid, amino acid, and cyanide.

**Need for Monitoring and Controlling the Use of Chemicals**

1. To ensure proper and safe use
2. To ensure proper disposal of chemicals
3. To prevent adverse effects on human lives and property
4. To ensure proper storage
5. To prevent adverse effects on the environment

**Ways of Controlling Chemicals**

1. Isolate or enclose places where chemicals are used or produced.
2. Reduce the use of more toxic chemicals.
3. Workers should follow production instructions.
4. Workers should use good laboratory practices and materials.
5. Protective equipment, respirators, and protective clothing should be used.

**Effects of Lack of Monitoring of Chemicals**

1. It leads to environmental pollution.
2. It causes poor health in humans and wildlife.
3. It leads to the production of substandard products.
4. It leads to misuse and improper distribution of chemicals.