

TOPIC: FUNCTIONS OF A BUSINESS

The functions of a business are the main activities needed in the business that make it operate efficiently.

Businesses employ people with specialised knowledge and training to do specific jobs.

Not all large businesses have all the functions.

Some businesses **outsource** (pay someone outside the business to do the job) certain functions to other outside specialised businesses.

There are eight business functions – administration, finances, general management, human resources, marketing, production, public relations and purchasing.

ADMINISTRATION

Administration in a business involves recording and organising information so that the business can run successfully.

Administration looks after the paper work such as letters, order forms, cash sales, payment vouchers, payslips, bank statements and reports.

People who work in administration are involved in filing all business information in a way that makes it easy to find when someone needs it.

FINANCES

It is to control and record all the financial activities and records of the business.

The finance function is responsible for the flow of capital into and out of the business.

The finance function is responsible for:

- keeping up with legislation affecting the business.
- analysing, reporting, planning and controlling the finances.
- managing the cash flow, financial investments and properties.

GENERAL MANAGEMENT

General management is a top level management function concerned with the overall management of the business.

General management is different from other functions because it is 'in charge' of other functions and controls the business management process.

There are three levels of management in most organisations.

Top management consist of executives who make **strategic** decisions. They set the vision, mission goals and objectives.

Middle management is normally the departmental managers, the financial manager, marketing manager and production manager. Middle management makes **tactical** decisions.

Lower management generally has specific management duties that need to be carried out. They are the supervisors and make **operational** decisions.

HUMAN RESOURCES

The HR function is responsible for the labour matters in the business.

Human resources function does the following:

- Assess labour needs
- Create job descriptions for the various posts in the business.
- Recruits staff internally and externally to fill vacant posts.
- Arrange for induction and training.
- Arrange weekly or monthly wage and salary payments.
- Oversee grievance procedures and dismissals to make sure they are legal.

MARKETING

The marketing function develops strategies to persuade consumers that their products and services are the best.

Marketing covers:

- Market research – to establish market needs and preferences and what competition there is in the market.
- Product research – to establish which product or service will satisfy consumer needs.
- Distribution – decide on the correct place and time to market the product or service.
- Determine a price that the market will be willing to pay.
- Communicate to the market use advertising and sales promotions.
- Establish a brand for the business and its products.

PRODUCTION

The production function uses resources to manufacture goods or offer services to its consumer market.

The production function makes sure the products or services are of good quality and can compete with other businesses.

The production function is responsible for:

- Producing high quality goods and keeping costs low.
- Handling volumes to meet consumer demands
- Improving the operations of the business
- Meeting consumer expectations

PUBLIC RELATIONS

The public relations function looks after the public image of the business.

It creates a link between the business and its environment by promoting a good image of the business and explaining the vision and mission, programmes and operations to the public.

A good public image improves the ability of the business to make a profit and grow successfully.

The PR function does the following:

- Evaluates public opinion by means of market research.
- Plans activities that make the public think well of the business e.g. projects in disadvantaged communities.
- Builds the image and brand of the business.

PURCHASING

The purchasing function does all the buying of the business, from the stationery and equipment required, to raw materials for any production process, to vehicles for the business fleet.

The purchasing function is responsible for:

- Identify suitable suppliers, research prices and availability
- Choose a supplier and issue an order
- Follow up on the order and make delivery arrangements
- Check delivery and inspect it against a delivery note or invoice
- Distribute goods to the function requiring the goods

RISK MANAGEMENT

The risk management function is responsible for identifying and assessing the possibilities of risk to the business such as natural disasters, financial investments, credit risk, and accidents in the workplace, legal liabilities and project failure.

The job of a risk manager is to develop a plan to reduce the impact of the risk.

They can do this by avoiding the risk, taking out insurance against the risk, taking precautions to reduce the negative of the risk, accepting some or all the possible or real consequences of a risk.

TOPIC: BUSINESS FUNCTIONS – ACTIVITY

1. Match the description in **Column B** with the business function in **Column A**.

COLUMN A	COLUMN B
1. Public relations	A. Analysing, reporting, planning and controlling the finances as well as managing the cash flow, financial investments and properties
2. Administration	B. This function does all the buying of the business, from the stationery and equipment required, to raw materials for any production process, to vehicles for the business fleet.
3. Marketing	C. This function is concerned with the overall management of the business.
4. Purchasing	D. This function looks after the public image of the business.
5. Human Resources	E. This function uses resources to manufacture goods or offer services to its consumer market.
6. Finance	F. This function develops strategies to persuade consumers that their products and services are the best.
7. Production	G. It looks after the paper work such as letters, order forms, cash sales, payment vouchers, payslips, bank statements and reports.
8. General management	H. This function is responsible for the labour matters in the business.

2. Name the **EIGHT** business functions. (8)
3. Name the **THREE** levels of management and the type of decision made by each level. (6)
4. Read the case study and then answer the questions that follow.

The ABC Clothing Company
<p>The ABC Clothing Company specialises in a popular range of children's clothing that is shipped to retail stores in all the major towns in South Africa. This progressive business carries out market research regularly to keep up with changing fashions and consumer preferences. It also checks on what the competition is doing and what the consumer market thinks of ABC Clothing Company.</p> <p>Zanele, the owner, is proud of her growing business and supportive board of directors. The management team is enthusiastic and competent – new suggestions for a staff canteen and gym facilities by Richard Abrahams, the HR manager, have been well received. Upgraded computer technology has improved information access. In addition, purchasing has identified a new supplier of raw materials that will keep ABC's products competitive. The cash flow is healthy and a firm of consultants have suggested ways to reduce any business risks.</p>

- Name the business functions mentioned in the case study. Motivate your answer with an example from the case study. (16)