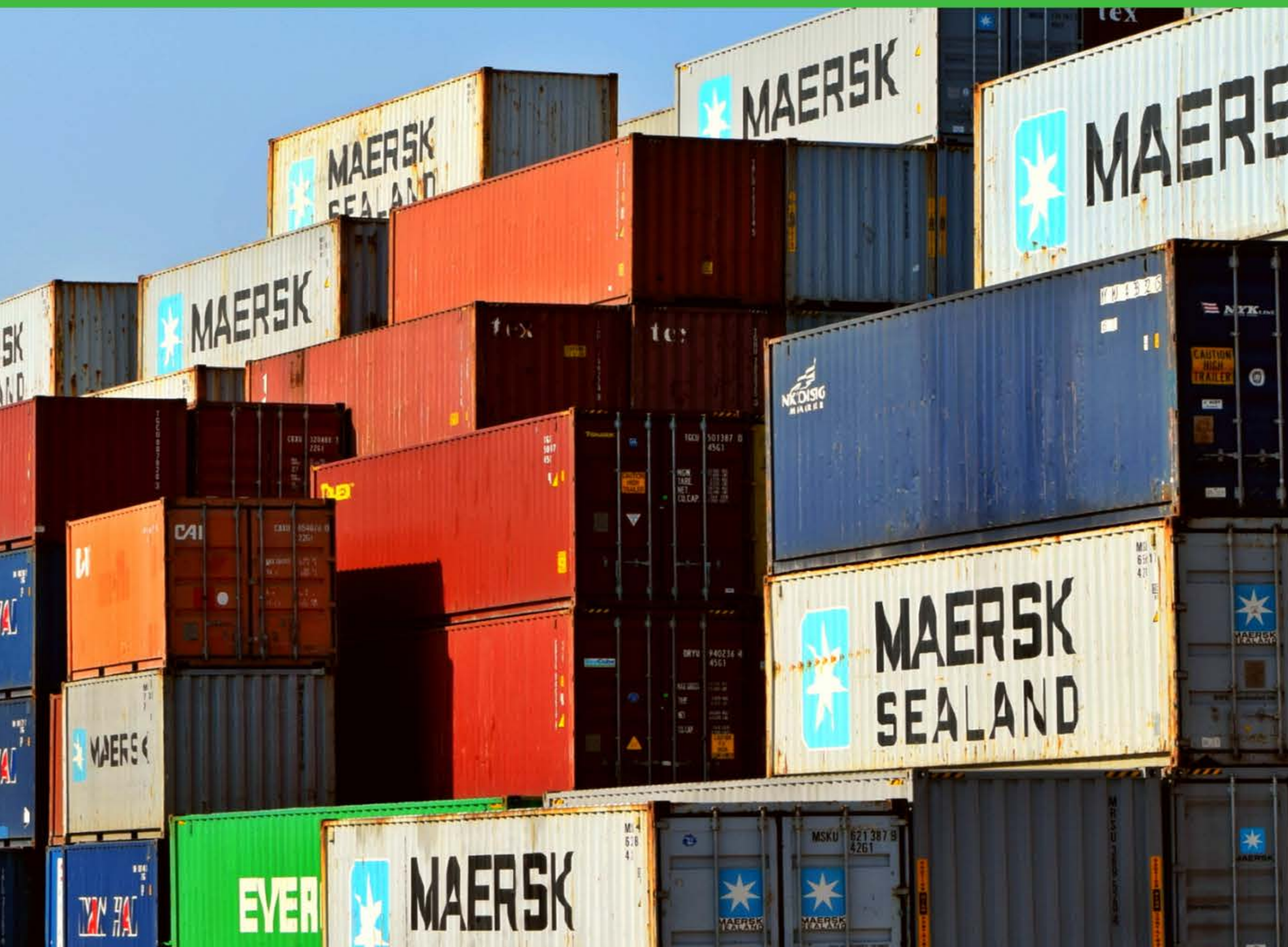
COMMERCE

FOR

Senior Secondary School 3



AKADALEARN

SS 3

FIRST TERM NOTES ON COMMERCE

TABLE OF CONTENT

FIRST TERM

<u>WEEK 1</u>

SS 3 Commerce First Term

Topic: Business Law

CONTENT:

- **Meaning, Branches of Commercial Law e.g Law of Contract, Hire Purchase, Sales of goods, Agency etc.**
- **Law of Contract**
  – Definition of Contract
  – Classification of contract
  – Essential element of valid contract

Business/Commercial Law

Business law encompasses all of the laws that dictate how to form and run a business. This includes all of the laws that govern how to start, buy, manage and close or sell any type of business. Business laws establish the rules that all businesses should follow. A savvy businessperson will be generally familiar with business laws and know when to seek the advice of a licensed attorney. Business law includes state and federal laws, as well as administrative regulations. Let's take a look at some of the areas included under the umbrella of business law.

Branches of Business Law

The branches of commercial law include the following:

- Companies law
- Corporate law
- Corporate governance
- Competition law (antitrust)
- Consumer protection
- Contract law
- Environmental law
- Intellectual property law

- Copyright law
- Patent law
- Trademark law
- International trade law
- Labour law

Definition of Contract

Contract can be defined as an agreement between two or more parties which is intended by them to have a legal backing. It is an agreement creating an obligation. It is a written or spoken agreement, especially one concerning employment, sales, or tenancy, that is intended to be enforceable by law.

Not all agreements are contract, an important thing to note is that an agreement becomes a contract when the parties intend to be legally bound to carry out their agreement.

Classification of Contract

Contract can be classified into formal contract and informal contract.

Formal Contract

Formal contract can also be categorized into

1. Contract of Deed (speciality Contract) This is a kind of formal contract whereby promises are written on a paper,signed, sealed and delivered. The contract is under seal is carried out by putting a seal on it. They do not usually require considerations .
2. Contract of Records: These are obligations imposed by the court. They are not true contract but contracts which are acknowledge before the law court.

Informal Contract

Informal contacts are simple contracts which must possess all the essential characteristics of a valid contract. All contracts that do not belong to the formal mentioned above are referred to as informal contract and because of its flexibility it may be difficult to execute e.g contract of sales.

Essential Elements of Contract

1. **Offer and Acceptance**: For a contract to be valid, there must be an offer made by one member of the party to the other party and the offer must be unconditionally acceptable. Acceptance must be absolute and once it is completed it cannot be revoked

Characteristics of an offer

- An offer must not be mistaken with the answer to a question or the supplying of information.
- An offer must be communicated to the offeree
- An offer may be expressly made or implied by the conduct of the parties
- An offer may be made to a specific person, a group of persons or the world at large

Termination of an offer

An offer can be terminated in the following way

- When the offeree notifies the offeror that he does not wish to accept the offer
- Lapse of offer
- Withdrawal of the offer (revocation)
- A refusal or counter offer

Rules of communication of Acceptance

- The offeree must positively accept the offer
- It must be communicated by the offeree or someone with his authority
- Acceptance is not effective until communicated to by the offeror and received by the offeree
- Acceptance is not effective if communicated in ignorance of the offeror

2. **Intention to create legal relations:** it must be clearly stated that the parties intend to create a legally binding contracts.there must be no clause that will exclude the court.
3. **There must be valuable consideration**: All valuable contract must be supported by valuable consideration.This is to say that an agreement can become contract when each of the parties give or promises to give something of value to the other party.
4. 4**. Certainty of terms**: The terms of contract must be clearly stated, the parties can expressly state every term of their contract. A contract may contain two types of clauses namely:express and implied terms

5**. Possibility of performance**: The parties to a contract can enter into a contract once they are sure that they can do the job.It must be possible to carry out the contract.

Test and Exercises

1. What is the meaning of business law?
2. List 10 branches of business law.
3. Define contract.
4. What is the law of contract.
5. Mr. Bello and Mr Ifeanyi want to terminate a business contract between them. Advice them on how they can go about it.

WEEK 2

SS 3 Commerce First Term

Topic: Types of Contract

Content

Types of Contract

- **Termination of Contract**
- **Remedies for breach of contract**
- **Terminologies used in contract**

Types of Contract

Types of contract are :

1. **Valid Contract**: A valid contract is an agreement in which the parties are legally bound to carry out their obligations. It is binding and enforceable by law.
2. **Executory contract**: These are contracts in the process of being executed. The contract has not been totally completed out; the parties have obligations to carry out as some things still need to be done before it is totally completed
3. **Severable Contract**: Where a contract can be divided into several parts, payment for parts that have been completed can be claimed. Whether a contract is severable or not depends on the intention of the parties.
4. **Illegal contract**:This is not only a void contract, but any other contract related to it will also be void , if the main contract was strictly illegal.
5. **Implied contracts**: These are contracts which are entered into through the acts and conducts of the parties. The terms of agreement are not shown by oral or written declarations
6. **Oral Contracts**: These are contracts entered into through the use of verbal communication spoken or spoken words. They are not documented or written down.
7. **Voidable contracts**: It is a contract which is valid unless and until the party entitled to void it actually does so.It is a binding contract but may be rejected by the third party.

8. **Executed Contract**: These are contracts that have been completed, here the duties and obligation of the parties have been carried out, and nothing remains to be done.
9. **Unenforceable Contract:** This is one which although valid, cannot be enforced in the court because of the absence of some written evidence or because the time stipulated for bringing action has elapsed
10. **Illegal contrac**t: This is not only a void contract, but any other contract related to, it will also be void, if the main contract was strictly illegal.

Termination of Contract

A contract can be terminated or brought to an end through the following means.

- **By lapse of time**: It can come to an end when the period fixed for the agreement comes to an end.
- **Bankruptcy**: A contract can be brought to an end when either of the parties is bankrupt.
- **Death or insanity of the party**: The death or insanity of a party can bring a contract to an end
- **By frustration**: A contract can come to an end when the subject matter basis of the contract has been destroyed or frustrated by a natural disaster e.g earthquake, flood etc
- **Illegality of object**: if the subject matter is illegal e.g prostitution, stealing etc such contract can be terminated
- **By breach**: A contract can come to an end when one of the party failed to perform his own duty in the contract.

Remedies for Breach of Contract

There are several remedies for breach of contract, such as award of damages, specific performance, rescission, andrestitution. In courts of limited jurisdiction, the main remedy is an award of damages.

For breach of contract cases, there are several different types of monetary remedies:

Compensatory damages: This is the most common breach of contract remedy. When compensatory damages are awarded, a court orders the person that breached the contract to pay the other person enough money to get what they were promised in the contract elsewhere.
For example, suppose you hire and pay someone to clean your house for $100, but he is unable to do it. You search for a new cleaning service, and the cheapest one you find will clean your house for $150. If this cost is found to be reasonable, your first cleaner would have to pay you $150 in compensatory damages, allowing you to get your house professionally cleaned as the contract intended.

Restitution: When a court orders restitution, they tell the person that breached the contract to pay the other person back. In the example above, the court would order the first cleaner to pay you back $100, since that's what you paid him to clean your house.
Punitive damages: This is a sum of money intended to punish the breaching party, and is usually reserved for cases in which something morally reprehensible happened, such as a manufacturer deliberately selling a retailer unsafe or substandard goods.

Nominal damages: A court awards nominal damages when there has been a breach of contract but no party to the contract suffered any harm.
Liquidated damages: These are damages that the parties agree to pay in the event a contract is breached.

Quantum Meruit: A court can award one party payment for what they deserve for any work that she performed before the other party breached the contract. For example, if the cleaner in the example above had cleaned half the house, and then you decided you didn't want him to finish, he can demand $50 as quantum meruit. Translated from Latin, the term means "as much as he deserved."

Remedies in Equity

A remedy in equity is when the court orders someone do something. This can also be called “injunctive relief.” In breach of contract cases, this can look like any of the following:

Cancellation: The court cancels the contract and decides that the parties are no longer bound by it.

Specific Performance: This is when the court forces the breaching party to perform the service or deliver the goods that they promised in the contract. This is typically reserved for cases when the goods or services are unique and no other remedy will suffice.

Terminologies Used in contract

- **Tender**: A tender is an estimate submitted in response to a prior request. It does not amount to an offer.
- **Party**: This refers to each person or group of persons in a contract.
- **Minor**: This is an infant who is under 18 years of age.
- **Damages**: This is compensation awarded by a court of law to a plaintiff who has suffered loss as a result of an act of the defendant.
- **Promisor**: This is a person who makes a promise in a contract
- **Promisee**: This is the person to whom the promise is made
- **Offeror**: This is the person that makes an offer
- **Offeree**: This is the person to whom offer is made and he accepts the offer
- **Auction**: In auction sales, bids are made by prospective buyers and the commodity would be sold to the person making the highest bid i.e the highest bidder
- **Guarantor**: This is a third party who assures one party to a contract of the other party’s compliance
- **Quantum merit**: This means “as much as you deserve”
- **Conveyance**: A conveyance is the document which transfers the title of unregistered land

Test and Exercise

1. List the means by which a contract can be terminated
2. State the meaning of the following terminologies used in Contract

- Offeror
- Offeree
- Promisor
- Promisee
- Tender
- Damages
- Quantum merit
- Conveyance

3. List and explain types of contract
4. What are the essential characteristics of a valid contract

<u>WEEK 3</u>

SS 3 Commerce First Term

Topic: **Law of Agency**

Contents –

- Definition of Agency
- Types of Agent
- Appointment of Agent
- Duties and Rights of principals
- Termination of Agency

Definition of Agency

Agency can be defined as a legal relationship that exist between two parties, where one called an agent employed by a one called the principal to bring the principal into a legal relationship with the third party.

An agent is a person who is given the authority by the principal to enter into a contract on hid behalf. The agent has the power to make a binding contract between his principal and a third party without himself becoming a party the contract.

Types of Agents

1. **Special Agent:** This is agent appointed for a particular purpose, normally not part of his normal business activities and is therefore given limited powers.
2. **Commission Agent**: This a merchant who buys and sell goods based on commission. This agent exercises physical control over and negotiates the sale of the goods handled by him
3. **General Agent**: This is an agent who has the authority to act in all matters of a particular business, he can perform any duties within the scope of a particular business entrusted into his hands.
4. **Factor**: This is an agent who is employed to sell goods delivered to him by the principal for a commission. He has possession of the goods and can sell in his own name.

5. **Broker**: A broker is an agent who brings the principal into a contractual relationship to buy or sell goods or services with the third party, he links the principal with the third party. He receives a commission called brokerage.
6. **Shipping and forwarding agents**: These are agents that act on behalf of the principal to clear and receive goods from the seaports or airports. They arrange for the delivery of the goods to a particular place through the air, sea or land.
7. **Advertising agents**: This is an agent who help in assisting a firm in planning and executing their advertising programmes.
8. **Universal agent**: This is an agent who is not restricted to enter into a contract on behalf of the principal. He may even act or perform as the principal. This kind of agent is appointed by a deed known as power of attorney.
9. **Del Credere Agent**: This is an agent who undertakes to indemnify the principal against any loss arising from failures of the people to pay for goods sold. He receives in return an extra remuneration which is higher than all other agents. The additional commission is called del credere commission
10. **Auctioneers**: These are agents authorized or empowered by the law to sell goods for their principal at a public auction to their highest bidder.

Appointment of Agent

Agents can be appointed in the following ways

- **By Ratification**: This arises when the principal ratifies or approves the action of a person having no authority to act as his agent.
- **By Necessity**: Agency by necessity arises when an emergency situation happens when somebody who is in possession of another person's property has to do something to preserve the property.
- **By Estoppel**: This is a situation where somebody by conduct or words allows another party to believe that somebody is acting as his authorized agent even when no agency was intended.
- **Expressly**: This arises when an agent is appointed verbally or in writing by the principal. The agent can now enter into contract on behalf of the principal.

- **By implication**: An agent can be appointed impliedly where the principal, without expressly conferring authority on him, places him in a situation in which it is understood by them that he can act on behalf of the principal

Duties of an Agent

- An agent must follow the terms of agreement of the agency
- He must obey or carry out all lawful instructions by the principal
- He has to exercise reasonable care, skill and diligence in performing his duties
- He must act in good faith and honesty by not engaging in any competing business to the detriment of the principal.
- He must not take any secret gain beyond the authorized commission and any other remuneration
- He must render an account i.e stewardship to the principal whenever required
- He must not delegate his duties to another party
- He must not misuse the confidential information in respect to the affairs of the principal
- He must carry obey or carry out all lawful instructions by the princpal

Rights of an Agent

Rights of Agents are:

- **Right of resale:** An agent has the right to resell the goods especially perishable goods when he has notified the defaulting buyer who despite the notice fail to pay.
- **Right of stoppage in transit**: The seller has the right to stop the goods going to the buyer in order to regain and retain possession of the goods until he is paid.
- **Right to retain goods**: The seller has a right to retain the possession of the goods if not paid for.
- **Issue of ultimatum**: Unpaid seller has the rights to give ultimatum to the buyer compelling him to pay.
- **Recovery of possession from the buyer**: An unpaid seller has the right recover the goods already delivered to the buyer.

Termination of Agency

Agency can be terminated in the following ways:

- By Agreement to terminate
- Death of the principal or the agent
- By breach
- By completion of the agency
- By operation of law
- Insanity of either of the party
- By performance
- Bankruptcy

Test and Exercise

1. List out the means by which agency can be terminated
2. Give the rights of an Agent
3. List out what an agent cannot perform
4. What are the ways by which Agents can be appointed

WEEK 4

Commerce, SS 3 First Term

Topic: Hire Purchase/Instalment Payment/Differed Payment

Contents:

- Meaning, Features of Hire Purchase, Parties to Hire Purchase, Conditions for Hire Purchase
- Merits and Demerits of Hire Purchase, Termination of Hire Purchase

Meaning

Hire purchase is a method of financing of the fixed asset to be purchased on future date. Under this method of financing, the purchase price is paid in installments. Ownership of the asset is transferred after the payment of the last installment.

Features of Hire Purchase

The main features of hire purchase finance are:

1. The hire purchaser becomes the owner of the asset after paying the last installment.
2. Every installment is treated as hire charge for using the asset.
3. Hire purchaser can use the asset right after making the agreement with the hire vendor.
4. The hire vendor has the right to repossess the asset in case of difficulties in obtaining the payment of installment.

Parties to a Hire Purchase Contracts

1. The dealer contracts a finance company to finance hire purchase deals submitted by him. For this purpose, they enter into a contract drawing out the terms, warranties that the dealer gives with each transaction and so on.
2. The customer selects the goods and expresses his desire to acquire them on hire purchase. The dealer arranges for a full set of documents to be completed to make

a hire purchase agreement with a customer. The documents are generally printed by the finance company.

3. The customer then makes a cash down payment on completing the proposal form. The down payment is generally retained by the dealer as a payment on account of the price to be paid to him by the finance company.

4. The dealer then sends the documents to the finance company requesting him to purchase the goods and accept the hire purchase transactions.

5. The finance company, if it decides to accept the transactions, signs the agreement and sends a copy to the hirer, along with the instructions as to the payment of the installments the Finance company also notifies the same to the dealer and asks him to deliver the goods, if they are not already delivered.

6. The dealer delivers the goods to the hirer against acknowledgements and the property in the goods passes on to the finance company.

7. The hire makes payment of the hire instalment periodically.

8. On completion of the hire term, the hirer pays the last instalment and .the property in the goods passes on to him on issue of a completion certificate by the finance company.

Conditions for Hire Purchase

(1) In every hire-purchase agreement there shall be-

a. an implied warranty that the hirer shall have and enjoy quiet possession of the goods.

b. an implied condition on the part of the owner that he will have a right to sell the goods at the time when the property is to pass.

c. an implied warranty that the goods will be free from any charge or encumbrance in favour of any third party (other than a charge or encumbrance created by or with the consent of the hirer) at the time when the property is to pass.

(2) In every hire-purchase agreement there shall be an implied condition that the goods shall be of merchantable quality but no such condition shall be implied-

(a) as regards defects of which neither the owner nor the dealer could reasonably have been aware at the time that the agreement was made; or

(b) where the hirer has examined the goods or a sample thereof, as regards defects which the examination ought to have revealed; or

(c) if the goods are second-hand goods and the agreement contains a statement to the effect that-

(i) the goods are second-hand; and

(ii) all conditions and warranties as to quality are expressly negatived- and the owner proves that the hirer has acknowledged in writing that that statement was brought to his notice.

(3) Where the hirer expressly or by implication makes known to the owner or to the dealer or to any servant or agent of the owner or the dealer the particular purpose for which the goods are required there shall be implied in the hire-purchase agreement a condition that the goods shall be reasonably fit for that purpose but no such condition shall be implied if the goods are second-hand goods and the agreement contains a statement to the effect-

(a) that the goods are second-hand; and

(b) that all conditions and warranties of fitness and suitability are expressly negatived and the owner proves that the hirer has acknowledged in writing that that statement was brought to his notice.

(4) Without prejudice to any other rights or remedies to which an owner may be entitled where the hirer has made known expressly or by implication to the dealer or to any servant or agent of the dealer the particular purpose for which the goods are required an owner shall be entitled to be indemnified by the dealer against any damage suffered by the owner through the operation of the provisions of the last preceding subsection.

(5) Nothing in this section shall prejudice in any way any other enactment or rule of law whereby any condition or warranty is to be implied in any hire-purchase agreement.

Merits and Demerits of Hire Purchase

Merits:

(1) **Convenience in Payment**:

The buyer is greatly benefited as he has to make the payment in installments. This system is greatly advantageous to the people having limited income.

(2) **Increased Volume Of Sales**:

This system attracts more customers as the payment is to be made in easy installments. This leads to increased volume of sales.

(3) **Increased Profits**:

Large volume of sales ensures increased profits to the seller.

(4) **Encourages Savings**:

It encourages thrift among the buyers who are forced to save some portion of their income for the payment of the installments. This inculcates the habit to save among the people.

(5) **Helpful For Small Traders**:

This system is a blessing for the small manufacturers and traders. They can purchase machinery and other equipment on installment basis and in turn sell to the buyer charging full price.

(6) **Earning Of Interest**:

The seller gets the installment which includes original price and interest. The interest is calculated in advance and added in total installments to be paid by the buyer.

(7) **Lesser Risk**:

From the point of view of seller this system is greatly beneficial as he knows that if the buyer fails to pay one installment, he can get the article back.

Demerits of Hire Purchase System:

(1) **Higher Price**:

A buyer has to pay higher price for the article purchased which includes cost plus interest. The rate of interest is quite high.

(2) **Artificial Demand**:

Hire purchase system creates artificial demand for the product. The buyer is tempted to purchase the products, even if he does not need or afford to buy the product.

(3) **Heavy Risk**:

The seller runs a heavy risk under such system, though he has the right to take back the articles from the defaulting customers. The second hand goods fetch little price.

(4) **Difficulties in Recovery of Installments**:

It has been observed that the sellers do not get the installments from the purchasers on time. They may choose wrong buyers which may put them in trouble. They have to waste time and incur extra expenditure for the recovery of the installments. This sometimes led to serious conflicts between the buyers and the sellers.

(5) **Break Up Of Families**:

The system puts a great financial burden on the families which cannot afford to buy costly and luxurious items. Recent studies in western countries have revealed that thousands of happy homes and families have been broken by hire purchase buying's.

Termination of Hire Purchase

The hire-purchase agreement can be terminated in any of the following ways: –

In terms of the agreement– The hire-purchase agreement stipulates the circumstances in which the agreement can be terminated. The agreement is generally terminated by return of the goods by the hirer, notice of termination by the owner on account of hirers breach of conditions or notice of termination by the hirer.

By performance– The hire-purchase agreement is terminated by performance on the exercise of the option to purchase the goods by the hirer.

By renewal – The parties to an agreement may enter into a fresh agreement terminating the hire-purchase agreement, which has not already been terminated.

Notice by either party– The hire-purchase agreement can be terminated by notice given by either party.

By acceptance of repudiation by other party– An agreement is terminated, when a party to an agreement renounces his future obligations under the agreement or commits a breach of the agreement, which indicates that he does not want to remain bound by its provisions, and the other party accepts the renunciation or breach as discharging the contract.

By release– Where one party to an agreement releases the other party from the performance of the obligations by him under the agreement, the agreement comes to an end.

By frustration– When performance of the agreement becomes impossible by reason of some act or event occurring subsequent to the formation of the agreement, comes to an end and the parties will be discharged from further obligations under the agreement e.g. when the goods are destroyed during the currency of hire-purchase agreement without negligence on the part of the hirer, the agreement comes to an end.

By efflux of time– When the hirer is given time to exercise option to purchase the goods within a stated period and he does not exercise the option within the said period, the agreement comes to an end.

Test and Exercises

1. Define Hire purchase.
2. What are the features of hire purchase?
3. Explain the roles of the different parties in a hire purchase.
4. State the advantages of hire purchase.
5. What are the conditions necessary for a smooth hire purchase transaction?

WEEK 5

SS 3 Commerce First term

Topic: Contract of Sales of Goods

Content –

- Definition of Sales of Goods
- Terms of Contract of Sale
- Provision of Sales of Goods Act 1893
- Terminologies associated with Contract of Sale

Definition of Sales of Goods Contract

A contract of sale is a legal contract. It is a contract for the exchange of goods, services or property that are the subject of exchange from seller (or vendor) to buyer (or purchaser) for an agreed upon value in money (or money equivalent) paid or the promise to pay same.

Terms of Contract of Sale

A valid contract of sale must consist of the following Terms :

(1) Two parties: There must be two parties viz., buyer and seller to constitute the contract. So where a person buys his own goods through some agent, there is no contract. However, a part-owner can sell his share to other part-owners.

(2) Goods: Subject matter of contract of sale must be the goods of any kind except immovable goods.

(3) Transfer of property: Passing of property is necessary and not the physical delivery of goods.

(4) Price: Consideration for a contract of sale must be money. If some goods are supplied as remuneration for work done or in exchange for some goods, it does not amount to contract of sale.

(5) Lastly, it must contain all the essentials of a valid contract: Contract of sale how made. No particular from is necessary to constitute a contract of sale. It is, like another contract, made by the ordinary method of offer by one party and its

acceptance by the other party. It may be made in writing or by word of mouth, or partly in writing and partly by word of mouth. It may also be implied from the conduct of parties, or from the course of dealings between the parties.

Provision of Sales of Goods Act 1893

The following provisions are specified in the Sale of Goods Act 1893 regarding the duties of a seller.

1. **Right to Sale:** The seller has a right to pass a good title. It is an implied condition that he has a right to sell the goods. In the case of Akoshile Vs Ogidan (1950), the defendant sold a car to the plaintiff, the car was a stolen one and the police took it away from the plaintiff. The plaintiff received the price he paid. The court held that the defendant has no right to sell the car.
2. **Mercantile Quality Goods**: The goods sold are to be of mercantile quality.
3. **Goods Must Correspond with Description:** Where goods are sold by description, there is an implied condition that the goods will correspond with the description. In the case of Re-more & Co. Vs Lauder (1921), there was a contract to purchase 3000 tins of canned fruit to be packed in cases, each containing 30 tins. A substantial part was delivered in cases containing 24 tins. In that case, it was held that the buyer could reject the whole consignment as it did not correspond with the description of the goods ordered.
4. **Enjoyment of Quiet Possession by the Buyer**: The buyer shall enjoy quiet possession of the goods and the goods should be free from any encumbrance not known to the buyer.
5. **Bulk Must Correspond with Samples**: Where goods are sold by sample, the bulk must correspond with sample and buyer must have opportunity of comparing bulk with sample, e.g. Drummod Vs Van Ingen. In the case, D Ordered from a manufacturer a quantity of worsted coatings, with the weight and quality equal to sample. The coatings were unmerchantable owing to being slippery. D rejected the goods. The court upheld that D has the right to reject the goods.
6. **Fitness for Purpose**: The goods supplied are reasonably fit for the purpose for which it was meant. In the case, Godley Vs Perry (1960), a 6 year-old- boy bought a toy plastic catapult. The catapult broke while being used and the boy lost an eye.

He sued the store keeper and was successful as it was held that the store keeper was liable.

7. **Delivery and Acceptance**: It is the duty of the seller to deliver the goods and of the buyer to accept and pay in accordance with the terms of agreement.

Terminologies associated with Contract of Sale

Lien:

A lien is a legal right granted by the owner of property, by a law or otherwise acquired by a creditor. A lien serves to guarantee an underlying obligation, such as the repayment of a loan. If the underlying obligation is not satisfied, the creditor may be able to seize the asset that is the subject of the lien.

Stoppage in Transit:

The right of a seller to stop the delivery of goods while they are on their way to the buyer if the seller learns that the buyer has gone bankrupt and so cannot pay for them.

Unpaid Seller:

When the whole price has not been paid or tendered or when a bill of exchange or other negotiable instrument has been received as conditional payment and the condition on which it was received has not been fulfilled by reason of the dishonour of the instrument or otherwise.

Contract of Bailment:

Delivery of goods by one person to another for a definite purpose and upon the agrement that they shall be returned or, disposed of according to the directions of the deliverer when the purpose is accomplished.

Gifts:

A gift is a transfer of property without any consideration attached. It is not binding but executory.

Contract of Skill and Labour:

If the main purpose is not for the sale of goods but provision of labour, the contract of sales act does not apply, e.g. contract to paint a portrait is a contract for skill and labour.

Agreement to Sell:

This is executory with ownership being transferred at a later date.

Exercises

1. Define sales of goods contract.
2. What are the items on a contract of sale?
3. State the provisions in the sale of goods act 1893.
4. Write short notes on the following:

a) Lien

b) Contract bailment

c) Stoppage in transit

d) Contract of skill

e) Unpaid Seller

WEEK 6

SS3 Commerce First Term

Topic: Contract of Employment

Contents:

1. **Definition of Employer and Employee**
2. **Duties of Employer and Employee**
3. **Rights of the Employer and Employee**

Definition of Employer

Employer can be defined as a person or an institutions that hires or provide job opportunity for another person called employee for an agreed remuneration.

The employer can hire anybody he pleases and relieve any of this employees of work if misbehaves contrary to the laid down rules and regulations.

Duties of an Employer

Duties of employer are :

- **Provision of safe place for work**: Employer must be able to provide a good and safe place for his/her workers to carry out their duties appropriately.
- **Job security**: The employer must provide adequate job security. He must assure the employee that their employment is permanent.
- **He must Accept Responsibility for personal injury**: The employer must accept responsibility for injury sustained by an employee during the course of carrying out his obligations.
- **Provision of necessary tools and equipment**: He must provide all necessary tools and equipment for proper execution of his employee's duties
- **He must indemnify his employee**: He must indemnify his employee against any loss arising from the proper performance of his duties
- **Provision of training facilities**: The employer must provide training facilities as well as incentives to motivate his employees

Rights of the Employer

- Right to fix remuneration: The employer has right to fix wages and salaries of his employee
- Right to relieve employee of his job: He can terminate the appointment of his employee after giving due notice.
- Right to use invention of employee: He has every right to make use of anything invented by the employee with his facilities and more especially during the working period.
- Right to hire and employ anybody: The employer has the right to hire whoever he pleases without being questioned.

The Employee

The employee is someone who agrees to perform services to an employer in exchange for the payment of an agreed remuneration.

The employee works for another person called the employer for an agreed sum of money and is accountable to his employer.

Duties of the Employee

Duties of the Employees are:

- **Must serve faithfully and honestly**: The employee must be serve faithfully and honestly. His /her interest must not conflict with the interest of his/her employer.
- **Exercises good faith**: The employee has a duty to act in good faith when discharging his/her duties
- **Must not delegate his duties**: He/she is not to delegate the performance of his duties to another person without the authority of the employer
- **Obeys order and instruction given by the employers**

Rights of Employee

- They have the reject or accept offer
- They have the right to annual leave
- Right to receive the agreed remuneration
- Right to receive compensation for loss

Test and Exercises

1. Highlight the difference between an employer and an employee.
2. Mention the duties of an employer.
3. What are the rights of the employer.
4. Outline the duties of an employee.
5. List five (5) rights an employee enjoys in a company.

WEEK 7

SS 3 Commerce First Term

Topic: Government Regulation of Businesses

Content:

1. **Meaning**
2. **Methods of government regulation of businesses**
3. **Reasons for Government regulation of businesses**

Meaning

A law that controls the way that a business can operate within a country All of these laws considered together form government's regulation of business.

Methods of Government Regulation of Businesses

- **Trade marks**: Trade mark is a distinctive symbol, special mark or design that is given to a producer to distinguished or identify its products from other products. It is a form of product differentiation. Trade mark is legal term covering words and symbols which can be registered and protected.
- **Copy rights**: This is an exclusive or sole right granted to writers of literary works (authors), musicians, and artists to produce his work for a specified period of time. Another person cannot reproduce such work without a written permission from the copyright owner.
- **Regulation of Disposal of waste:** business are also mandated to introduce measures to dispose their waste in such a way that there will be no environmental pollution
- **Publication of Account**: Public liability companies are mandated to publish their annual accounts for public consumption. This is to prevent fraudulent practice.
- **Ensure production of safe goods**: Another way is to that goods offered for consumption are safe and of high quality

- **Approval of Business Location**: Government can also and regulate business by giving approval for the location of a business enterprise, sometimes they do this by establishing industrial estates.
- **Use of standard Weight and Measures**: All business enterprises are mandated to use standard weights and measures for the product offered for sale.

Reasons for Government Regulation of Businesses

- To ensure regular supply of essential goods and services
- To ensure provision of quality products
- To raise revenue through tax imposition for certain purposes
- To ensure uniformity in commercial and economic policies
- To ensure development of the Economy
- To ensure uniformity in commercial and economic policies

Exercises

1. What are government regulations?
2. Outline the methods government regulate businesses.
3. State six (6) reasons why government regulate business.

WEEK 8

SS 3 Commerce First Term

Topic: Structure of Business

Content-

- **Organizatonal structure**
- **Organizational Chart**
- **Authority and Responsibility, Span of Control, Scaler Chain of Command, Unity of Command and Unity of Direction**

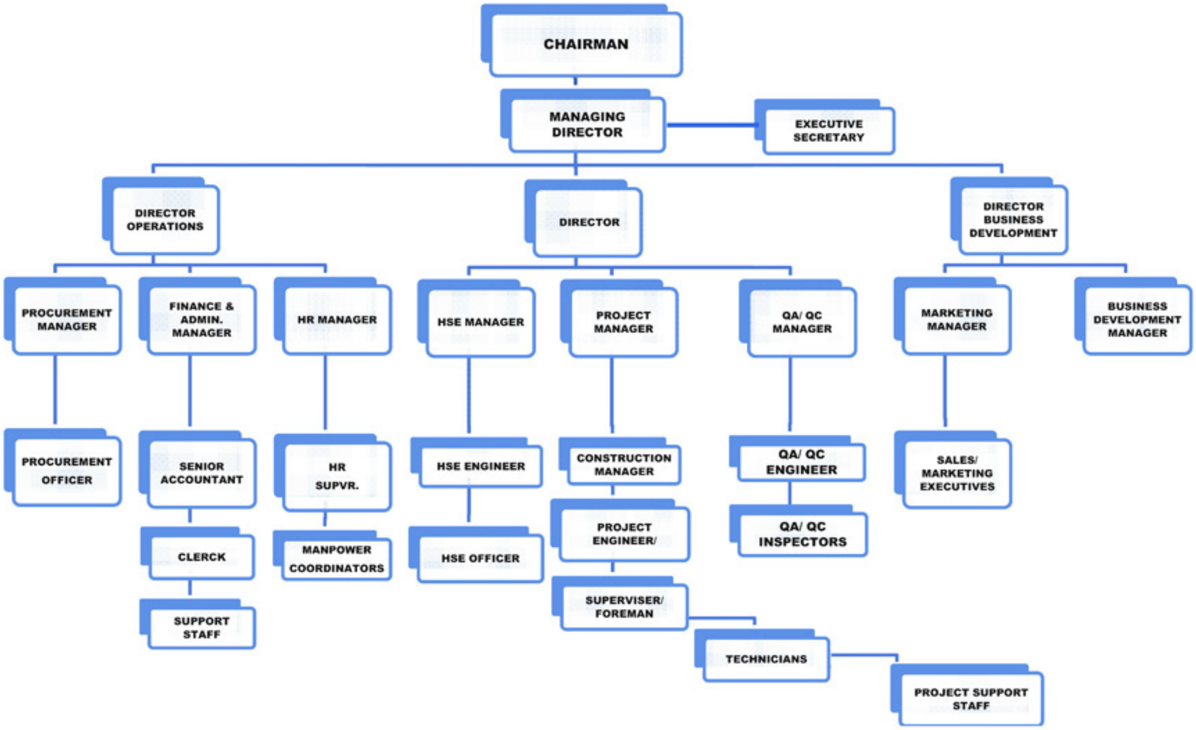
ORGANISATIONAL STRUCTURE

Organisational structure is simply the allocation or division of responsibilities and functions to the different component of an organisation and the process of delegating authority to each position so as to ensure the smooth running of the business to achieve the set goals of the organisation.

Organizational set-up shows the functional relationship that exists among the employees and the various departments within an organisation.

Organisational set-up must show the flow of responsibilities, authority and channels of communication in any organization.

ORGANISATIONAL CHART



AUTHORITY

It is the right to give command or directive and to ensure compliance among workers. It is the instrument of office or anything that enables individual to secure obedience from other people. Within his sphere.

ACCOUNTABILITY

It is a situation whereby a subordinate is accountable to his superior in an organization for his action.

It is the ability for a worker to boldly stand by his action and how well he has carried out his duties and use the authority delegated to him.

SPAN OF CONTROL

Span of control is simply the number of staff that report to a manager. Some companies also have an ideal span of control, which is the number of reports they feel a manager can effectively manage. In this case, if a manager has fewer reports than the ideal, they may feel he or she is not being effectively used, while if he or she is handling more they may feel that the manager is over-stretched and the reports will not receive enough direction.

SCALAR CHAIN OF COMMAND

Scalar chain is the formal line of authority which moves from highest to lowest rank in a straight line. This chain specifies the route through which the information is to be communicated to the desired location/person.

UNITY OF COMMAND

It follows the idea that a subordinate should have only one person to whom they are directly responsible. In business, this means that no employee should ever have more than one boss.

UNITY OF DIRECTION

This states that there should only be one leader and one plan for a series of activities seeking the accomplishment of the same objective. For example, we have three different work teams all completing tasks for the same project. Based on the theory, these teams should all be using the same project plan and being led by the same project leader.

POWER

Power is the ability to control the actions of others against their will through the means of sanctions. By exercising power, others may be forced to change their action against their will and compel obedience to their party.

It is the ability to change the behaviors or attitudes of other individuals through having the means of sanctioning them.

RESPONSIBILITY

It is the area of work assigned to a worker; It is the individual obligations to carry out the duties assigned to him/ her. Henry Fayol says "should be commensurable with responsibility".

Test and Exercise

1. The process of allocating responsibilities to different components of an organisation and delegating responsibilities is (a)organisational chart (b)organisational structure (c)Line organisation (d)organisational delegation.ans (b)
2. The ability to control the actions, behaviours or attitude against their will through sanctions is (a)Power (b)Authority (c)responsibility (d)Accountability.ans (a)
3. All of these are types of organizational set- up except (a)functional (b)line (c)committee(d)intellect.ans (d)
4. The organizational set up where authority and responsibility flow from top to bottom is (a)functional (b)committee (c)line (d)line and staff.ans (c)
5. The statement “authority should be commensurate with responsibility ” was made by (a)Mary Slensor (b)Mc Gregor (c)Henry Fayol (d)none of the above.ans (c)

WEEK 9

SS 3 Commerce First term

Topic: Introduction to Business Management

Content –

- **Introduction to Business Management**
- **Meaning of Business**
- **Business Resources**
- **Objective of Business**
- **Management: Meaning and Function**

Meaning of Business

An organisation or economic system where goods and services are exchanged for one another or for money. Every business requires some form of investment and enough customers to whom its output can be sold on a consistent basis in order to make a profit. Businesses can be privately owned, not-for-profit or state-owned.

Business Resources

There are five resources that contribute to the success of a business:

Financial Resources

The most important element in starting a business is funding. Even the most basic home business incurs a multitude of startup costs, including registering a business name, obtaining a business telephone line and printing business cards. Financial resources can be obtained from a variety of sources, the easiest being from the personal accounts of the company's founder. Alternatively, loans and lines of credit may be granted from financial institutions, friends and relatives, private investors and even the United States government. In addition, many grants are offered from private and public sources to entrepreneurs of all demographics and personal situations.

Human Resources
The success of an organisation is heavily reliant on the talent and strength of its employees. The hiring of experienced professionals with track records of excellence within their area of expertise ensures that the mission and goals of the company will be carried out efficiently and with competence. Strong team members can be recruited using a variety of methods. Staffing agencies and executive search firms specialise in placing talent of all levels within every industry. An alternative is to find employees through referrals from individuals whose judgement is trusted.

Educational Resources
Perhaps the greatest thing an entrepreneur can do when establishing a new business is to gain as much education possible. By understanding her competition and gaining an in-depth knowledge of her industry, she will be better prepared to make smarter decisions regarding the direction of her firm. Educational resources can be found through professional trade associations that are geared toward her industry, her local chamber of commerce as well as the Small Business Administration.

Physical Resources
Whether a small home business or a retail operation with multiple locations, every organisation must have the appropriate physical resources to survive. This includes a proper work-space, working telephone line, adequate information systems and effective marketing materials. This aspect of business planning can be one of the costliest. As such, it is important for an entrepreneur to realistically assess his needs before making any purchases.

Emotional Resources
Starting a business can be an extremely stressful endeavour for an entrepreneur to undertake. To maintain her sanity as well as stay motivated, it is important she have a support team that can give her inspirations and guidance as needed. This team may be composed of friends and family as well as a mentor or professional group.

Meaning of Management

Management is the process of getting things done through other people. It is the act of controlling, organising, directing, planning and formulating organisation activities so as to achieve organisational objective.

Management is also the process of directing all the human and physical resources in an organisation so as to achieve the objectives of the organisation.

Management is the most important resources of a business as it determines the success or failure of any organisation.

Management is also the process of using authority to organise, direct, and control subordinates in order to achieve the goals of the organisation.

Business can be defined as all the activities involve in providing people with goods and services in exchange for money.

Functions of Management

1. **Planning**: this is the process of setting goals or objectives, formulating policy and setting the procedures and means by which the set goals can be achieved.
   Benefits of Planning
   Planning ensures an organisation to set up goals and targets
   Planning provides means and procedure by which the set goals can be achieved
   It leads organization to an acceptable decision
   It helps to forecast the activity of the organization over a particular period of time.
2. Motivating: This is the way a leader get the subordinates to willingly carry out their responsibilities to the business by inspiring them through monetary and non monetary welfare. it serves as an encouragement.
3. Controlling: controlling involves the process of ensuring that organizations objectives are actually being attained and correct lapses where necessary. Elements of controlling are: setting standards, measuring progress with standard, interpreting results and taking corrective measures.
4. Organizing: Organizing is the process of bringing together and or arranging or arranging resources that are available to achieve the organizational objectives.

5. Staffing: Staffing is the process of providing qualified managerial and skilled personnel for an enterprise. The stages involve in recruiting new staffs are: screening, application form, testing, reference check, oral interview and questioning.
6. Communication: This is the means of transferring of information or ideas from one person to another.
7. Business Resources: Business resources are the inputs combined together in activities involving the provision of goods and services for people with the aim of making profit. Business resources are; human, money, material and opportunities. All these can be categorized into two.

   Human resources: human resources are in form of labor it could be skilled or unskilled or both depending on the nature of the business operation. It is the part of business that plans, organizes, direct and control the operation of the business enterprise.

   Non-human resources: This involves money, materials and opportunities. Money include the all the working capital available for the financing of the business activities. Materials constitute tools, machineries equipment etc used in running of the business. Opportunities refer to the facilities within the environment which the business uses. They include water, roads, electricity etc.

Objectives of Business

1. The major objective of business is to make maximum profit.
2. To make goods and services available to customers
3. To contribute to the development of the country
4. To protect the interest of workers
5. To create employment opportunities for people
6. To satisfy the consumers
7. To prevent idleness and earn a living.

Test and Exercises

1. The process of directing both human and non human resources to achieve an organizational goal is called (a) mismanagement (b) controlling (c) management (d) encouragement. ans (c)
2. The main objective of any business is to make (a) profit (b) loss (c) interest (d) embezzle. ans (a)
3. The resources that involve both skilled and unskilled labor is (a) non human resources (b) human resources (c) financial resources (d) consumer resources. ans(b)
4. The function of management that help to set goals and set procedure for achieving the set goals is (a)controlling (b)organizing (c)staffing (d) planning.ans (d)
5. One of these is not a function of management (a) planning (b) organizing (c)Believing (d) motivating.ans (c)

WEEK 10

SS3 Commerce First Term

Topic: Business Environment

CONTENT–

- **Business Environment**
- **Departmentalisation and functions of each Department**
- **Social Responsibility**

Business Environment: Business environment is the sum total of all the activities that affect the operation of business. For a business to survive it must consider what is going on in the environment. Business environment can be classified into:

1. **Political factor:** These are factors relating to type of government, weather civil or military, one party system or multi party system and the degree of stability in the government. The policies of the political parties in power would affect the operation of business e.g. during the military regime in Nigeria, investment business was badly affected
2. **Technological factor:** This is the factor relating to degree of technology development e.g. the degree of mechanization and automatic in agriculture and industry or the degree of development in transportation and communication. These will have a positive effect in business.
3. **Demographic factor:** This factor is relating to the size, structure, and geographical distribution of population of the society. Demographic factor determines what to produce, the quantity and the level of demand.
4. **Economic factor:** This factor is relating to the economic environment of a business. These include the type of economic system that is practiced, it may be a capitalist, socialist or mixed economy system, the income distribution or the nature of the natural resources available are great factors.
5. **Socio-cultural factor:** These are factors relating to people's attitude to work, their norms and values, their religion and religious beliefs. A business organization must take into consideration the beliefs, attitude and lifestyles of

the people into consideration. For instance in a sharia state the consumption of alcohol is not allowed.

6. **Climatic or ecological changes in a particular environment.** Ecological changes might involve erosion, pollution, drought; all of these have great effect on business.
7. **Legal Environment:** This has to do with government laws, decrees or legislation. Example is company's act; Employment act etc will affect the conduct of business because any organization must works in accordance to the legislations in its operation to avoid any legal action.

Departmentalisation

Departmentalization involves dividing an organization into different departments, which perform tasks according to the departments' specializations in the organization. Departmentalization as a means of structuring an organization can be found in both public and private organizations.

Functions of each Department

Personnel Department: An organization's personnel department handles a variety of critical functions that help meet the needs of business owners, managers and staff.

Personnel Department:

Personnel departments hire and train employees, implement company policies and procedures, handle specific performance issues, determine employee salaries, ensure that fair labor laws are followed, terminate employees and much more.

Typically personnel work is concerned with:

1. The recruitment and selection of new employees, e.g. helping to prepare job advertisements and job descriptions for new posts, and helping to organise the interview process.

2. The induction of new employees where they are introduced to the company, and aspects of the job they will be doing as well as essential requirements such as health and safety training.

3. Training and development. Training focuses on the needs of the organisation whereas development is more concerned with identifying and meeting the needs of individual employees.
4. Organising the appraisal process to identify development needs of employees.
5. Representing the organisation as a go between on disciplinary issues e.g. when a worker has continuously been late for work. Dismissing and making workers redundant where necessary.
6. Managing payment systems, although this will probably be the responsibility of a separate payroll section.
7. Taking responsibility for the motivation of employees by outlining motivational work practices.
8. Organising the termination of work, and retirement of employees, as well as job redundancies where appropriate.

Nowadays the emphasis is on the Human Resources Department providing a service, which enables many of the activities to be carried out by relevant departments within an organisation but with support and guidance from Human Resources.

Finance Department:

The part of an organization that manages its money. The business functions of a finance department typically include planning, organizing, auditing, accounting for and controlling its company's finances. The finance department also usually produces the company's financial statements.

The functions of the finance department include:

- To Prepare the Budget
- Financial Management
- Management of Investments of Company
- Management of Taxes
- Management of Financial Risks
- Merge or Acquisition decisions
- Production Department:

Production Department:

Production is the functional area responsible for turning inputs into finished outputs through a series of production processes. The Production Manager is responsible for making sure that raw materials are provided and made into finished goods effectively. He or she must make sure that work is carried out smoothly, and must supervise procedures for making work more efficient and more enjoyable.

In a manufacturing company the production function may be split into five sub-functions:

1. The production and planning department will set standards and targets for each section of the production process.
2. The purchasing department will be responsible for providing the materials, components and equipment required to keep the production process running smoothly.
3. The stores department will be responsible for stocking all the necessary tools, spares, raw materials and equipment required to service the manufacturing process.
4. The design and technical support department will be responsible for researching new products or modifications to existing ones, estimating costs for producing in different quantities and by using different methods.
5. The works department will be concerned with the manufacture of products.

A key aspect of modern production is ensuring quality. The term quality means fitness for purpose i.e. a product, process or service should do exactly what is expected of it.

Marketing Department:

The marketing department has overall responsibility for growing revenue, increasing market share and contributing to company growth and profitability. In a small business, the marketing department may just be one person, or it may include a marketing director or manager plus marketing executives responsible for functions such as advertising, publications or events.

The marketing department is responsible for

1. Strategy
2. Market Research

3. Product Development
4. Communications
5. Sales Support
6. Events

Purchasing Department:

The role of a purchasing department is to procure goods and services for an organization; thus, it's also referred to as the procurement department.

Purchasing department takes care of

1. Procuring Materials
2. Evaluating Price
3. Paperwork and Accounting
4. Policy Compliance

Social Responsibility

A business organization is not for profit making alone, there are other social responsibility they must involve in.

Responsibility to the Government:

1. Business organization offer employment opportunities to citizens
2. Payment of taxes to the government so as to contribute to the development of the county

- Business organization must comply with rules and regulation guiding their operation.

1. Business organization must accept government role in business affairs.

Responsibilities to the Consumers:

1. They educate the consumers
2. They provide quality service to the consumers.

- Prevention of product defects

1. Provision of pre-sales services to consumer
2. Must attend to customers complaint
3. Must be truth in advertising.

Responsibilities to the Shareholders:

1. They ensure business profit.
2. They distribute dividends to shareholders.

- They organize annual general meeting

1. They prepare statement of account

Responsibilities to the Community:

1. A business has the responsibility of controlling environmental pollution in the community.
2. Should provide social amenities to the community.

- Employment of community member

1. Provide support for sports and games
2. Award scholarships to students from the community
3. provision of quality goods and services to the community member.

Responsibilities to the Employees

1. Must ensure payment of wages and salaries.
2. Provision of conducive working environment for the workers.

- Provision of Welfare Package.

1. Recruitment and promotion of staffs.

2. They provide training facilities to the staffs.

Test and Exercise

1. Business environment can be classified into all of these except (a)political factor (b)Legal factor (c)employment factor (d)socio-cultural factor.ans (c)
2. The provision of adequate remuneration is the responsibility of the business to (a)government (b)shareholders (c)employees (d)community.ans (c)
3. Business environment relating to peoples attitude to work, their beliefs and norms is (a)socio-cultural factor (b)ecological factor (c)legal factor (d)technological factor.ans (a)
4. The sum total of all the activities that affect the operation of business is (a)social responsibility (b)social environment (c)business environment (d)community development. ans (c)
5. The distribution of dividends is the responsibility of business to (a)community (b)government (c)customers (d)shareholders.ans (d)

SS 3
SECOND TERM
COMMERCE

TABLE OF CONTENT

SECOND TERM

WEEK 1

Commerce SS2 Second Term

TOPIC: Introduction to Marketing

CONTENT:

- **Meaning, Function and Importance of Marketing**
- **Types of Marketing**
- **Marketing Concept**
- **Marketing Mix (4Ps)**

Meaning

Marketing can be defined as the process of identifying the needs of consumers and ensuring that production resources are channeled towards the production of goods that meet/satisfy such needs. It can also be defined as a management process through which goods and services move from the stage of conception to the point it gets to the final customer. It includes the coordination of four elements called the four P's of marketing which you will learn about shortly.

Functions of marketing

1. Identification of potential successful products
2. Promoting such potentially successful products
3. Ensuring product differentiation from other [similar] product
4. Having good Public Relation with existing and potential customer (effective marketing communication strategy)
5. Ensuring effective distribution of the products to the right market.

Importance of Marketing

(1) **Marketing Helps in Transfer, Exchange and Movement of Goods:**

Marketing is very helpful in transfer, exchange and movement of goods. Goods and services are made available to customers through various intermediaries' viz., wholesalers and retailers etc. Marketing is helpful to both producers and consumers.

To the former, it tells about the specific needs and preferences of consumers and to the latter about the products that manufacturers can offer. According to Prof. Haney Hansen "Marketing involves the design of the products acceptable to the consumers and the conduct of those activities which facilitate the transfer of ownership between seller and buyer."

(2) **Marketing Is Helpful In Raising And Maintaining The Standard Of Living Of The Community:**

Marketing is above all the giving of a standard of living to the community. Paul Mazur states, "Marketing is the delivery of standard of living". Professor Malcolm McNair has further added that "Marketing is the creation and delivery of standard of living to the society".

By making available the uninterrupted supply of goods and services to consumers at a reasonable price, marketing has played an important role in raising and maintaining living standards of the community. Community comprises of three classes of people i.e., rich, middle and poor. Everything which is used by these different classes of people is supplied by marketing.

In the modern times, with the emergence of latest marketing techniques even the poorer sections of society have attained a reasonable level of living standard. This is basically due to large scale production and lesser prices of commodities and services. Marketing has infact, revolutionised and modernised the living standard of people in modern times.

(3) **Marketing Creates Employment:**

Marketing is complex mechanism involving many people in one form or the other. The major marketing functions are buying, selling, financing, transport, warehousing, risk bearing and standardisation, etc. In each such function different activities are performed by a large number of individuals and bodies.

Thus, marketing gives employment to many people. It is estimated that about 40% of total population is directly or indirectly dependent upon marketing. In the modern era of large scale production and industrialisation, role of marketing has widened.

This enlarged role of marketing has created many employment opportunities for people. Converse, Huegy and Mitchell have rightly pointed out that “In order to have continuous production, there must be continuous marketing, only then employment can be sustained and high level of business activity can be continued”.

(4) **Marketing as a Source of Income and Revenue:**

The performance of marketing function is all important, because it is the only way through which the concern could generate revenue or income and bring in profits. Buskirk has pointed out that, “Any activity connected with obtaining income is a marketing action. It is all too easy for the accountant, engineer, etc., to operate under the broad assumption that the Company will realise many dollars in total sales volume.

However, someone must actually go into the market place and obtain dollars from society in order to sustain the activities of the company, because without these funds the organisation will perish.”

Marketing does provide many opportunities to earn profits in the process of buying and selling the goods, by creating time, place and possession utilities. This income and profit are reinvested in the concern, thereby earning more profits in future. Marketing should be given the greatest importance, since the very survival of the firm depends on the effectiveness of the marketing function.

(5) **Marketing Acts as a Basis for Making Decisions:**

A businessman is confronted with many problems in the form of what, how, when, how much and for whom to produce? In the past problems was less on account of local markets. There was a direct link between producer and consumer.

In modern times marketing has become a very complex and tedious task. Marketing has emerged as new specialised activity along with production.

As a result, producers are depending largely on the mechanism of marketing, to decide what to produce and sell. With the help of marketing techniques a producer can regulate his production accordingly.

(6) **Marketing Acts as a Source of New Ideas:**

The concept of marketing is a dynamic concept. It has changed altogether with the passage of time. Such changes have far reaching effects on production and distribution. With the rapid change in tastes and preference of people, marketing has to come up with the same.

Marketing as an instrument of measurement, gives scope for understanding this new demand pattern and thereby produce and make available the goods accordingly.

(7) **Marketing Is Helpful In Development Of An Economy:**

Adam Smith has remarked that “nothing happens in our country until somebody sells something”. Marketing is the kingpin that sets the economy revolving. The marketing organisation, more scientifically organised, makes the economy strong and stable, the lesser the stress on the marketing function, the weaker will be the economy.

Types of Marketing Concepts

1. **Product concept:** This concept emphasizes the point that when a product has a relatively cheap price and is available in so many places, selling it will not be a problem
2. **Product concept**: This is a Philosophy that advocates that if the quality of a product is very high, consumers will be attracted and there will be increase in sales.
3. **Selling concept:** This is a philosophy that advocates consumers has to be encouraged to buy goods via sales promotion and other marketing strategies.
4. **Marketing concept:** This concept emphasizes that only goods and services that are needed by consumers should only be produced. When this is ensured, sales will definitely not be a problem.
5. **Societal marketing concept:** This Philosophy added consumer welfare to consumer satisfaction. It is more theoretical and emphasizes that mere consumer satisfaction is not enough, the welfare of the consumer must be added to consumer satisfaction.

Marketing Mix

Marketing mix can be defined as the strategy of putting the right product/service at the right place at the appropriate time using the right promotional methods.

1. Product: This is an item that is produced to satisfy human wants. The item can be tangible (goods) or intangible (services). Product in marketing mix is about going into production that is in demand. A research must therefore be carried out to ensure that the product is that which will sell when introduced to the market.

2. Price: The price is the amount a customer sacrifices or path away with in other to enjoy the product. Pricing of a product is very sensitive, if the price is too high, it may discourage consumer to buy and vice versa.

3. Place: Place or distribution is an important component of marketing mix. The product has to be available where it is accessible

4. Promotion: Promotion are activities engaged by producers in other to boost sales and by extension profit. Example of sales promotion are advertising, public promotion etc.

Exercises

1. Define marketing mix.
2. Outline the functions of marketing mix?
3. Mention the different types of marketing.
4. Highlight the different elements of the marketing mix.
5. State five (5) importance of marketing mix.

<u>WEEK 2</u>

Commerce SS2 Second Term

TOPIC: Market Segmentation and Types

CONTENT

- **Market Research**
- **Advertising – Meaning, Types, Methods**
- **Advertising, Media, Merits and Demerits of each medium**
- **Sales Promotion, Forms etc**

Market Segmentation is the division of a particular market niche into clearly identifiable category with obviously similar **needs**, ***wants*** and ***characteristics***. In other words, it is the process of dividing a broad consumer or business **market** into sub-groups of consumers based on some type of shared characteristics.

Market Research

This can be defined as the process of assessing the viability of a new product or service through *research* conducted directly with the targeted consumers. This will allow business strategists to know more about the target *market* by recording opinions and other input from consumers regarding interest in the product. In other words, market research more or less entails carrying out surveys in order to assess the needs of consumer so that production resources can be channeled towards the production of the needed product.

Advertising

This is the process of communicating the benefits of products and services directly to the targeted users/consumers through the use of different method or media. This s also intended to influencing/persuade consumers to buy a particular product/service as against other products/services. Please note that advertising is an integral aspect of marketing. Below are the method/media of advertising-

1. **Internet Advertising:** Since The Internet has become the most mainstream platform for communicating messages to consumers,it became imperative to use it to advertise directly to consumers. These days, there are countless Google ad images on every webpage you click (including this one as you can attest). These are companies advertising their benefits to you directly and trying to persuade you to purchase their products/services. The interesting thing is that it works, reaching countless number of people and actually helping businesses thrive. It is also relatively cheaper than the traditional means of advertising.

2. **Social Media Advertising:** Social media such as Facebook and Twitter have billions of users. Little wonder businesses use Facebook and Twitter as means of reaching their customers with communication messages. I bet you have seen at least one adverts on Facebook today.

3. **Email Advertising:** Email loyalty programs and clubs are good ways businesses can stay in good touch with their customers. It is also probably one of the most cost effective means of advertisement out there.

4. **Print Advertising:** Print media is one of the oldest and still one of the most popular and effective means of advertising. Print media includes everything from newspapers, magazines to brochures and fliers. Newspapers often have advertisement space, and cost often entirely depends on the popularity of the newspaper, size of the ad and its location in newspaper.

5. **TV Advertising:** TV is also one of the oldest and most massive market forms of communication. Over the years, it has proven effective towards reaching customers with videos. Prices primarily depend on the duration of ad, popularity of the TV station/network and the time of day the ad runs. In Nigeria, Project fame is one of the most popular times for TV commercials. In USA, it is The Superbowl.

6. **Radio Advertising:** Radio advertising is one of the older types of advertisement, but it’s still one of the most popular ones. Advertisers can buy air time from radio stations, so they could air their ads.

7. **Billboards, Events and Kiosks:** Most common and popular ways of outdoor advertising are billboards, but we also shouldn't underestimate the power of advertisement on locations such as kiosks, and certain events or trade shows. Billboard advertising is massively popular, but it also has to be eye-catching and creative, or else way it won't get noticed.

8. **Mobile and Cell Phone Advertising:** This is one of the newest forms of advertising that is starting to prove an absolute hit, with its fast increase of popularity, especially since everyone now has smartphones, Kindles, iPads and other popular portable devices that have Internet connectivity.

9. **Public Service Advertising:** This is one of the less orthodox ways of advertising, since its main goal isn't just to sell and advertise the product, but it priority is to educate and inform users about certain companies, products or services.

Advertising Media

Advertising media, also referred as ad media, can be defined as: Advertising media are the means or vehicles through which advertiser communicates his message to prospective customers to influence their behaviour.

Merits and Demerits of each Advertising Media

Pay Per Click Advertising (Search Engines)

As the Web becomes a must-use daily medium today, pay per click (PPC) advertising has grown by leaps and bounds. PPC advertisement is a form of advertising where ads are run and shown in search engines (including their partner sites). PPC ads allow advertisers to pay for visitors on mostly cost per click basis, though some options for cost per impressions are available as well.

Advantages of Pay Per Click Advertising

- Pay only for results (clicks)
- Ability to select where your ads will be shown, giving a better chance to reach target audiences

- Can generate immediate visibility, as ads go live immediately
- Ads can be easily modified, adjusted even deleted instantaneously depending on the results
- Allows for quick, easy tracking of the effectiveness of the campaign allowing you to better analyze the return on your investments (ROI)

Disadvantages of Pay Per Click Advertising

- Broad match, the default option where the ad is shown and automatically matched against a broad array of related queries, can result in ads that are irrelevant to the intended search.
- Bid price inflation as more advertisers compete for the keywords and bid the prices up for the terms
- Bidding war could also result where competitors can bid a higher amount than your bid, lowering the position of the ad and decreasing its visibility
- Click through fraud where users maliciously click on the adverts, from disgruntled competitors to website owners who earns from ads shown on their pages
- Requires constant monitoring; otherwise, outsource to a PPC management company which in turn will increase the cost of your advertising campaign.

Social Media Advertising

As Web has evolved into a medium that fosters social connection,social media has experienced an astounding growth in the last few years. Social media consists of both social networking sites and social bookmarking sites and includes blogs, video sharing sites such as Youtube, microblogging platform Twitter, Facebook, LinkedIn and the like.

Advantages of Social Media Advertising

- Social media sites are great for building customer relationship and offers an incredible reach and the opportunity to connect with customers in an entirely new way

- Offers a wide reach, with its potential for viral marketing
- Traffic generated can be extremely targeted
- Social media tools are relatively inexpensive

Disadvantages of Social Media Advertising

- Targeting is so low because of the diversity and breadth of audiences, resulting in low ROI as visitors do not convert
- Visitors mainly go to social media sites to socialize, and are not interested in advertising
- Traffic is typically in the learning stage of the buying process; hence it is more important to inform and teach than sell outright
- Social media can be a hard branding tool for small businesses, and it is not easy to build awareness, create appeal and generate traffic.

Banner Advertising

Banner advertising is one of the dominant forms of advertising online. It entails the display of a graphical advertising unit, with the typical size the 468×60 banners. However, it also includes buttons, leaderboards, popups, popunders, interstitials, and flash banners. Banner advertising can be run for cost per impression, cost per click or even cost per action.

Advantages of Banner Advertising

- Prices (CPM and CPC rates) have gone down through the years
- With good placement and design, banner ads can deliver above-industry average click through rates
- Banner ads are good branding tools
- Easy to track with the available ad serving tools and tracking tools
- Banner ads can bring in targeted traffic interested in your offerings

Disadvantages of Banner Advertising

- Some types of banner advertising — e.g. flashing banners, popups, popunders, interstitials — are often seen as annoying and highly intrusive
- Growing usage of popup and ad blockers that prevents users from seeing the ads
- Click through rates have significantly declined, due to poor banner design to accumulated bad experiences of web users
- Oversaturation of banner ads leads to ad blindness.

Direct Mail

Direct mail, often called direct marketing or direct response marketing, is a marketing technique in which the seller sends marketing messages directly to the buyer. Direct mail include catalogs or other product literature with ordering opportunities; sales letters; and sales letters with brochures.

Advantages of Direct Mail Advertising

- Your advertising message is targeted to those most likely to buy your product or service.
- Marketing message can be personalized, thus helping increase positive response.
- Your message can be as long as is necessary to fully tell your story.
- Effectiveness of response to the campaign can be easily measured.
- You have total control over the presentation of your advertising message.
- Your ad campaign is hidden from your competitors until it's too late for them to react
- Active involvement – the act of opening the mail and reading it — can be elicited from the target market.

Disadvantages of Direct Mail

- Some people do not like receiving offers in their mail, and throw them immediately without even opening the mail.
- Resources need to be allocated in the maintenance of lists, as the success of this kind of promotional campaign depends on the quality of your mailing list.
- Long lead times are required for creative printing and mailing
- Producing direct mail materials entail the expense of using various professionals – copywriter, artists, photographers, printers, etc.
- Can be expensive, depending on your target market, quality of your list and size of the campaign.

Newspapers

Newspapers are one of the traditional mediums used by businesses, both big and small alike, to advertise their businesses.

Advantages of Newspaper Advertising

- Allows you to reach a huge number of people in a given geographic area
- You have the flexibility in deciding the ad size and placement within the newspaper
- Your ad can be as large as necessary to communicate as much of a story as you care to tell
- Exposure to your ad is not limited; readers can go back to your message again and again if so desired.
- Free help in creating and producing ad copy is usually available
- Quick turn-around helps your ad reflect the changing market conditions. The ad you decide to run today can be in your customers’ hands in one to two days.

Disadvantages of Newspaper Advertising

- Ad space can be expensive
- Your ad has to compete against the clutter of other advertisers, including the giants ads run by supermarkets and department stores as well as the ads of your competitors
- Poor photo reproduction limits creativity
- Newspapers are a price-oriented medium; most ads are for sales
- Expect your ad to have a short shelf life, as newspapers are usually read once and then discarded.
- You may be paying to send your message to a lot of people who will probably never be in the market to buy from you.
- Newspapers are a highly visible medium, so your competitors can quickly react to your prices
- With the increasing popularity of the Internet, newspapers face declining readership and market penetration. A growing number of readers now skip the print version of the newspaper (and hence the print ads) and instead read the online version of the publication.

Magazines

Magazines are a more focused, albeit more expensive, alternative to newspaper advertising. This medium allows you to reach highly targeted audiences.

Advantages of Magazine Advertising

- Allows for better targeting of audience, as you can choose magazine publications that cater to your specific audience or whose editorial content specializes in topics of interest to your audience.
- High reader involvement means that more attention will be paid to your advertisement
- Better quality paper permits better color reproduction and full-color ads
- The smaller page (generally 8 ½ by 11 inches) permits even small ads to stand out

Disadvantages of Magazine Advertising

- Long lead times mean that you have to make plans weeks or months in advance
- The slower lead time heightens the risk of your ad getting overtaken by events
- There is limited flexibility in terms of ad placement and format.
- Space and ad layout costs are higher

Yellow Pages

There are several forms of Yellow Pages that you can use to promote and advertise your business. The Web version of Yellow Pages (and its many competitors online) have been growing by leaps and bounds in recent years, with many foregoing the traditional Yellow Pages supplied by phone companies. But you can also check out specialized directories targeted to specific markets (e.g. Hispanic Yellow Pages, Blacks, etc.); interactive or consumer search databases; Audiotex or talking yellow pages; Internet directories containing national, local and regional listings; and other services classified as Yellow Pages.

Advantages of Yellow Page Advertising

- Wide availability, as mostly everyone have Yellow Pages
- Non-intrusive
- Action-oriented, as the audience is actually looking for the ads
- Ads are reasonably inexpensive
- Responses are easily tracked and measured
- Frequency

Disadvantages of Yellow Page Advertising

- The Internet has led to the decline in the usage of the Yellow Pages, as users find the Web to be an easier, faster and more comprehensive
- Pages can look cluttered, and your ad can easily get lost in the clutter
- Your ad is placed together with all your competitors
- Limited creativity in the ads, given the need to follow a pre-determined format

- Ads slow to reflect market changes

Radio

Advantages of Radio Advertising

- Radio is a universal medium enjoyed by people at one time or another during the day, at home, at work, and even in the car.
- The vast array of radio program formats offers to efficiently target your advertising dollars to narrowly defined segments of consumers most likely to respond to your offer.
- Gives your business personality through the creation of campaigns using sounds and voices
- Free creative help is often available
- Rates can generally be negotiated
- During the past ten years, radio rates have seen less inflation than those for other media

Disadvantages of Radio Advertising

- Because radio listeners are spread over many stations, you may have to advertise simultaneously on several stations to reach your target audience
- Listeners cannot go back to your ads to go over important points
- Ads are an interruption in the entertainment. Because of this, a radio ad may require multiple exposure to break through the listener's "tune-out" factor and ensure message retention
- Radio is a background medium. Most listeners are doing something else while listening, which means that your ad has to work hard to get their attention

Television

Advantages of Television Advertising

- Television permits you to reach large numbers of people on a national or regional level in a short period of time
- Independent stations and cable offer new opportunities to pinpoint local audiences
- Television being an image-building and visual medium, it offers the ability to convey your message with sight, sound and motion

Disadvantages of Television Advertising

- Message is temporary, and may require multiple exposure for the ad to rise above the clutter
- Ads on network affiliates are concentrated in local news broadcasts and station breaks
- Preferred ad times are often sold out far in advance
- Limited length of exposure, as most ads are only thirty seconds long or less, which limits the amount of information you can communicate
- Relatively expensive in terms of creative, production and airtime costs

Telemarketing

Telephone sales, or telemarketing, is an effective system for introducing a company to a prospect and setting up appointments.

Advantages of Telemarketing

- Provides a venue where you can easily interact with the prospect, answering any questions or concerns they may have about your product or service.
- It’s easy to prospect and find the right person to talk to.
- It’s cost-effective compared to direct sales.
- Results are highly measurable.
- You can get a lot of information across if your script is properly structured.

- If outsourcing, set-up cost is minimal
- Increased efficiency since you can reach many more prospects by phone than you can with in-person sales calls.
- Great tool to improve relationship and maintain contact with existing customers, as well as to introduce new products to them
- Makes it easy to expand sales territory as the phone allows you to call local, national and even global prospects.

Disadvantages of Telemarketing

- An increasing number of people have become averse to telemarketing.
- More people are using technology to screen out unwanted callers, particularly telemarketers
- Government is implementing tougher measures to curb unscrupulous telemarketers
- Lots of businesses use telemarketing.
- If hiring an outside firm to do telemarketing, there is lesser control in the process given that the people doing the calls are not your employees
- May need to hire a professional to prepare a well-crafted and effective script
- It can be extremely expensive, particularly if the telemarketing is outsourced to an outside firm
- It is most appropriate for high-ticket retail items or professional services.

Specialty Advertising
This kind of advertising entails the use of imprinted, useful, or decorative products called advertising specialties, such as key chains, computer mouse, mugs, etc. These articles are distributed for free; recipients need not purchase or make a contribution to receive these items.

Advantages of Specialty Advertising

- Flexibility of use

- High selectivity factor as these items can be distributed only to the target market.
- If done well, target audience may decide to keep the items, hence promoting long retention and constant exposure
- Availability of wide range of inexpensive items that can be purchased at a low price.
- They can create instant awareness.
- They can generate goodwill in receiver
- The items can be used to supplement other promotional efforts and media (e.g. distributed during trade shows).

Disadvantages of Specialty Advertising

- Targeting your market is difficult.
- This can be an inappropriate medium for some businesses.
- It is difficult to find items that are appropriate for certain businesses
- Longer lead time in developing the message and promotional product
- Possibility of saturation in some items and audiences
- Wrong choice of product or poor creative may cheapen the image of advertiser.

Types of Market Segmentation

- ***Age group***
- ***Level of income***
- ***Gender***
- ***Occupation***

1. **AGE GROUP:** This is when a market is divided according to age. In this regard, the focus is on products/services that are important to kids. You can agree with me that the product needs of kids are quite different from those of teenagers and adults.

2. **LEVEL OF INCOME:** We have different levels of income earners; talk about ***low income*** *earners* to ***middle income earners*** to ***high income earners***. Each category of income earners have their different needs/wants. This is why it is necessary to segment the market in order to serve them all best.

3. **GENDER:** Some stores specialize in the sales of female products such as cosmetics, while others are into sales of male products. This way of segmenting the market helps serve each gender's needs.

4. **OCCUPATION:** The needs of a carpenter might be quite different from that of a banker. Advertising carpentry products to a banker will be inappropriate same way as advertising Peach tree package to a carpenter will be.

Forms of Sales Promotion

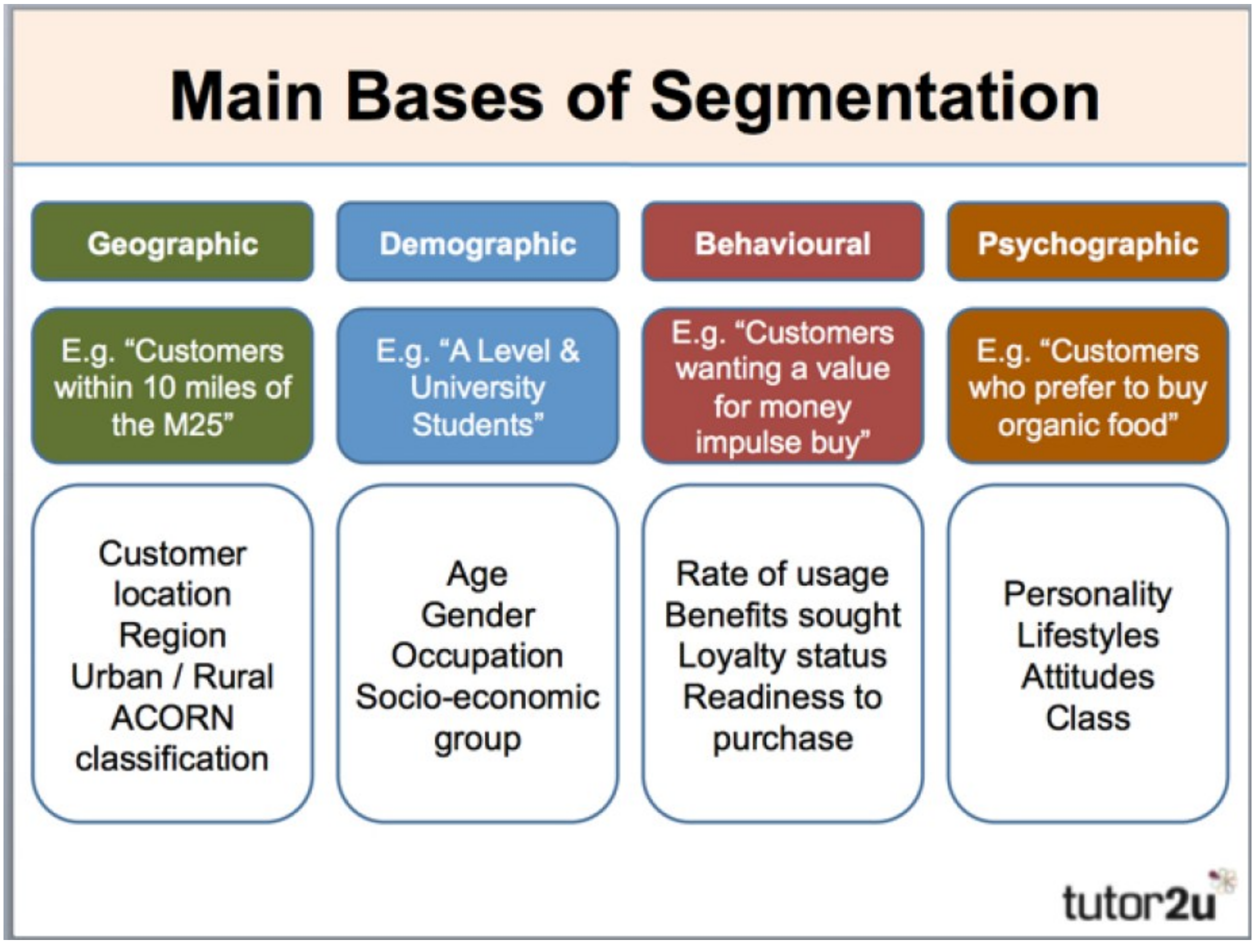
1. Advertising: This is the process of communicating with users of a product using different method or media with the aim of influencing them to buy a product.

2. Personal selling: This is a sales promotion technique that involves face to face method of communicating with the consumers. The idea of this method is to foster a close relationship with the customer.

3. Free sample and gift: Giving out free sample is for consumers to have a feel of the satisfaction the product can offer and hence encourage them to buy.

4. After sales service: These are service provided after the goods had been bought. This can be in form of installation, repair, replace etc.

5**. Special price promotion:** This is when seller sell at a lower price so as to encourage those who would love to buy but does not have the financial muscle to buy at the market price to buy.



Exercises

1. Define market research.
2. What is advertising?
3. Highlight five (5) types of advertising media.
4. List six (6) methods of advertising.
5. List and explain the different types of market segmentation.

WEEK 3

SS 3 Commerce First Term
Topic: Meaning of Business Document

Content – **Meaning of Payment**
Factors Determining The Method of Payment
The Various Means of Payment
Means of Payment Through The Bank
Means of Payment Made by Post Office
Means of Payment Made by Businessmen.

Payment can be defined as the means of settling any business transaction. It is also referred to as the settlement of outstanding debts between a creditor and a buyer. Payment could also mean the transfer of one form of good, services or financial asset in exchange for another form of good, services, or financial asset in proportion that have been previously agreed by the parties involved.

Factors Determining The Method of Payment

1. The amount of money involve
2. The urgency of the payment
3. The safety of the money
4. The distance between the parties involved
5. The type of account the buyer and the seller uses
6. The cost involve in the means of payment
7. The due date of payment.

Various Means of Payment.

1. Legal tender: legal tender is the medium of payment allowed by law or recognized by a legal system to be valid for meeting a financial obligation. It is a means of payment that is compelled by the law of the state to accept in

settlement of debt. It is referred to as cash and it is the commonest means of payment. Legal tender includes Bank note and coins

2. Payment through the bank: payment made through the bank are through the following means of
3. Standing order: This is an instruction by an account holder to the bank to pay a certain sum of money on his behalf at regular intervals to a named person or organization.
4. Bank draft: This is a safe means of payment. It is used by a debtor when his creditor is not willing to accept a personal cheque.
5. Direct debit: This means of payment is good for goods which quantity delivered are not constant; it is a transfer system whereby the creditor by agreement with the debtor gave instruction to the debtor's bank to pay him a specified amount by debiting the account of the debtor and crediting his own account.
6. Cheques: cheques are demands on the bank by the account holder to pay a certain amount to the person named in it as the payee. Other means of payment through banks are:
7. certified cheque
8. Traveller's cheque
9. Credit transfer.

Means of payment made by post office: The following are the means of payment made by post office :

1. Money order
2. Postal order

- Postal giro

1. Postal order
2. Telegraphic money order
3. Postage stamps

Means of payment made by businessmen: these are

1. Promissory note: This is an unconditional promise written and signed by a debtor to a creditor agreeing to pay on a demand a certain amount of money to the creditor at a particular date.
2. Bill of Exchange: It is an unconditional order in writing ,addressed by the seller to the buyer ,requesting the person to whom it is addressed to pay on demand a certain sum of money at a particular time.

- I Owe You (IOU):This is not a legal document .It is a written acknowledgement of an outstanding debt.

Test and Exercises

1. ————– can simply be defined as the means of settling any business transaction (a)Acceptance (b)Bonus (c)payment (d)Outstanding.ans (c)
2. One of these is not a means of payment made by the post office (a)money order (b)postal orders (c)postage stamps (d)standing order.ans (d)
3. One of these is not a factor in determining the method of payment (a)the durability of the money (b)the amount of money (c)the safety of the money (d)the urgency of the money.ans (a)
4. The means of payment which a creditor is compelled by law of the state to accept in settlement of debt is (a) postage stamps (b)legal tender (c)payment through bank (d)payment through post office.ans (b)
5. The various means of payment is all of these except (a)payment by bank (b)businessmen's means of payment (c)payment through bank (d)payment through necessity.ans (d)

WEEK 4

Commerce SS3 Second Term

TOPIC: PRIVATIZATION AND COMMERCIALIZATION

CONTENT

- Meaning Privatization and Commercialization
- Merits and Demerits of Privatization and Commercialization
- Deregulation – Meaning, Advantages and Disadvantages

Privatization and Commercialization

Privatization has to do with the selling off of corporations (formerly issued by the government) to private individuals. In this way, former government- owned corporations become private business concerns owned and managed by private business men and women. Nigeria has had a long history with privatization, one of the most recent of which being the privatization of **NEPA**. In the same vein, commercialization is defined as the process of making state-owned enterprises to become [purely] profit-oriented enter[rises. It should be recalled that state-owned enterprises ideally are not meant to make profit as the products and services they offer are typically subsidized. However, when they become commercialized, they more or less get given the mandate to operate as a private firms and make profit.

Advantages of Privatization and Commercialization

1. They promote efficiency in production
2. The government gains more through increase in tax and profit revenue.
3. It promotes competition
4. It will lead to increase in consumer satisfaction
5. It brings about innovation and creativity.

Disadvantages of Privatization and Commercialization

1. It leads to uneven distribution of income
2. It leads to a wide gap between the rich and the poor

3. It leads to consumer exploitation
4. It fuels inflation
5. It leads to a reduction in employment level.

What is Deregulation?

Deregulation has to do with the process of reducing or eliminating the power of government in a particular industry with the aim of encouraging competition and allowing the demand and supply in such an industry to determine the pricing and supply of products. The recent deregulation of the oil Sector in Nigeria whereby oil price moved from 65-145 naira is an example of deregulation. In this case, the government relinquished its power to fix price and allowed the law of ***demand and supply*** to dictate what petrol price would be.

Advantages of Deregulation

1. It increases the level of competition in the industry that is deregulated
2. It leads to a greater efficiency
3. It reduces the excess cost of bureaucracy on the part of government
4. Consumers get more value for money.

Disadvantages of Deregulation

1. It could lead to consumer exploitation
2. It may be difficult to create competition
3. It may lead to poorer service

Exercises

1. What is privatization/commercialization?
2. Outline the advantages and disadvantages of privatization/commercialization.
3. Define deregulation.
4. Highlight the advantages and disadvantages of deregulation

WEEK 5

Commerce SS3 Second Term

TOPIC: Economic grouping in West Africa

CONTENT

- Meaning of Economic Groupings
- ECOWAS
  – History, Member Countries, Objective, Achievement, Problems etc
- Niger Basic Commission (NBC)
  – History, Member countries, objectives, Achievements, problems
- Lake Chad Basin Commission (LBBC)
  – History, member countries, objectives, Achievements, Problems

Meaning of Economic Groupings

Economic Groupings are the associations of countries situated in a particular region whereby they come to a common understanding regarding rules and regulations to be followed while exporting and importing goods among them. Such groups have liberal rules for member countries while a separate set of rules is laid for non-members.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

Ecowas is a sub-regional organization formed by fifteen West African countries in 1975. Its headquarters was originally in Lagos before it was moved to Abuja. Currently, ECOWAS has sixteen members as a result of the inclusion of Cape-Verde. The main aim of the organization is to promote economic co-operation among members, geared towards development of the sub-region and the African continent at large.

HISTORY OF ECOWAS

The call for a West African community was made by President William Tubman of Liberia in 1964. An agreement was signed among Côte d'Ivoire, Guinea, Liberia and Sierra Leone in February 1965, but this came to nothing.

In April 1972, General Gowon of Nigeria and General Eyadema of Togo re-launched the idea, drew up proposals and toured 12 countries, soliciting their plan from July to August 1973. A meeting was then called at Lomé from 10-15 December 1973, which studied a draft treaty. This was further examined at a meeting of experts and jurists in Accra in January 1974 and by a ministerial meeting in Monrovia in January 1975. Finally, 15 West African countries signed the treaty for an Economic Community of West African States (Treaty of Lagos) on 28 May 1975. The protocols launching ECOWAS were signed in Lomé, Togo, on 5 November 1976. In 1977 Cape Verde joined ECOWAS, while in 2002 Mauritania withdrew form the Community.

ECOWAS was founded to achieve collective self-sufficiency for the member states by means of economic and monetary union creating a single large trading bloc. It was designated one of the five regional pillars of the African Economic Community (AEC). Together with COMESA, ECCAS, IGAD, and SADC, ECOWAS signed the Protocol on Relations between the AEC and Regional Economic Communities (RECs) in February 1998.

However, the very slow progress towards economic and monetary integration meant that the Treaty of Lagos was revised in Cotonou on 24 July 1993, towards a looser collaboration.

In 1900 the ECOWAS nations have signed a non-aggression protocol and two earlier agreements in 1978 and 1981. They have also signed a Protocol on Mutual Defence Assistance, in Freetown, Sierra Leone, on 29 May 1981, that provided for the establishment of an Allied Armed Force of the Community.

In 2008 Guinea On 20 October 2009 ECOWAS announced the suspension of Niger from the organisation. On 17 October ECOWAS had asked Niger to postpone its controversial 20 October elections, but the elections had been boycotted by members of the opposition as President Tandja Mamadou faced accusations of trying to lengthen his reign.

The ECOWAS Summit of December 1999 agreed on a Protocol for the Establishment of a Mechanism for Conflict Prevention, Management and Resolution, Peace and Security. The Mechanism has a Council of Elders, as well as a Security and Mediation Council. The ten members of the latter are the Foreign Ministers of the following states: Benin, Cote d’Ivoire, Gambia, Ghana, Guinea, Liberia, Mali, Nigeria, Senegal, and Togo.

MEMBER COUNTRIES

The Economic Community of West African States include the following 16 states:

- BENIN
- BURKINA FASO
- CABO VERDE
- CÔTE D’IVOIRE
- The GAMBIA
- GHANA
- GUINEA
- GUINEA BISSAU
- LIBERIA
- MALI
- NIGER
- NIGERIA
- SENEGAL
- SIERRA LEONE
- TOGO
- CAPE VERDE

OBJECTIVES OF ECOWAS

1. **Promotion of co-operation and Development among member nations:**This is the major reason behind the formation of ECOWAS; a grand developmental agenda which cuts across all sectors of the economies of member states. The end result of this is to raise the standard of living of citizens of member country.
2. **Harmonization of Policies:**The Commission also aims at harmonizing the different sectoral policies of member states, examples of which include harmonization of agricultural policies, harmonization of monetary policies, etc.
3. **Abolition of Obstacle to free movement:**Ecowas aims at encouraging free movement of citizens from one member states to another.

4. **Abolition of Trade Restriction:** Ecowas also aims at making sure that goods and services are not subjected to quantitative and administrative restrictions at the borders of members state.
5. **Establishment of a common Tariff:** Ecowas also aim at establishing a common tariff and a common commercial policy between member country.

ACHIEVEMENTS OF ECOWAS

1. **Trade Liberalization:**The fact that goods can more freely among member states has contributed to the development of West Africa.
2. **Execution of Joint Projects:**Member State has come together to jointly finance project that is of beneficial to West African countries.
3. 3**. Fostering of Unity:**The community has brought all 16 member states together and enhanced more friendly atmosphere among them.
4. **Establishment of ECOBANK:** This is a commercial bank that makes currency convertibility possible among member states.

5. **Expansion of Market:**There is now increased in the production of goods and services in the West Africa sub region.

PROBLEMS OF ECOWAS

1. Language barrier as members of sub region do not have the same official language.
2. Currency different as members of sub region do not use the same currency.
3. Political Instability have also hindered ECOWAS in achieving goals
4. Poor implementation of policies
5. Fear of domination of poor member nation and unequal development among member's nations is a big problem to ECOWAS.

NIGER BASIN COMMISSION

The Niger Basin Authority is an intergovernmental organisation in West Africa aiming to foster co-operation in managing and developing the resources of the basin of the River Niger. The Niger Basin Authority defines its purpose as the promotion of cooperation among member countries to ensure integrated development of resources. The organisation originally defined its mission as the cooperative management of water resources, most notably, but not limited to, the Niger River. While centering of water and hydroelectric resources, the NBA nations use the organisation to harmonise development of energy, agriculture, forestry, transport, communications, and industrial resources of the member nations. The NBA has worked to create a "Integrated Development Plan of the Basin", especially focusing on cross boundary projects. The NBA itself has been ceded no sovereign power over resources or management, and therefore all regulation must be imposed by individual sovereign governments. While not the original focus of the NBA, environmental protection from the threats of desertification, deforestation and pollution of the rivers by agriculture and industry have become a major theme of their work.

MEMBER COUNTRIES OF NIGER BASIN AUTHORITY

Nine nations which include part of the Niger Basin are members: Benin, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Guinea, Mali, Niger and Nigeria.

LAKE CHAD BASIN COMMISSION

The Lake Chad Basin Commission was established in 1964 by four nations but now has eight member states. It is headquartered in N'Djamena, the capital city Chad. Its main objective is to oversee and ensure the effectiveness and efficient use of the natural resources in the basin.

Objectives of LCBC

1. To sustainably manage resources in the lake
2. To equitably distribute the resources of the lake among member states
3. To foster unity among members
4. To preserve the ecosystem in lake Chad

Test and Exercises

1. Briefly trace the history of the Economic Community of West African States (Ecowas)
2. List the member countries of Economic Community of West African States (Ecowas).
3. Outline the five (5) achievements of Economic Community of West African States (Ecowas).
4. Describe the Niger Basin Commission.
5. What are the main goals of the Lake Chad Basin Commission?

WEEK 6

Commerce SS3 Second Term

TOPIC: Economic groupings in West Africa (Cont'd)

- **West Africa Clearing House (WACH)**

– History, Member countries, Objectives, Achievements

- **Mano River Basin Commission (MRBC)**

– History, member countries, objectives, Achievements

WEST AFRICA CLEARING HOUSE

The **WACH** was established in 1975 with headquarters in Freetown, Sierra Leone. It comprises of ten member Central Banks of fifteen member states whose main objective is to facilitate multilateral clearing mechanism among Central Banks of members.

Aims and Objectives of WACH

1. To promote the use of members' national currencies for ultra sub-regional transactions.
2. To bring about savings in the use of foreign reserves.
3. To advice members nation as regards the appropriate monetary policy to adopt.
4. To encourage trade liberalization
5. To foster monetary co-operation in the sub-region

Achievements of WACH

1. The facilitation of clearing mechanism among member state
2. The facilitation of the use of members' national currency for transactions.

De

MRBC was established on October 1973 by heads of state of Liberia and Sierra Leone. It has its headquarter in Freetown. It is now made up of four members namely- Liberia, Sierra Leone, Guinea and Ivory Coast.

Objective of Mano River Basin Commission

1. To promote regional integration among member nations
2. To distribute the resources in the basin equitably among member nations
3. To manage the resources in the basin effectively and efficiently
4. To manage the ecosystem of the basin
5. To foster regional economic development.

Exercises

1. Write a short note on the West Africa Clearing House.
2. List the objectives of the West Africa Clearing House.
3. What are the achievements of the West Africa Clearing House?
4. Describe the Mano River Basin Commission.
5. What are the main objectives of the Mano River Basin Commission?