



MINISTRY OF EDUCATION
GHANA ASSOCIATION OF
BUSINESS EDUCATION TEACHERS



BUSINESS MANAGEMENT

for Senior High Schools

Year 1



Ahmed Sittu

John Komi Awute

Avole Baba Ansbert

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Ghana Education
Service (GES)





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FOREWORD

Ghana's new Senior High School Curriculum aims to ensure that all learners achieve their potential by equipping them with 21st Century skills, knowledge, character qualities and shared Ghanaian values. This will prepare learners to live a responsible adult life, progress to further studies and enter the world of work. This is the first time that Ghana has developed a Senior High School Curriculum which focuses on national values, attempting to educate a generation of Ghanaian youth who are proud of our country and can contribute effectively to its development.

The Ministry of Education is proud to have overseen the production of these Learner Materials which can be used in class and for self-study and revision. These materials have been developed through a partnership between the Ghana Education Service, teacher unions (Ghana National Association of Teachers- GNAT, National Association of Graduate Teacher -NAGRAT and the Pre-Tertiary Teachers Association of Ghana- PRETAG) and National Subject Associations. These materials are informative and of high quality because they have been written by teachers for teachers with the expert backing of each subject association.

I believe that, if used appropriately, these materials will go a long way to transforming our Senior High Schools and developing Ghana so that we become a proud, prosperous and values-driven nation where our people are our greatest national asset.

Haruna Iddrisu MP
Minister for Education

SECTION

1

INTRODUCTION TO BUSINESS AND FORMS OF BUSINESS ENTITIES



MANAGING BUSINESS AND THE LEGAL FRAMEWORK OF BUSINESS

Forms of business

INTRODUCTION

In this first section of Business Management, you will start by learning about different forms of businesses. Businesses engage in activities by making goods and services available to customers for reward in the form of profits. Without the existence or availability of business organisations, essential goods and services would not be accessible to meet the demands of the consuming public. Goods are physical or tangible items, while services are the intangible needs and wants produced by business entities for consumers to utilise.

These businesses create jobs, enabling workers to earn an income to meet their needs. They also contribute to raising government revenue through the payment of taxes to local and central authorities, which is used to develop infrastructure such as schools, hospitals, and roads. Furthermore, these businesses enhance the beauty of our cities and towns, promoting tourism.

Examples of some business entities are sole proprietorships, partnerships, companies and state-owned enterprises. Knowing these forms of businesses with regard to their features, benefits and challenges helps one as an entrepreneur to choose the best form of business to operate based on the nature of business activity one is involved in.

KEY IDEAS

- **Business entities** are set-up to provide goods or services to members of the public through transactions in order to make profit.
- **Sole proprietors** (one person) who own, control and manage all aspects of the business entity.
- **Partnerships** where at least two (2) but not more than twenty (20) people pool their resources together to operate a business with the aim of making profit.
- **Companies** which are a legal entity or organisation formed by individuals, known as shareholders or members, to conduct business activities.
- **State-Owned Enterprises** (SOE) in which the government or state has a significant ownership stake or control.

THE MEANING OF BUSINESS

“Business” can be used to describe any activity or organisation engaged in the production, distribution or exchange of goods and services. It encompasses various activities such as manufacturing, purchasing, selling or exchanging goods or services in order to profit or achieve specified objectives. Most businesses' primary goal is to make profits and earn income by fulfilling the needs of their target market.

Business entails discovering opportunities, creating values, managing resources, taking measured risks and developing relationships in order to contribute to society's well-being by delivering necessary goods and services to the appropriate consumers. The ultimate purpose of business is to provide value to consumers and society while generating income and ensuring their ongoing viability. Types of businesses include individual proprietorships, partnerships, corporations and state-owned organisations.



Figure 1.1: People in a supermarket buying needed goods and services (business)

Objectives of business organisations

The primary goals of starting a business vary, but the common ones include

1. Generation of revenue

Business organisations are set-up to generate income and maximise profits for it to survive and grow.

2. Job development and employment

Creating chances for individuals to be employed while contributing to economic progress, to be able to cater for themselves and their families.

3. Innovation and growth

In order to meet the needs and wants of their customers, businesses create new ideas, increase competitiveness in markets and drive innovation. Businesses may be established with the specific aim of growing or expanding their reach to local, regional or wider target markets.

4. To meet consumer needs

A business aims to provide customers and clients with value in the form of products or services such as foods, education etc in order to satisfy their needs and wants.

5. Social responsibility

This entails addressing social or environmental challenges while also giving back to the community. For instance, Telecel, MTN, Unilever, etc., provide boreholes (water) to communities in Ghana.

6. Personal fulfilment

This entails pursuing a passion, gaining independence and achieving personal goals. It drives a business to perform its work very well in order to be rewarded.

The role of businesses in our society

Businesses are important in our daily lives and serve people, communities and the country in different ways. Some of the key roles that businesses perform in Ghana include:

1. Job creation

Businesses create job possibilities for Ghanaians, helping to reduce unemployment and improve living standards in the country.

2. Economic growth

Businesses help to boost Ghana's Gross Domestic Product (GDP) by producing necessary goods and services which stimulates economic growth and development.

3. Innovation

Businesses produce and launch new products, services and technologies. This fosters innovation and entrepreneurship across industries thereby boosting and sustaining economic activities in the nation.

4. Revenue

Businesses contribute to the government's revenue by paying taxes and other fees, which help to finance public services and infrastructure improvements such as building more hospitals, schools etc.

5. Social responsibility

In Ghana, many businesses participate in corporate social responsibility (CSR) efforts that benefit education, healthcare and community development. For example, Unilever, Ghana Ltd provided some communities in Ghana with boreholes.

6. Infrastructure development

Some businesses engage in infrastructure projects such as transportation, energy and telecommunications to help improve Ghana's overall infrastructure.

7. Commerce and trade

Businesses enable both domestic and international commerce, connecting Ghanaian goods to worldwide markets and encouraging economic integration.

8. Standard of living

Businesses help to improve people's quality of life through employment and the provision of goods and services.

Activity 1.1 Exploring the Concept of Business

1. List five goods or services you normally buy and use, and write down the places where you bought them.
2. Explain three (3) reasons why those places or shops are important in our society.
3. In pairs, discuss the meaning and key objectives of a business.
4. Write your answers in the table below or copy the table and use it to complete the activity.

No.	Products	Where you bought the products
Q1a.	Key soap	Ambassador provision shop
b.		
c.		
d.		
e.		

Explain three (3) reasons why these shops are important

Q2a.	
b.	
c.	
Q3	Meaning of business

Key objectives of business

6. In pairs, think about and discuss the meaning of essential terms such as *goods*, *services*, *entrepreneur* and *profit*. Use the spaces below to write down the important points from your discussion.

Goods:

Services:

Entrepreneur:

Profit:

8. Prepare a note on based on your understanding of the concept of business, its objectives and present to the class for feedback.

Activity 1.2 Understanding Basic Business Terms

1. Prepare for a discussion with a partner by looking at the images below and answering the questions that follow.



1



2

a. Identify some of the items found in the shop in Image 1?

--

b. What is the man in Image 2 doing and how does his activity impact your life?

--

c. Identify the image where *goods* are being offered for sale and the image where a *service* is being rendered for a charge. Write *service* or *goods* at the appropriate right-hand side column below for image 1 and 2.

Image 1	
---------	--

Image 2	
---------	--

d. What term could be used to describe either of these business people in their enterprise of providing goods and services?

--

e. What reward or benefit do you think they will get by providing goods and services to customers or clients?

--

2. As a group, share your work with others and review each other's table or notes or interpretation prepared above. Use the space provided to record any notes from your review.

Notes from peer review.

--

Activity 1.3 The Role of Business in Society

Jifah-shoe-repairs is a small business that provides valuable services to members of the local community.

Find a partner and discuss:

1. Three ways by which Jifah shoe repairs as a business entity will impact the life of Jifah, her family and the community as a whole.
2. How businesses can balance profit-making and social responsibility.
3. The contributions of business organisations to societal development.

Use the table below to respond to the questions above.

a.	Three ways by which Jifah shoe repairs will impact Jifah, her family and the community
	How businesses can balance profit-making and social responsibility
	Contributions of business organisations to the societal development

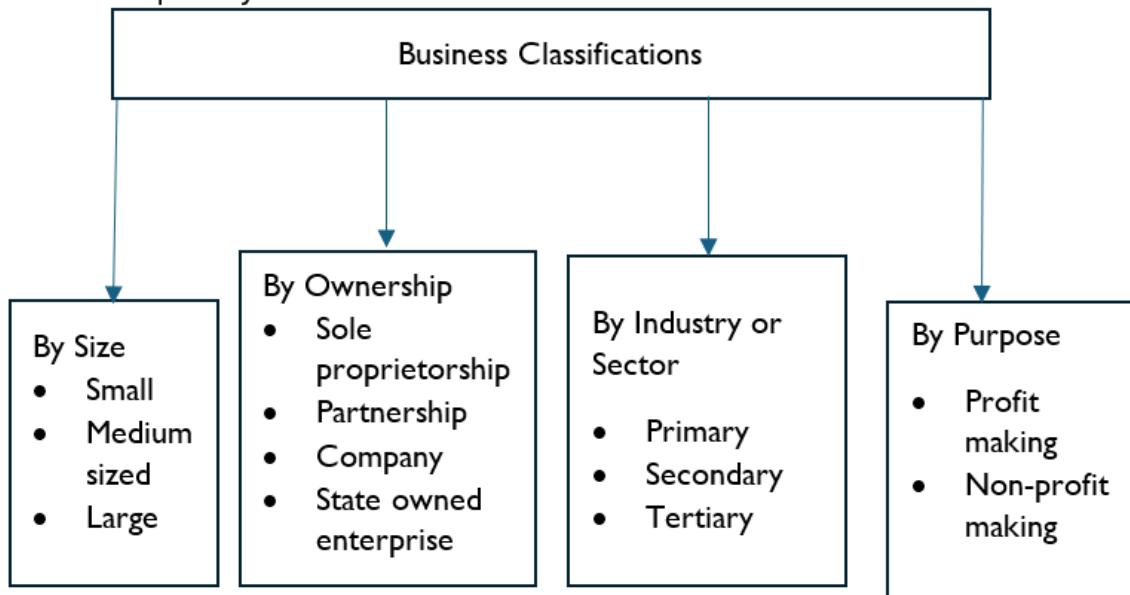
Activity 1.4 Business, its Objectives and Importance to the Society

1. Turn to the person sitting next to you in class and take turns asking each other questions based on the lesson. For example:
 - a. What is the meaning of business?
 - b. Mention three objectives of establishing a business.
 - c. Describe the importance of business to society.
2. Ensure you both have the opportunity to ask and answer questions. Be prepared to share the main points of your discussion with the wider class.

CLASSIFICATIONS OF BUSINESSES

Classifications of Businesses

Business categorising may be based on various criteria such as size, ownership, industry and purpose. These classifications help you understand the scale, structure and operational complexity of businesses.



1. Business by size

- Small businesses:* Small businesses usually have 1 - 50 employees depending on the industry and country-specific definitions. They are relatively small but more structured than micro-enterprises. Small businesses are often owner-managed or family-run and serve a local market.
Examples of small businesses include Gari processing firms, local restaurants, retail stores or containers etc.
- Medium-sized businesses:* This classification of businesses typically has between 51 and 250 employees, though the exact range can vary by industry and region. They are more established and structured than small businesses and have more resources to invest in business growth and innovation.
Examples of medium sized businesses include manufacturers, super markets etc.
- Large businesses:* These businesses usually have more than 250 employees; this can vary depending on the industry. They are often operated on a national or international scale. These businesses have a well-established management structure and formal processes.
Examples of these businesses are multinational companies e.g. MTN, large manufacturers, major retail shops such as Melcom.

2. Business by Ownership

- Sole proprietorship:* A business that is owned and managed by one person is referred to as sole proprietorship. This person enjoys the profits of the business alone but on the other hand, they are responsible for the consequences of the business.
Retail shops, microfinance organisations, food vendors, hairdressers may be examples of sole proprietorship business.
- Partnership:* This is a type of business of between 2 and 20 individuals who contribute resources to form and run it and have agreed to share responsibilities and profits together.
Family businesses, law firms etc are all examples of partnership.

- c. *Company*: A company is a legal entity formed by individuals or groups of individuals (shareholders) with the aim of operating a business to make profit.
- d. State owned enterprises (SOEs): The government establishes and controls these organisations to provide essential services such as health, electricity etc to members of the public.
Examples of SOEs include Ghana Broadcasting Corporation (GBC), Volta River Authority (VRA) etc

3. Business by Industry Sector

- a. *Primary industry*: Primary industries are involved in the extraction of natural resources and agriculture. Examples include mining, farming and fishing.
- b. *Secondary industry*: Secondary industries are those concerned with the manufacture and processing of raw materials into finished goods ready for consumption or use. Examples of this industry include construction, electronics, automobiles etc.
- c. *Tertiary industry*: The tertiary sector involves the provision and delivery of services such as healthcare, banking and education.

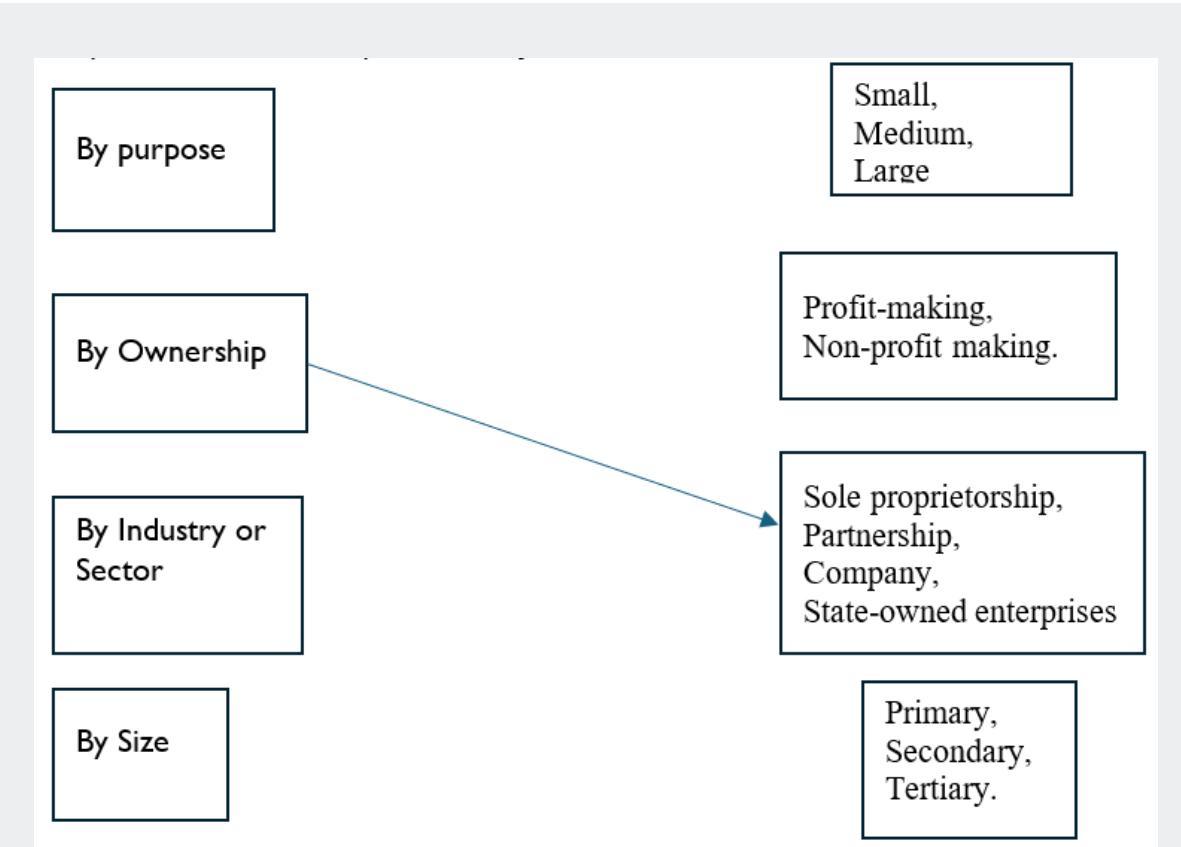
4. Business by Purpose

- a. For profit-making: These are businesses formed with the aim of producing goods and services in order to make some form of profit for owners and stakeholders. These businesses include banks, supermarkets, etc.
- b. Non-profit making organisations (NPOs): They are organisations set-up to perform charitable or social work. These organisations examples include non-governmental organisations (NGOs), churches and so on.

Activity 1.5 Classifications of Business with Examples

1. Arrange yourself in small groups of no more than 7 to discuss the four major classifications of business:
 - a. size
 - b. ownership
 - c. purpose
 - d. sector.
2. In your groups, complete the matching activity below to join the type of classification with the forms of business entity it includes.

An example has been completed for you.



3. Compare your answers with another group to see if you agree. If not, discuss your rationales and see if you can agree on a shared response.
4. Discuss how businesses are classified in your groups, including:
 - a. What categories of business fall in to each classification
 - b. How you define each category of business
 - c. Examples of each type of business – either local, national or international
5. You could use a table such as the one below to record the outcomes of your discussion.

Business classification	Category	Description	Examples
Size			
Ownership			
Industry sector			
Purpose			

Activity 1. 6 Classifying Businesses in Ghana (Case Study)

- Arrange yourself in small groups of between 5 and 7. Read the descriptions of each of the organisations below and state which classification of business applies to each example. Note that more than one classification could apply (a mining organisation with 100 employees could be classified by size (medium sized) and by sector (primary)).
 - Ghana Red Cross Society: The Ghana Red Cross Society is a humanitarian organisation that provides emergency assistance, disaster relief, and blood donation services. Its primary objective is to serve the community.
 - Cocobod: The Ghana Cocoa Board is a national organization responsible for regulating the cocoa industry in Ghana. Its main purpose is to promote and develop the cocoa sector as a national resource.
 - Ghana Oil Company Limited (GOIL): GOIL is an oil marketing company operating in Ghana, with a workforce of over 1,000 employees.
 - Kawula's Tailoring Shop: Kawula owns a small tailoring shop located in Kumasi. The business employs one apprentice who assists with the work while also learning the trade.
- Your teacher may provide you with additional examples to discuss.
- Be prepared to share your answers with the rest of the class for discussion and feedback.

Name of business	Business classification
0. Ghana Red Cross Society	Purpose
1.	

MEANING, FEATURES AND BENEFITS OF SOLE PROPRIETORSHIP

Meaning of sole proprietorship

A sole proprietorship is a type of business that is formed, financed, controlled and managed by one person (the owner). It is the oldest, simplest and the commonest form of business ownership. The sole proprietorship law considers the owner and the business to be the same legal entity where the owner makes decisions and has full control over the business's operations. Examples of sole proprietorship businesses in Ghana include metal fabricator, wakye seller, mobile money (momo) vender, koko seller, provision vender among others.



Figure 1.2: Mobile money vender



Figure 1.3: Koko seller

Features of sole proprietorship business

The key feature of sole proprietorships is summarised below.

1. Single ownership

A sole proprietorship has a single owner who owns the entire business. The proprietor has the authority to make all business decisions and has complete control over the operations.



Figure 1.4: Food seller (owner of the food spot) serving her customer

2. Sole proprietorship

The business is not considered a separate legal entity from the owner. This means that the law makes no distinction between the business and the individual/owner conducting it.

3. Unlimited liability

A sole proprietorship allows the owner to be personally liable for the business's debts and responsibilities. This means that the proprietor's personal assets are at risk if the company incurs any financial or legal difficulties.

4. Direct taxation

Sole proprietorships record their revenue and losses on the owner's personal tax return. The company itself does not submit separate tax returns. The owner must pay taxes on the business's profits as part of their personal tax duties.

5. Less capital

Sole proprietorships rely on personal savings, loans, or reinvested profits to sustain their operations. Because funding is based on the owner's personal resources, it limits the amount of capital that can be put in the business as compared to other business forms.

6. Minimal formation and dissolution requirements

The sole proprietorship business may cease to exist if the owner dies or is permanently incapacitated.

7. Simple legal structure

Sole proprietorships are easy to form and maintain. Compared to other company formations, such as corporations or partnerships, there are typically less legal requirements and formalities. However, the sole proprietor is still responsible for following all applicable laws, regulations, and licensing requirements.

Benefits of sole proprietorship

1. They are easy to start and manage

Sole proprietorships are a cost-effective and simple business structure to start and manage. To create and run a business, there are usually few legal procedures and no substantial documentation required.

2. Quick decision-making

Sole proprietors have the ability to make independent judgments and respond to changing market conditions. This is because solitary owners do not have partners or stockholders on which they must rely or discuss before making choices. It is therefore flexible.

3. Direct profits

Sole owners receive direct income from the enterprise. There is no need to share profits with partners or shareholders, which allows for bigger financial returns.

4. Less tax burden

Sole proprietors typically pay lower taxes than other businesses because business income is taxed as personal income. The process of filing tax returns is also straightforward.

5. Ensures business confidentiality

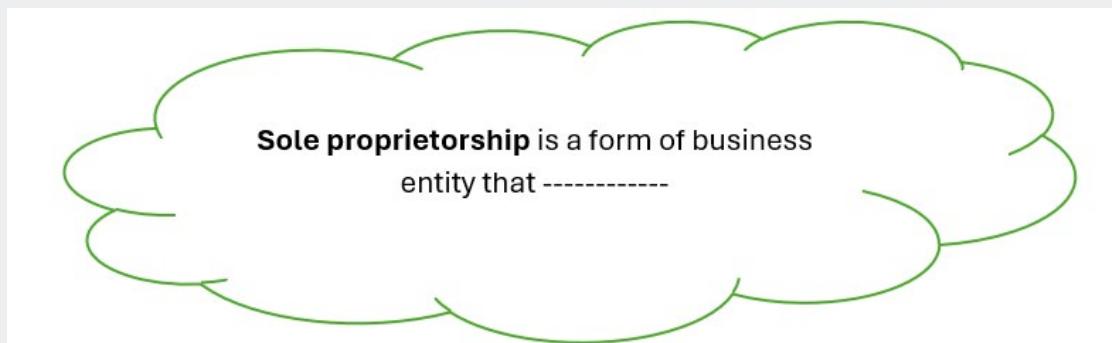
Sole proprietors are not required to publicly disclose financial information, ensuring the privacy of their operations.

6. Complete control

A sole proprietor has full control over their business. They can make decisions on their own and carry out their vision without relying on consensus or shareholder approval.

Activity 1.7 The Concept of Sole Proprietorship and its Features

1. List examples of businesses you know in your community and other places.
2. From your list, identify the businesses that are owned and managed by one person e.g. koko seller, waakye seller, provision shop owners etc and then use such examples to link your understanding to the concept of sole proprietorship.
3. Working with the person sitting next to you, come up with a simple definition of a sole proprietorship business.



- Share your definition of a sole proprietorship with your colleagues and compare similarities and differences in your responses. Record your agreed definition in your workbooks.
- As part of your discussion, try to identify businesses owned by men or women in sectors or industries typically dominated by the opposite gender. Can you think of business owned by people from disadvantaged backgrounds or who have overcome personal challenges in order to build their business. It is important to remember that business is for everyone.
- With your partner discuss and identify the features of a sole proprietorship business

Note: Use the spaces or table below to perform the activity above.

Features of a sole proprietorship

Activity 1.8 Benefits of Sole Proprietorship

- Arrange yourself in small groups of 3 – 5 to discuss the advantages or benefits of running a sole proprietorship business.
- Outline your points using the table below

	Benefits of a sole proprietorship

- Be prepared to share your answers as part of a wider class discussion.

CHALLENGES AND SOURCES OF FUNDING FOR SOLE PROPRIETORSHIP

In this lesson, you will develop your understanding of sole proprietorships. This lesson focuses on the challenges and sources of funding for sole proprietorships.

Challenges of sole proprietorship

Whilst being a sole proprietor can offer a lot of flexibility; it does come with challenges which include:

1. Lack of continuity

If a sole proprietorship owner becomes incapacitated or goes away, the business may not be able to continue. The company normally ceases to exist, and any assets or obligations are managed by the proprietor's estate. This can lead to uncertainty for customers, suppliers, and staff.

2. Unlimited liability

Sole proprietors have unlimited personal liability for their business's debts and liabilities. Personal assets may be jeopardized if legal action is taken or financial troubles arise.

3. Limited resources

Sole owners may have limited financial resources and experience. Raising finance may be more difficult than with other business formats, as lenders and investors may be unwilling to offer funds due to the greater personal risk.

4. Workload and time commitment

Sole proprietors manage all areas of their business, including operations, marketing, finance, and administration. This can result in a hefty workload and a substantial time commitment, perhaps leading to burnout and trouble achieving work-life balance.

5. Limited skill set

Sole entrepreneurs are responsible for managing all areas of their firm. This necessitates a varied skill set in fields such as marketing, finance, sales, and operations. Wearing many hats can be hard, necessitating further learning or outsourcing of difficult duties.

6. Less development prospects

The sole proprietorship business's performance may be restricted by the owner's time, resources and experience. Expanding the firm or taking on greater initiatives may be difficult without further assistance.

Sources of funding for sole proprietorship

A sole proprietor is typically funded through the owner's personal resources or external funding. Some common sources of funding include:

1. Personal savings:

The owner of the business invests their own money to start and expand the business.



Figure 1.5: An individual who has saved money to build up capital counting it to start business

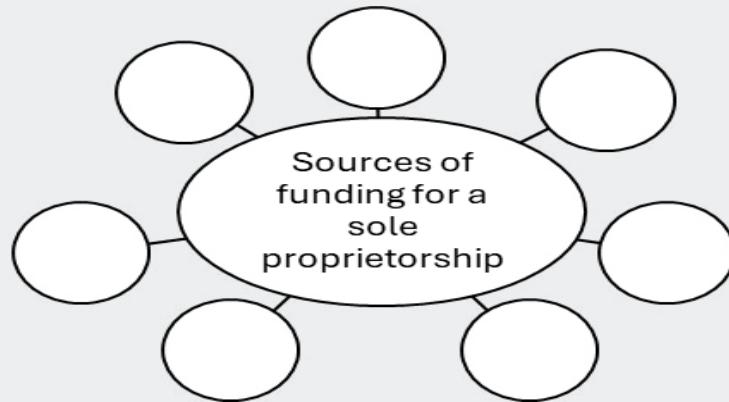
2. **Trade credit:** Suppliers allow businesses to purchase items on credit and pay later.
3. **Retained earnings:** Profits are reinvested to drive corporate growth and expansion.
4. **Family and friends:** Borrowing finances from family and friends who are willing to assist the business. Some friends and family members may just offer money to help start the firm.
5. **Loans:** Sole proprietors can obtain personal or company loans from banks and financial institutions.
6. **Government grants and support programmes:** Some governments offer financial help or incentives for small businesses.
7. **Crowdfunding:** This involves raising modest amounts of money from a large number of individuals, typically through internet platforms. This funding strategy enables entrepreneurs, particularly sole owners, to raise funds from individuals who believe in their business idea.
8. **Angel investors:** These are individuals that invest in tiny enterprises for future returns.

Activity 1.9 Challenges and Sources of Funding for Sole Proprietorship

1. Arrange yourself in small groups to discuss the challenges confronting sole proprietorships.
2. Actively participate in the group discussion while respecting the views of your colleagues.
3. Use the table below to outline your points.

Challenges of sole proprietorship	

4. Extend your discussion to identify and explain the various sources of funding available to sole proprietorship businesses.



5. Exchange your work with another group for peer review and feedback.
6. Present your work to the entire class.

THE MEANING OF PARTNERSHIP, ITS FEATURES AND PARTNERSHIP DEED/AGREEMENT

This lesson will introduce you to partnerships as a form of business entity.

Partnership Business

A partnership is a business organisation which is made up of at least two but not more than twenty individuals who have agreed to be partners, to share ownership, management, responsibilities and control of the business. A partner refers to an individual who shares ownership, responsibility and decision-making authority in a partnership.

Partners can be individuals, such as entrepreneurs, professionals, or investors, or they can be other businesses, corporations, or entities. Partners contribute resources, expertise and capital, sharing profits, losses and work collectively to achieve the goals of the business.

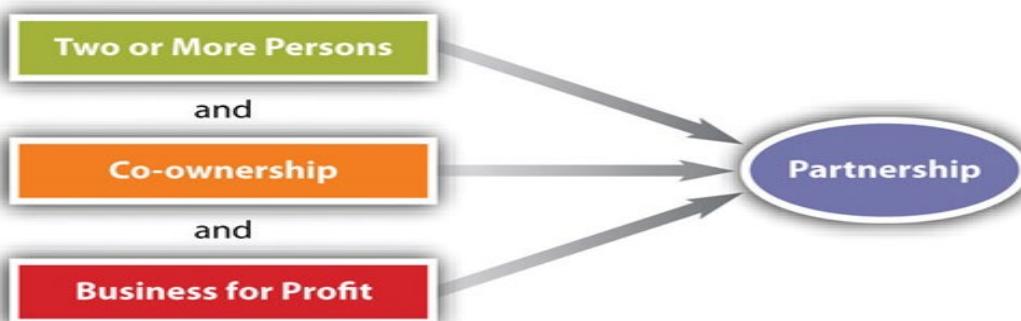


Figure 1.6: Partnership

Features of partnership

1. Shared ownership

Two to twenty individuals own a partnership business. Each partner contributes capital, labour or both to the business and shares the profits and losses according to the partnership agreement or deed.

2. Joint decision-making

Partners of the business participate in management by taking part in decision-making. This means decisions are typically shared among the partners

3. Unlimited liability

Partners are personally responsible for business debts. For instance, in a general partnership, partners have unlimited personal liability for the debt and obligations of the business. This means that partners' personal assets can be used to settle business debts and legal obligations.

4. Limited life span

A partnership is likely to be dissolved if a partner leaves, dies or if there is a mutual agreement to end it.

5. Mutual agency

Each partner can bind the others. That is, the activities of any of the member or partner binds the rest.

6. Profits and losses are shared together

Partners in a partnership business share profits as well as losses incurred in the business. In some instances, profits and losses may be shared according to the agreement or contributions or status of each member.

Partnership deed and its content

A Partnership Deed is a formal legal document that defines the rights, duties, and terms agreed upon by partners in a partnership business. It helps to avoid misunderstandings and establishes a legal foundation for settling conflicts.



Figure 1.7: Partners studying partnership deed or agreement

A **partnership deed** normally includes the following provisions

1. Finance contributions: Each partner's contribution of funds, assets, or resources to the partnership.
2. Sharing of profit or loss: The agreement specifies how profits and losses will be distributed among partners, typically based on ownership percentages or other agreed-upon criteria.

3. Decision-making and management: This section outlines the partnership's decision-making process, including authority, duties, and obligations for all partners. This section may address voting rights, managerial responsibilities, and significant decision-making methods.
4. Partner withdrawal or termination: The agreement covers withdrawal, retirement, and admission of new partners. It also describes the process of terminating or dissolving the partnership, including the allocation of assets and liabilities.
5. Conflict resolution: Mediation or arbitration procedures may be established to resolve potential disagreements between partners.
6. Confidentiality and non-compete: The agreement may preserve partnership information and limit partners' capacity to engage in competitive activity.
7. Duration and amendments: This section describes the partnership's term and processes for amending or modifying the agreement.

Activity 1.10 The Concept of Partnership

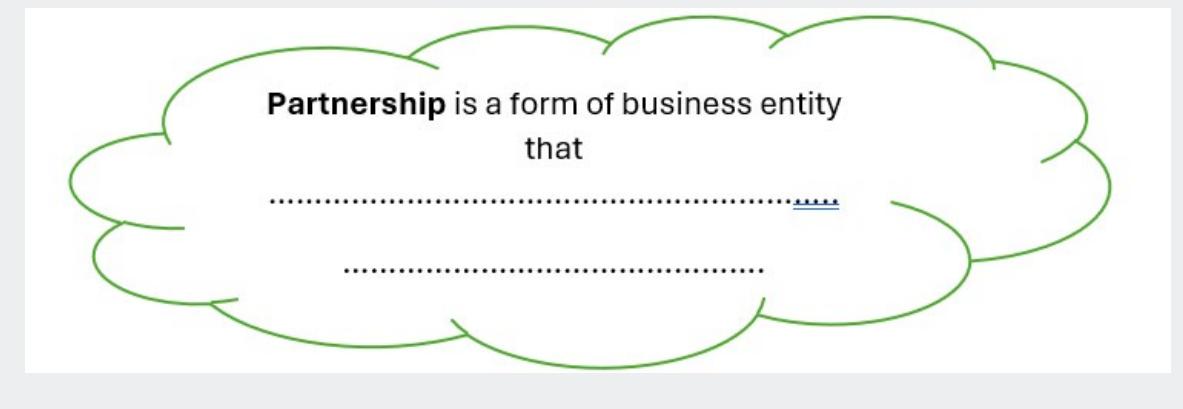
1. List some of the activities you have collaborated with colleagues or friends to do. Record your list in your workbook or you could use a table such as the one below.

No.	Things (works) you have collaborated with others to do

2. Share with the larger class the benefits and challenges you experienced while working with others (partners). Use the table below to summarise your responses.

No.	Benefits of collaboration	Challenges of collaboration

3. Based on your experience with collaboration, pair with a classmate to draft a simple definition or explanation of partnership as a form of business entity.



4. Compare your definition or explanation of partnership with others and improve definition. Once agreed, record your final definition in your workbook.
5. Join with another pair to identify and discuss the features of a partnership business

Features of a partnership business	

Activity 1.11 Partnership Deed/Agreement

1. Carefully read the case below and answer the questions that follow.

Awute and Adoganga are two friends who have decided to start a wood design business together. They have agreed to form a partnership and are currently discussing the terms and conditions to include in their partnership agreement.

- a. Define and discuss partnership deed/agreement.
- b. Suggest some of things (provisions) they can include in the partnership deed/agreement.

2. Use this table below to write your responses.

Definition of partnership deed	Things (provisions) to include in the deed

3. Present your ideas to the class for feedback

FORMATION, BENEFITS, CHALLENGES AND SOURCES OF FUNDING FOR PARTNERSHIP

In this lesson, you will develop your understanding of partnerships to include the processes of formation, the benefits and challenges of running a partnership and the various sources of funding to partnership business.

Formation of partnership

Forming a partnership business in Ghana entails a number of legal and procedural requirements to ensure compliance with the Registrar-General's Department (RGD) and other regulatory agencies.

The main steps in the procedure to form partnership are:

1. **Select a business partner**

Choose reliable business partners with similar goals and values. Partners could be friends, family members, or others who share a similar business perspective.

2. Create a partnership agreement

While not legally needed, it can avoid disagreements. This agreement should include the company's name and purpose, partner contributions, profit and loss-sharing ratio, roles and responsibilities, conflict resolution methods, conditions for admitting or withdrawing partners, and the process for dissolving the partnership if necessary.

3. Register the business

To assure legal recognition, register the business name with the Registrar-General's Department (RGD) in Ghana. Conduct a name search to establish the uniqueness of the name. Fill out Form A (Registration of Partnerships) and submit the required information.

4. Obtain a business registration certificate

After submitting paperwork and paying registration fees, the Registrar-General's Department will provide a Certificate of Registration as proof of legal recognition.

5. Obtain Tax Identification Number (TIN)

Each partner must get a Tax Identification Number (TIN) from the Ghana Revenue Authority (GRA). The partnership must also be tax-registered, including for company tax and VAT, where applicable.

6. Open a business bank account

To separate personal and business finances, the partnership should open a business bank account under the company name. Most banks demand a partnership agreement, TIN, and a business registration certificate to complete the process.

7. Obtain business permits and licenses

Depending on the business, the partnership may require permits from appropriate authorities. For example, food-related enterprises must obtain FDA permission, but businesses that have an impact on the environment may require permits from the Environmental Protection Agency. Furthermore, all enterprises must get a company operating authorization from their local municipal assembly.

8. Ensure compliance with labour and business regulations

If the partnership engages personnel to work, they must register with the Social Security and National Insurance Trust (SSNIT) for employee benefits. In order to function legally, the company must also follow Ghanaian labour laws and other business standards.

9. Begin business operations

Once legal criteria are completed, the partnership can start operations. Partners must maintain accurate financial records and meet all tax requirements.

Benefits of partnership businesses

1. It is easy to form: Partnerships are simple to form and require less paperwork than other company entities such as corporations. This simplicity speeds up the startup procedure.
2. Shared decision making: Decision-making involves collaboration and partnership. This shared duty ensures that all partners' views and perspectives are considered when making significant company choices.
3. Business continuity: Partnerships offer greater continuity than single proprietorships.

A well-structured partnership agreement assures that the business will continue even if one or more partners quit.

4. Acquire skills and knowledge: Partnerships provide access to complementary skills and knowledge. Each partner contributes distinct talents, experience, and viewpoints. For example, one partner may excel at sales, while the other is a licensed accountant or marketing specialist.
5. Sharing of risk: Risk sharing distributes financial and operational risks among partners, limiting personal culpability.
6. Reduced financial burden: Sharing start-up costs and expenses with partners alleviates financial stress. Additionally, having numerous partners increases borrowing capacity because risk is dispersed among them.

Challenges of partnership

1. Less capital and resources: Difficulties in obtaining external capital may limit the company's potential for expansion.
2. Profit sharing: Unlike single proprietorships, profits are distributed among partners, which might cause unhappiness in the partnership.
3. Unlimited liability: Partners in a general partnership have limitless personal liability for business obligations, putting their personal assets at risk.
4. Dependency on partners: Partnerships rely significantly on each member, and a partner's absence can impair corporate operations.
5. Decision-making difficulties: Reaching consensus on decisions can be difficult, limiting business agility.
6. Conflict of Interest: Differing viewpoints and values between partners can cause conflicts and negatively damage the working relationship.
7. Good succession plan: Proper succession planning is essential to avoid business disruptions caused by partner withdrawal, retirement, or death.

Sources of funding for partnership

1. Partner contributions: Partners offer resources to a business, including finance, talents and knowledge. These partners' contributions may include financial investments, business networks, management expertise etc.
2. Retained earnings: Profits are reinvested in the business instead than paid to shareholders. This internal financing source can fund expansion or debt repayment.
3. Trade credit: This short-term financing solution enables businesses to purchase goods or services on credit and pay later. This helps to manage cash flow and working capital.
4. Bank loans: This sort of external financing involves borrowing money from a bank or financial organisation. The loan is normally repaid with interest over a set time period.
5. Government grants and support programmes: These programmes offer financial help to enterprises for specific reasons such as research and development, job creation and innovation.

6. Crowdfunding: A funding mechanism in which multiple individuals contribute small amounts to promote a project or business. This procedure is facilitated by platforms such as Kickstarter and Indiegogo.
7. Angel investors: High-net-worth individuals invest in startups or early-stage businesses for stock. They frequently offer essential mentoring and industrial expertise.
8. Venture capital: Investment backing for early-stage, high-growth firms. Venture capitalists accept shares in exchange for their investment and seek returns through eventual exits.

Activity 1.12 Formation of a Partnership

1. Your teacher will arrange you in small groups. Read the case scenario below and carefully and answer the questions that follow.
Linda and Fuseini want to open a phone accessory shop together. Fuseini will bring capital, and Linda will run the shop. They plan to share profits 60/40. They are unsure whether to register the business or write a formal agreement.
 - a. What step have they already taken?
 - b. What are they missing?
 - c. Suggest the procedures for them to follow and properly form the partnership.
2. Write your responses using a table like the one below.

What step have they already taken?
What are they missing?
Suggest the procedures for them to follow and form the business

3. Share your responses with other groups. Compare ideas and learn from each other. Ask questions and seek clarification if you are still unsure.

Activity 1.13 Forming a Partnership

1. Your teacher will provide you will a set of cards on which are written each of the steps that need to be taken in the formation of a partnership. Alternatively, write each step down on a post-it or sticky note.
2. Working in small groups, discuss each step and agree how you would rank each step based on their importance:

Place the step you think is most important at the top.

The next two important steps follow on the row below.

The next three steps form the middle row.

The second and third least important should be placed on the row below that.

Place the step you think is the least important at the bottom.

3. Your ranking should look like a diamond shape.
4. Consider the placement of each step and be prepared to justify this to the rest of the class as part of a wider discussion and comparison of all groups' rankings.

Activity 1.14 Benefits, Challenges and Sources of Funding for Partnership

1. In groups, choose a type or example of partnership business you would like to start. For instance, entering into partnership to farm and sell onions, locally designed furniture, African wear, etc.
2. Once you have decided on the type of business, discuss the following:
 - a. The **benefits or advantages** of forming a partnership
 - b. The likely **challenges or problems** you may face in the partnership
 - c. The **possible sources of funding** for the business as a partnership
3. Summarise your ideas in the table below.

Benefits of partnership	Challenges of partnership	Sources of funding

4. Present your work on flip chart paper to the rest of the class for discussion and feedback.

THE MEANING, FEATURES AND TYPES OF COMPANIES

Here, we will move on to learn about companies as business entity.

Company

A company is a legal entity in the form of an official body founded by individuals known as shareholders, or members, to carry out business activities. Companies in Ghana are governed by the Companies Act, 2019 (Act 992), which allows one or more people to form a company under the Act. A company has a distinct legal identity from its owners, which allows it to hold assets, enter into contracts, sue, and be sued. Companies can be private or public, and they are usually founded to make profits.



Figure 1.8: GCB Bank Plc

Features of a company

A company often possesses the following characteristics

1. Company ownership

A company is owned by its shareholders, who provide capital or resources in exchange for ownership rights or shares. Shareholders or members often have the right to participate in decision-making processes and share the company's profits and losses.

2. Structure of management

A company's management monitors daily operations and strategic direction of the business. This could include directors, officers or managers who make decisions and handle the company's activities.

3. Continuous existence

Companies have an everlasting life, unlike partnerships and sole proprietorships. This means that a company can continue to exist and operate despite changes in ownership or the exit of shareholders or members.

4. Legal entity

A company is a separate legal entity that can own property, execute contracts, and sue or be sued in its own name.

5. Limited liability

Shareholders' financial risk is restricted to their investment in the company. Their personal assets are safeguarded if the firm incurs debts or losses (unless in an infinite corporation).

6. Legal compliance

Companies must register with the Registrar-General's Department, follow tax laws, and adhere to business regulations.

7. Board of directors

A company's directors make decisions on behalf of shareholders to ensure that the company business performs well.

8. Capital raising

Companies can raise funds by selling shares, accepting loans, issuing bonds, or attracting investors.

Types of Companies

Section 7 of the Companies Act of 2019 categorises companies into four major categories. These include

1. company limited by shares.
2. unlimited business.
3. company limited by guarantee.
4. external company.

Company limited by shares

The most common type of company is company limited by shares. The owners (shareholders) invest money by purchasing shares, and their financial liability is limited to the amount invested. If the corporation owes money, shareholders cannot lose more than the amount they invested. Shareholder-owned businesses are typically profitable. Private company use the suffix "Limited Company" or the abbreviation "Ltd".

Unlimited company

Shareholders have unrestricted financial accountability. If the company is unable to pay its debts, shareholders must utilise their own assets to repay the costs. This is uncommon but utilised when owners require additional freedom. When an unlimited company is established as a private corporation, its name is suffixed with the abbreviation "PRUC". If it is incorporated as a public company, it has the suffix "PUC".

Company limited by guarantee

Members agree to contribute a specific sum if the company experiences financial difficulties, rather than having shareholders. These companies are typically non-profit organizations, charities, or clubs. A company limited by guarantee has the suffix "Limited by Guarantee" or the acronym "LBG".

External company

To legally conduct business in Ghana, an external company, also known as "foreign company," must register with the Registrar-General's Department under the Companies Act 2019 (Act 992). It is a company that originally begins from one country and to register and operate a branch in Ghana. These companies are governed by their home country's laws but must also comply with Ghanaian regulations.

Activity 1.15 The Meaning and Features of a Company as a Business Set-up

1. In pairs, read the case below carefully and answer the questions that follow.

Enyonam started a skincare business and decided to register it as a company called BrightGlow Ltd. She invited two friends to invest by buying shares. Together, they appointed a board of directors to manage the company. BrightGlow Ltd. was officially registered under the Companies Act. It operates under its own name, has its own bank account, and can enter into contracts.

Later, when the company was sued over a product issue, Enyonam was not held personally responsible. Only the company's assets were affected.

- a. What is a company?
- b. Identify and discuss the features of a company from the case.
2. Compare your definition and list of the features of a company with those of other pairs. Add any key points you may have missed.

Activity 1.16 Types of Company

1. Carefully read each of the scenarios below:

Scenario 1: Kwabena – Tech Startup Founder

Kwabena wants to create a software development company with plans to grow and attract investors. He is ready to sell shares to family and friends to raise capital. However, he wants to ensure that if the business fails, he will not lose his personal property.

Scenario 2: Efua – Boutique Fashion Owner

Efua wants full control over her fashion business and is confident in taking big financial risks. She does not mind using her personal property to support the business if needed, and she prefers fewer restrictions on how she runs the company.

Scenario 3: Abdul – Community Organizer

Abdul plans to run a non-profit organisation that supports youth development through training and mentorship. He does not need to make profits for himself or sell shares but wants to register the organisation officially to receive support and donations.

Scenario 4: Ayinpogbila - International Franchisee

Ayinpogbila works with an international food brand and wants to open a franchise branch in Ghana. The parent company is based in the UK, but she must register it to legally operate under that brand name in Ghana.

2. In groups, match each person (Kwabena, Efua, Abdul, Ayinpogbila) to the appropriate type of company under the Companies Act 2019 (Act 992) in Ghana. Justify your choices.
3. Record the answers in your workbook using a table such as the one below.

Type of company		Business/Person	Reason
Company limited by shares			
Unlimited company			
Company limited by guarantee			
External company			

4. Extend your discussions to include the features of each type of company. Listen to each other's ideas and ask questions of the other members of the group so that you can benefit from their understanding.

Type of company	Features
Company limited by shares	
Unlimited company	
Company limited by guarantee	
External company	

Extension Activity Leveraging Company

- Identify a company (as defined under the Company's Act 2019 (Act 992)) that operates in your area and that you would like to find out more about.
- Research your chosen company to:
 - Understand what the company offers and how it operates
 - The structure of the organisation
 - Why it is attractive to shareholders
 - Are there any reasons why potential investors could choose not to invest in the company?
- Use your findings to prepare a simple report on what you discovered and share your report with your classmates.

Name of company and overview of operations

.....
.....

Benefits of investing in the company

Reasons why investors may choose not to invest

Write the report of your findings here

PROCEDURES FOR REGISTRATION, BENEFITS, CHALLENGES, SOURCES OF FUNDING FOR COMPANIES

Procedures to Register a Company in Ghana

The Registrar General's Department (RGD) is in charge of numerous critical processes in the process of registering a company in Ghana. A step-by-step guide is provided below.

- 1. Select a business name**

Determine and choose a name for the company, then conduct a name search at the Registrar General's Department (RGD) to guarantee it is unique.

- 2. Prepare required documents**

Fill out the company registration forms from the RGD. Prepare company regulations (Company constitution), which explain the company's rules and objectives. Provide information about directors, shareholders, and the company secretary (include identification documents such as a Ghana card or passport).

- 3. Obtain a Tax Identification Number (TIN)**

All directors, shareholders, and company secretaries must obtain a TIN from the Ghana Revenue Authority before registration.

- 4. Submit documents and pay registration fees**

Submit completed forms to the Registrar General's Department and pay required fees, stamp duty, and processing charges.

- 5. Receive Certificate of Incorporation and Commencement**

Upon approval, the company receives a Certificate of Incorporation from RGD, confirming its legal existence. Companies planning to start a firm must also get a Certificate of Commencement.

- 6. Register the company with GRA**

After getting the certificate of commencement, register with the Ghana Revenue Authority (GRA) to pay taxes to the government.

- 7. Business permit**

Obtain business operating permits and register with SSNIT for employee contributions. Obtain any industry-specific licenses or approvals (e.g., FDA for food firms, Bank of Ghana for financial organisations).

- 8. Business bank account**

Set up a corporate bank account in the company's name to handle the company's financial transactions.

Benefits of a company

- Limited liability:** Limited liability companies (LLCs) provide shareholders and members with limited liability protection. Their personal assets are typically protected from the company's debts and legal obligations, lowering personal financial risk.
- Separate legal entity:** A company exists independently of its owners. This means that the company business can own property, enter into contracts, sue or be sued and conduct business operations under its own name.
- Continuous existence:** Companies have a perpetual existence, unlike sole proprietorships and partnerships. They can continue to exist and operate even if ownership changes, shareholders or members leave, or individual owners pass away.
- High capital formation:** Companies have the advantage of raising capital by issuing shares or attracting investments from shareholders or investors. This offers greater possibility to raise cash for expansion, research and development and other commercial objectives.

5. Ownership transferability: Companies often have easily transferable ownership interests, making it easier for shareholders or members to join or leave. Owners benefit from increased flexibility and liquidity.
6. Professional management: Companies typically have boards of directors and managers to ensure effective business decision-making and operations.

Challenges for a Company

1. The startup cost is high: Unlike sole proprietorships and partnerships, registering and establishing a company requires significant resources, including legal and administrative fees.
2. Complex legal and regulatory compliance: Complying with legal and regulatory obligations can be challenging and time-consuming for businesses. Compliance with tax rules, reporting requirements, corporate governance standards, and other restrictions can be difficult, especially for small enterprises.
3. High administrative and operational cost: Companies typically incur more administrative and operational expenditures than sole proprietorships or partnerships. They may need expert help, such as legal and accounting services, to comply with legal requirements and effectively handle business activities.
4. Some companies may suffer double taxation. In some circumstances, firms pay taxes on profits, while shareholders pay taxes on dividends received. This can lead to a larger overall tax burden.
5. Difficulty in decision-making: As a company grows, decision-making processes can become more complex due to conflicting interests among shareholders or members. This can slow down decision-making and hinder agility.
6. Risk of loss of control: Companies with multiple shareholders or members may experience diluted control due to ownership interests being distributed among various individuals.
7. Complex dissolution process: Closing a corporation includes legal procedures, debt settlements, and regulatory permissions, which can be challenging.

Sources of funding for companies

1. Share capital: Businesses can raise capital by selling stock to investors. The funds raised can be used to finance the activities of the business.
2. Trade credit: Suppliers enable companies to purchase items on credit and pay later.
3. Grants and subsidies: Government and other bodies provide financial support to companies to promote business growth.
4. Bank loans: Companies borrow from commercial banks to operate the business and repay with interest.
5. Retained earnings: Profits made by the company can be re-invested instead of using it to pay dividends to shareholders.
6. Personal savings: Business owners use their personal funds to begin and finance operations of the business.

7. Sale of company assets: Selling of the business assets such as machinery or land etc to raise funds and finance the activities of the business.
8. Credits: Microfinance and credit union loans are alternatives for small firms that may not qualify for bank loans.
9. Venture Capital: Investment by venture capital firms in exchange for company shares.
10. Angel investors: These are wealthy individuals who invest in startup companies for equity.
11. Bonds: Companies offer bonds to investors in exchange for money or capital for business operation and pay interest.

Activity 1.17 Procedures for Registering a Company

1. Using digital resources, research the procedures for registering a company in Ghana.
2. Share your research findings on the process as part of a wider class discussion.
3. Create a flow chart to show the various steps involved in registering a company. The diagram or illustration should visually represent each stage, from choosing a business name to obtaining the certificate of incorporation and commencement.
4. After completing the task, exchange your work with a partner for feedback.

Activity 1.18 Benefits, Challenging and Sources of Funding for a Company

1. Your teacher will divide the class in to three groups and assign you with one of the following tasks to research and present back to the class
 - a. Group 1: Discuss the benefits of operating a company business.
 - b. Group 2: Discuss the challenges of operating a company business.
 - c. *Group 3: Discuss the sources of funding available to a company business.*
2. Each group to assign roles among themselves to ensure smooth discussion and collaboration. The roles to be performed by members of the group may include:
 - a. Group Leader: He or she is to facilitate the discussion and keeps the group focused.
 - b. Secretary: This member of the group takes notes and summarise key points for presentation.
 - c. Timekeeper: He or she ensures discussion stay within the allocated time.
 - d. Presenters: They are group members who shares the group's findings with the class.
 - e. Monitor: This member of the group ensures active participation and keeps everyone on task.

3. If possible, the group leaders could clarify concepts where needed. Encourage critical thinking by asking probing questions to enable members to understand issues well.
4. The class should reconvene and allow group representatives to present their findings. Allow for feedback from colleagues and where necessary clarify concepts for better understanding.

THE MEANING, TYPES AND FEATURES OF STATE-OWNED ENTERPRISES (SOES)

State-owned enterprises

A State-Owned Enterprise (SOE), mostly known as a government-owned organisation or a public sector enterprise, is a corporate entity in which the government or state holds a significant ownership stake or control. Typically, it is an organisation which is a government-owned and operated business. In a state-owned enterprise (SOE), the government often owns the majority or all of the company's stock or has the right to designate senior executives such as chief executive officer, etc.

SOEs operate in a variety of industries, including transportation, banking, energy, telecommunications and natural resources.



Types of state-owned enterprises

1. Commercial state industries

These corporations operate in competitive marketplaces, similar to private enterprises, with the goal of making profits while also serving the public good. They follow a disciplined business plan, invest in infrastructure, and strive to provide quality products or services for a profit. Examples include the Ghana National Petroleum Corporation (GNPC), the Volta River Authority (VRA), the Electricity Company of Ghana (ECG) and the Ghana Ports and Harbour Authority (GPHA).

2. Non-commercial state industries

These are founded to deliver necessary public services, rather than for profit. Their primary objective is to ensure that all individuals have access to essential services, and they frequently receive government financing or follow public service mandates. Examples include the Ghana Broadcasting Corporation (GBC), Ghana Post, and government hospitals.

3. Hybrid state industries or enterprises

Hybrid SOEs blend commercial objectives with social responsibilities. They are designed to be financially sustainable while still fulfilling important public service roles. These organisations often enjoy greater operational flexibility compared to traditional government agencies, allowing them to balance *profit-making* with their *social mission*. Examples include Social Security and National Insurance Trust (SSNIT), National Health Insurance, etc.

Key characteristics of a state-owned enterprise

1. Government Ownership: The government or state, at the national or regional level, owns 100% or a significant stake in the enterprise.
2. Regulatory Oversight: State-owned enterprises are subject to government rules and scrutiny. Their performance, openness and financial reporting are all rigorously regulated by the government.
3. Government Control: The government can oversee the operations and management of state-owned enterprises. This control can be achieved by appointing key executives, board members, or providing regulatory supervision.
4. Operational Autonomy: Despite being government-controlled, many SOEs have the ability to manage day-to-day activities efficiently under government restrictions. Examples include VRA, SNNIT, GWCL and GPHA.
5. Provision of services: SOEs are established to offer important services to residents. These services may include utilities such as water and electricity, healthcare, education, public transit, and postal services.
6. Dual objectives: SOEs often attempt to earn money while simultaneously addressing societal requirements including job creation, regional development, and service affordability.
7. Financial support: State-owned enterprises often obtain government subsidies or guarantee to achieve their aims.

Activity 1.19 Exploring State-Owned Enterprises

1. Find a partner and discuss the questions below:
 - a. “Can the government of Ghana establish and run businesses?”
 - b. “Are businesses only set-up and operated by private individuals and groups?”
2. Share your thoughts by presenting strong arguments for both (a) and (b)
3. Identify examples of businesses owned by the Government in Ghana.
4. Individually reflect on the meaning of state-owned enterprises. Share your thoughts with your partner and then refine your definitions or explanations of SOEs based on your discussions.

Note: Copy the table below and use it to answer questions 1 – 4 above.

Provide answer to Q1.

	Identify 6 examples of businesses owed by government in Ghana
	Based on your understanding, state the meaning of state-owned enterprises here

Activity 1.20 Types and Features of State-Owned Enterprise

1. Your teacher may put show some short videos outlining the activities of state-owned enterprises. Alternatively, read the following case scenarios
 - a. GIHOC Distilleries Company Ltd

It is a state-owned enterprise in Ghana that is engaged in the production and sale of alcoholic and non-alcoholic beverages. It manufactures popular brands such as gin, herbal liqueurs, whisky, and bottled water. The company operates in a highly competitive market, supplies both local and international customers, and earns revenue through product sales. The company operate with a strong focus on profit-making and market competitiveness.
 - b. Ghana Broadcasting Corporation

GBC is a state-owned institution responsible for broadcasting news, cultural content and educational programmes to the public. It does not operate to make profits but ensures that all Ghanaians, including those in remote areas, have access to public information. Its funding comes largely from the government to support its public service role.
 - c. Social Security and National Insurance Trust

A third organisation manages pensions for workers. It collects monthly contributions, invests the funds, and pays benefits to retired workers. While it aims to be financially viable, its main mission is to support social welfare by securing income for people in retirement
2. Classify each of these organisations either:
 - a. Commercial SOE
 - b. Non-commercial SOE
 - c. Hybrid SOE
3. Explain why you think the organisation is classified in this way.
4. Record your answers in your workbook using a table such as the one below:

Company	Type of SOE	Justification
GIHOC Distilleries Company Ltd		
Ghana Broadcasting Corporation		
Social Security and National Insurance Trust		

5. Discuss the key features of a state-owned enterprise with a partner and present your answer for feedback.

THE BENEFITS, CHALLENGES AND SOURCES OF FUNDING AVAILABLE FOR STATE-OWNED ENTERPRISES (SOES)

The Benefits State-Owned Enterprises (SOEs)

1. Strategic Control: State-owned enterprises (SOEs) give the government direct control over crucial sectors for national interests, security, and development. This allows the government to create policies, assure long-term planning, and link these firms' activities with broader national objectives.
2. Boost economic activities: SOEs can boost economic development by investing in infrastructure, nurturing local industries, stimulating innovation, and creating jobs. They can help to drive industrial expansion, technological innovation, and regional development.
3. Provision of essential services: State-owned enterprises can be found in important sectors like healthcare, education, utilities and transportation can provide reliable, inexpensive, and accessible public services. They prioritise public goods over profit maximization and guarantee widespread access to essential services.
4. Stability and security: SOEs can promote stability and security in sectors like energy and natural resources by securing key resources, maintaining strategic assets, and limiting risks from external market swings or geopolitical reasons.
5. Income Generation: Successful SOEs can provide significant money to the government through dividends, taxes, or royalties. These financial donations can go toward funding public programs, social welfare initiatives, infrastructure development, and other government priorities.

The Challenges of State-Owned Enterprises (SOEs)

1. People criticise them: State-owned enterprise face criticism for being less efficient and innovative than private firms. Bureaucratic processes, government meddling, and a lack of competition can all impede efficiency, agility, and the ability to respond to changing market conditions.
2. Control: SOEs may confront issues with governance and accountability. Political influence, nepotism, and a lack of transparency can all have an impact on decision-making processes, resulting in poor outcomes. Addressing these difficulties requires adequate corporate governance and accountability measures.

3. Financial Burden and Subsidies: SOEs may require significant government support, resulting in fiscal constraints. Subsidies, bailouts, and non-commercial operations can put a strain on public resources, especially when state-owned enterprises are not financially sustainable or suffer from mismanagement.
4. Monopolies and Market Distortions: State-owned enterprises (SOEs) can limit competition and disrupt market dynamics. This can limit innovation, reduce consumer choice, and stifle the expansion of private sector engagement in the economy.
5. Decisions are Politicised: SOEs can be influenced by politics and make decisions based on political considerations. This can result in poor decisions influenced by political concerns rather than economic or commercial factors. Ensuring the autonomy and independence of SOEs from political intervention is critical to their effective operation.
6. Inefficient Resource Allocation: State engagement in particular industries might result in inefficient resource allocation due to political factors influencing economic decisions over market dynamics. This can lead to misallocation of resources, inefficiencies, and economic distortions.

The Sources of Funding Available to State-Owned Enterprises (SOEs)

1. Government Budget Allocations: The government provides direct financial support to state-owned enterprises.
2. Internal Generated Funds (IGF): Revenue from SOE operations, including service charges and product sales.
3. Subsidies: Government funding to assist operations or lower expenses.
4. Bonds and Debentures: A bond is a loan from an investor to a government or firm, with the borrower agreeing to repay the money with interest after a specified period. SOEs raise money by issuing bonds to investors.
5. International Grants and Aid: Financial support from international organizations such as the World Bank, IMF, and donor agencies.
6. Loans: Borrowing from banks, financial institutions, state funds, or the central government.

Activity 1.21 Benefits, Challenges and Sources of Funding for SOE

1. Your teacher will arrange you in small groups of no more than five. In your groups, read and analyse the case below carefully before attempting the questions that follow.

Case Study: Ghana Post Office (GPO)

Ghana Post is a state-owned enterprise (SOE) responsible for providing postal services in Ghana. Established in 1883, Ghana Post has played a vital role in connecting people and businesses across the country. Despite its historical significance, Ghana Post faces challenges in the modern era.

Ghana Post provides postal services to all parts of Ghana, including rural areas, promoting communication and economic development. It offers financial services,

such as money transfers and bill payments, increasing access to financial services for underserved populations. It also, provides logistics support as it facilitates the transportation of goods and packages from one place to another thereby supporting businesses and individuals to get their problems solved.

However, there is a declining volume of mail due to the rise of digital communication which has affected Ghana Post's revenue. Another issue the enterprise is battling with is infrastructure, including facilities and equipment which are outdated and in need of modernisation.

In addition, Ghana Post struggles with financial sustainability due to inefficiencies, debt and competition from private courier services. Ghana Post has faced criticism for inconsistent service delivery, including delays and lost parcels or packages given out for same delivery.

Opportunities for Ghana Post include to leverage the growing e-commerce market to increase parcel delivery services and generate revenue. Digitalisation is another area where Ghana Post can explore digital solutions to improve efficiency, customer experience and competitiveness. The Post can partner with private companies to improve services and increase revenue.

Questions

- a. What are the benefits and challenges of Ghana Post as a state-owned enterprise?
- b. How can Ghana Post improve its financial sustainability and service delivery?
- c. What opportunities exist for Ghana Post to innovate and grow in the digital age?
- d. Should Ghana Post be privatised? What are the potential benefits and drawbacks?
- e. How can Ghana Post balance its universal service obligations with the need to be competitive and efficient?
- f. Explain the term “courier service” and state two courier service organisation operating in Ghana.

2. Prepare a report and make a presentation of your work to the larger class for feedback. Connect the case study to the general benefits and challenges of state-owned enterprises (SOEs).
3. Through your analysis identify and explain various sources of funding for state-owned enterprises (SOEs) in Ghana.

Extended Reading

- Companies Act 2019, (Act 992)
- Any approved Business Management Book by NaCCA.
- Read on types of partners in a partnership firm from any approved Business Management Book by NaCCA
- Read the documents required for the formation of companies from the Companies Act 2019, (Act 992) here: <https://www.gipc.gov.gh/wp-content/uploads/2023/04/COMPANIES-ACT-2019-ACT-992.pdf> 27

REVIEW QUESTIONS

1. What is the meaning of business?
2. Explain the meaning of sole proprietorship and identify at least three (3) factors that show that a business is a sole proprietorship.
3. In your opinion, what are the issues that a sole proprietorship might face in operating this form of business?
4. Analyse the impact of a partnership business on society.
5. Identify a particular product that you would like to sell in Ghana and the form of business that you would like to use to sell that product. Discuss why you chose that product and the form of business.

SECTION

2

FUNCTIONS OF MANAGEMENT



MANAGING BUSINESS AND THE LEGAL FRAMEWORK OF BUSINESS

FUNCTIONS OF MANAGEMENT

INTRODUCTION

Every business organisation, whether small or large, requires effective management to succeed and grow. Management involves a series of coordinated activities aimed at achieving specific goals by using available resources such as people, time, and money. Without proper management, even the best business ideas and resources may fail to produce the desired results.

In every business setting, managers are responsible for ensuring that activities are well planned, resources are efficiently organised, people are properly guided, and results are regularly monitored. These are the essential roles that management plays to ensure business operations are smooth, targets are met, and customers are satisfied.

Management also helps organisations to adapt to change, respond to competition, and improve productivity. For instance, by planning ahead, managers can prepare for future challenges; through organising, they ensure there is no waste or confusion; with effective leadership, teams are motivated and goal-focused; and by controlling, the organisation remains on track toward its goals.

Understanding these basic functions of management (**planning, organising, leading, and controlling**) is vital for every student of business and aspiring entrepreneur. It provides a solid foundation for managing business activities effectively and achieving long-term success.

KEY IDEAS

- **Management** is the process of planning, organising, leading, and controlling the efforts of people and resources to achieve specific goals efficiently and effectively.
- **Planning:** Setting objectives and determining the best course of action to achieve them. It involves making decisions about the future and preparing strategies to reach business goals.
- **Organising:** Arranging resources and tasks in a structured way to achieve a plan. It includes assigning roles, coordinating activities, and ensuring resources are available and well allocated.
- **Leading:** Guiding and motivating people to work towards the organization's goals. It includes making decisions, communicating effectively, and inspiring team members to perform well.
- **Controlling:** Monitoring performance and comparing it with set standards or plans. It involves identifying any deviations, making corrections, and ensuring that objectives are being met.

MEANING OF MANAGEMENT

Management refers to the process of planning, organising, directing and controlling resources to achieve organisational goals and objectives. It involves coordinating and overseeing various activities, tasks and people within an organisation to ensure efficient and effective operations. Management plays a crucial role in ensuring the efficient and effective use of resources, such as human capital, financial assets, technology and materials, to achieve desired outcomes.

The four basic functions of management are

1. Planning
2. Organising
3. Leading
4. Controlling

Levels of Management

The *three* main levels of management in an organisation include the following:

1. Top-level management (Strategic Level)

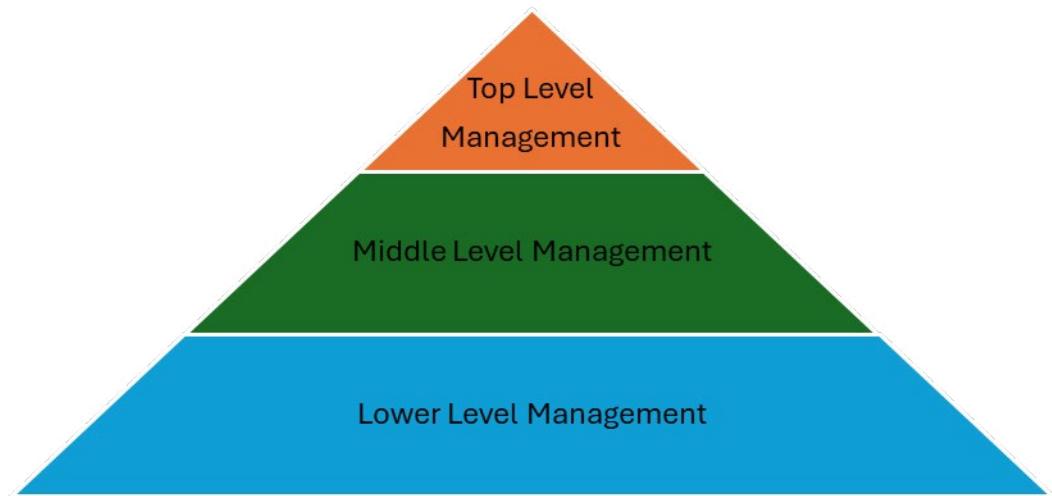
The highest level of management responsible for setting the overall vision, making major/strategic decisions and ensuring the organisation moves in the right direction. Includes executives such as CEOs and managing directors. *For example, the CEO of a company like State Transport Corporation (STC) decides on long-term strategies, such as launching new buses and expanding into new markets, such as transporting passengers from Ghana to other countries.*

2. Middle-level management (Tactical Level)

This level acts as a bridge or link between top and lower management by coordinating different teams to ensure plans and policies are implemented. They supervise departments and teams. This level consists of department heads, branch managers and supervisors who implement policies set by top management. *For instance, the marketing manager of a bank ensures that promotional campaigns align with the bank's goals while overseeing marketing staff.*

3. Lower-level management (Operational Level)

These are the managers who oversee daily tasks, guide employees and ensure work is done efficiently. They include supervisors and team leaders. *For example, a restaurant supervisor ensures that waiters serve customers properly and that the kitchen runs smoothly.*



Management Skills

Managers need a variety of skills to effectively lead and coordinate resources. The key essential skills of management include:

1. Leadership Skills: The ability to inspire, guide and influence employees to achieve organisational goals.
2. Communication Skills: The ability to convey ideas clearly, listen actively and facilitate teamwork.
3. Decision-Making Skills: The ability to analyse situations, evaluate options and make informed choices.
4. Problem-Solving Skills: The ability to identify issues, think critically and develop effective solutions.
5. Time Management Skills: The ability to prioritise tasks, manage deadlines and use resources efficiently to achieve organisational goals within a desirable period of time.
6. Technical Skills: The ability to use specific knowledge, tools, and techniques or expertise to perform specific job-related tasks.
7. Interpersonal Skills: The ability to build positive relationships, manage conflicts, and collaborate effectively with team members to achieve organisational goals.
8. Strategic Thinking Skills: The ability to see the bigger picture, anticipate future challenges, and plan accordingly.

Activity 2.1 Exploring the Concept of Management

1. Read the case below carefully and answer the questions that follow.

A group of students has been given Gh¢1,000 to start a small business of their choice. After some discussion, they decided to sell fresh fruit juice at school. They spent time deciding how to make their business successful. First, they listed everything they would need: fruits, sugar, bottles, and a blender. They

discussed how much money to spend on each item so they would not waste the Gh¢1,000.

Next, they shared out the work. Some students volunteered to wash and cut the fruits, others would blend the juice, and a few would sell it to their classmates during break time. One student was given the job of recording how much juice was sold and how much money was collected each day.

Every afternoon, they would meet to see how much profit they had made and whether they had enough money to buy more fruits for the next day. If they noticed that sales were low, they would talk about what changes could be made to attract more customers.

To make sure everything ran smoothly, the group chose Mary as their leader. Mary's role was to guide the team, make final decisions when they disagreed, and encourage everyone to do their part well.

Questions

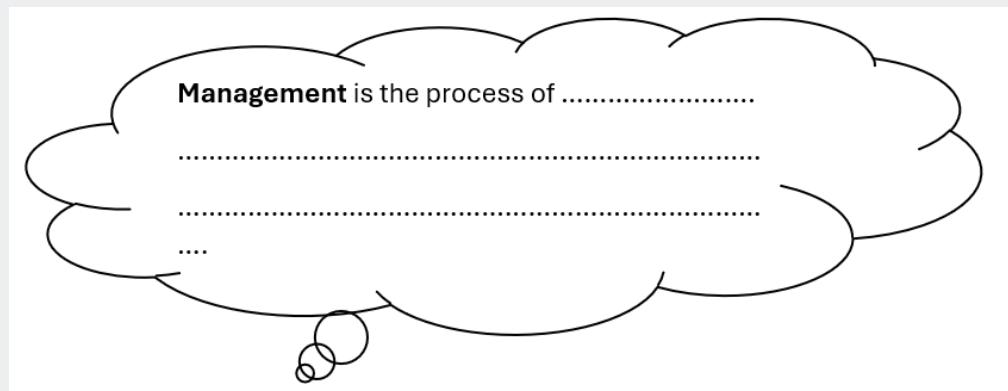
- What **plans** did the students make before starting their fruit juice business?
- How did the students **organise** the tasks so everyone had a role?
- In what ways did the **students check and measure (control)** whether the business was doing well?
- How did the leader **guide and motivate (lead)** the group to achieve their goals?

3. Write your ideas in this table below or in your exercise book.

How did they plan	How will activities be organised	How will activities be controlled	Who will lead and what will be the role of the person

4. Based on this case,

- explain the meaning of **management** in your own words?
- write down your ideas and share with the person sitting next to you for feedback.

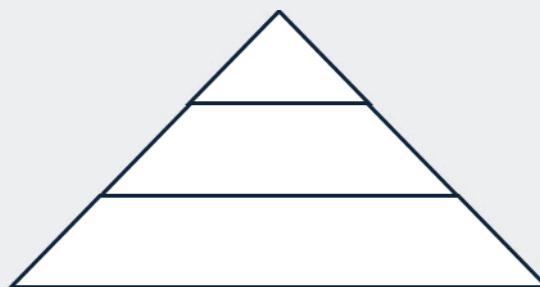


Activity 2.2 Levels of Management

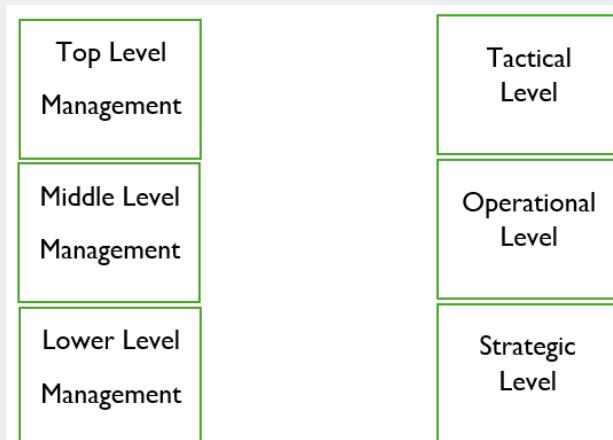
- The following are examples of groups of people within families and schools. Study the groups carefully.
 - Family Group: Family head, Junior siblings and Elder siblings
 - Student Leadership Group: School prefect, Students and Class prefects
 - School Staff Group: Teachers, Headteacher and Heads of Departments
- Rank the groups according to decision-making authority – from the highest to the lowest (top, middle and lower). Give reasons for the ranking. Write your responses in the table below or in your exercise book.

Group	Ranking (Highest to lowest)	Reason
Family		
School Student Leadership		
School Staff		

- Think of your school as a business or organisation. Fill in the chart below with your responses.
 - Who acts as **top-level management?**
 - Who acts as **middle-level management?**
 - Who acts as **lower-level management?**



- Top, Middle and Lower levels of management have alternative names. Study the information provided below and match them correctly with the equivalent term.



5. After the matching activity, share your work with a classmate for feedback and discuss the meaning of the various levels of management. Record your definitions of each level in your workbooks.

Extension Activity

In a local company, there are three levels of management: top-level (CEO and directors), middle-level (department heads), and lower-level (supervisors). Recently, the company noticed that most of its top and middle managers are male, while most female staff work in lower-level positions. A few new female supervisors have been promoted, and the company is considering appointing a woman as a department head for the first time.

1. How can having both men and women at different levels of management improve decision-making and fairness in the company?
2. In your opinion, do men and women currently have the same chances of reaching higher management levels in your community or workplace? Explain your answer.
3. How do we address these issues of gender bias?

Activity 2.3 Essential Skills of Management

1. Think about the skills you need to be a successful student. Turn to the person sat next to you and share your ideas.
2. Read the case below carefully and answer the questions that follow.

Atta has just completed SHS. During his time in school, he carefully saved part of his pocket money with the intention of starting a small business as an entrepreneur. After considering various options, he has decided to venture into onion and pepper farming for sale, determined to turn his savings into a profitable and sustainable business.

- a. What business is Atta interested in, and what is his source of funding?
- b. Discuss the skills Atta needs to have in order to manage a successful business.
3. Share your ideas as part of wider class discussion.

MANAGERIAL ROLES

Managerial roles are the various functions that managers perform to ensure an organisation runs smoothly and meets its objectives. According to **Henry Mintzberg** (an academic and writer on business and management), these roles can be grouped into *three* broad categories:

1. Interpersonal Roles

These roles involve managing relationships and interacting with people both within and outside the organisation.

- a. Figurehead: Performs ceremonial duties and represents the organisation in formal settings.
- b. Leader: Motivates, guides, and directs employees, ensuring team cohesion and performance.
- c. Liaison: Establishes and maintains networks with internal and external stakeholders to facilitate communication and resource flow.

2. **Informational Roles**

These roles focus on handling information which includes collecting, processing and disseminating data to support decision-making.

- a. Monitor: Gathers and analyses information from the internal and external environment to stay informed about trends, problems and opportunities.
- b. Disseminator: Distributes relevant information to team members and other stakeholders to keep everyone aligned with organisational goals.
- c. Spokesperson: Represents and communicates the organisation's policies, goals and performance to external audiences such as media, investors or the public.

3. **Decisional Roles**

These roles are centred on making strategic decisions and handling issues as they arise.

- a. Entrepreneur: Initiates change and innovation by identifying opportunities and developing new projects or strategies.
- b. Disturbance Handler: Addresses and resolves conflicts, crises, or unforeseen challenges to maintain organisational stability.
- c. Resource Allocator: Decides how to distribute the organisation's resources such as budget, personnel and time to optimise performance and achieve objectives.
- d. Negotiator: Engages in discussions and negotiations with internal or external parties to secure agreements and resolve conflicts in favour of the organisation.

Management vs. Administration

Both of these terms are related but reflect operations at different levels within an organisation. The main differences between management and administration are summarised in **Table 2.1**.

Table 2.1: Difference between management and administration

Parameters	Management	Administration
Definition	Management is the process of planning, organising, leading and controlling resources to achieve specific organisational goals and objectives	Administration is a systematic process to administer management, which involves the day-to-day activities of implementing organisational policies, procedures, rules, guidelines and sanctions
Focus	Focuses on formulating policies, setting goals, and providing the overall vision for the organisation.	Focuses on implementing plans, optimising day-to-day operations and ensuring efficiency.

Scope	Broader and encompasses the entire organisation, including setting goals and formulating strategies	Narrower in nature; it primarily focuses on specific functions, departments, or processes within the organisation.
Decision-making	Managers make strategic and tactical decisions, setting goals and formulating plans to achieve them.	Administrators implement policies, procedures, and rules established by management.

In short, management provides the blueprint and overall framework, while administration translates that blueprint into effective actions and operations.

Note: A manager is wholly responsible for the overall attainment of a goal, while an administrator is responsible for the execution of the daily tasks in line with the goal.

Career Paths in Management

Studying business and management can lead to careers in many different industries. It provides many routes to progression and offers you the opportunity to specialise in different areas such as human resources or project management depending on your interests.



Figure 2.1: Concept map on career opportunities in management

Activity 2.4 Managerial Roles

1. Your teacher will arrange you in small groups to perform role-plays from any of the following scenarios.
 - a. A manager giving directions to employees to perform tasks.
 - b. A manager holding a meeting for employees to report on the progress of their work.
 - c. A manager resolving a conflict among employees.
2. Perform your role plays to another group, or the wider class and watch your peers as they share their work.

3. Share your observations from the role-plays by answering the questions below:
 - a. What actions did you notice when the manager gave directions?
 - b. How did the manager handle the debriefing or conflict resolution?
 - c. What key role did you see the manager execute in the scenario?
3. Working in your groups, discuss Henry Mintzberg's classifications and description of managerial roles.
4. Complete the table below based on Henry Mintzberg's classification and description of managerial roles. Examples for each category have been completed for you.

Category	Role	Description
Interpersonal	Figurehead	Symbolic leader performing ceremonial duties
Informational	Monitor	Collects and analyses information
Decisional		
	Resource Allocator	Decides where resources are best applied

Activity 2.5 Differences Between Management and Administration

1. Find a partner and discuss the meaning of management.
2. In pairs, discuss the differences between management and administration. Write your ideas in the table below.

Management	Administration

Activity 2.6 Career Opportunities in Management

1. Think about the potential career or job opportunities that are available through the study of management. Share your ideas with your classmates as part of a wider discussion.
2. Write a short reflection in your workbook on potential routes you are interested in and how you could find out more about them.

FUNCTIONS OF MANAGEMENT

The Meaning of Planning, its Processes and Tools

Planning

Planning is one of the most important jobs in business management. It means setting goals, deciding what needs to be done, and figuring out the best way to do it. Planning helps businesses make smart decisions, use their resources wisely (like time, money, and people), and work more effectively to reach their goals. In simple terms, Planning is deciding **what** you want to achieve, **how** you will do it, **when** you will do it, and **who** will be involved.

The planning process

Planning is like making a roadmap to help an organisation reach its goals. Just like you might plan a trip or prepare for exams step by step, managers follow a process to make sure their plans work.

Let us break it down into nine simple steps.

1. Establishing Objectives (Set Clear Goals)

First, decide what you want to achieve. These goals should be specific, realistic, and have a deadline. For example: “Increase sales by ten percent (10%) in the next six (6) months” is a clear goal.

2. Analysing the Environment (Understand the Situation)

Look at what is going on inside and outside the organisation. What are your strengths and weaknesses? What's happening in the market, economy, or with competitors? This helps you make informed decisions.

3. Identifying Alternatives (Think of Different Options)

Now come up with different ways to reach your goal. This could involve brainstorming with your team, asking for ideas, or learning from others.

4. Evaluating Alternatives (Compare the Options)

Look at the pros and cons of each idea. Ask questions like:

- Is it possible?
- What will it cost?
- What could go wrong?
- Will it help us reach our goal?

Tools like cost-benefit analysis or imagining different future scenarios can help here.

5. Selecting a Course of Action (Choose the Best Option)

Pick the idea that fits best with your goals, budget, and resources. It should also be something your team is ready and able to do.

6. Developing the Plan (Make a Detailed Plan)

Turn your idea into a step-by-step plan. Decide:

- What needs to be done?
- Who will do it?

- c. When will it happen?
- d. What resources are needed?

Also, think ahead: What will you do if things don't go as expected?

7. Implementing the Plan (Put the Plan into Action)

Now it is time to make it happen! Start the work, give people their tasks, and make sure everyone is on the same page.

8. Evaluating and Reviewing (Check Progress)

Keep track of how things are going. Are you meeting your goals? If not, why? Measure the results and see if the plan is working.

9. Revise and Update (Make Changes if Needed)

If something is not working or if the situation has changed, go back and adjust the plan. Plans are not set in stone (they should be updated as needed to stay on the right track).

Planning helps people and organisations reach their goals in a smart, organised way. It is not just about coming up with an idea (it is about thinking things through, choosing the best path, and adjusting along the way when needed)

9 STEPS IN THE PLANNING PROCESS



Tools of Planning

When people in businesses or organisations want to achieve something, they need a good plan to help them get there. Just like students use notebooks, planners, and to-do lists to stay organised, professionals use different tools to make sure their plans work smoothly. These tools help them make smart choices, use time and money wisely, and keep everything on track.

Here are some of the most common planning tools

1. Checklists

A checklist is just a list of things you need to do. As you complete each task, you tick it off. It is a great way to stay organised and make sure you do not forget anything important (whether you are doing a school project or organising an event).

2. Calendars

A calendar helps you plan out your days, weeks, and months. You can use it to mark deadlines, meetings, or other important dates. Calendars help you manage your time better, so you do not miss anything.

3. Budgeting Tools

These tools help you plan how to use money wisely. Imagine you are saving for a class trip (budgeting tools would help you decide how much to save, how much to spend, and what to spend it on.) In businesses, these tools help make sure money is used for the most important things.

4. Scheduling Tools

Scheduling tools help plan when things need to happen. They help assign tasks to different people and set timelines to make sure everything gets done on time. Think of it like setting a timetable for a group project so everyone knows their role and deadlines.

5. Forecasting Tools

These tools help predict what might happen in the future. By looking at past data (like sales or customer trends), businesses can guess what will likely happen next. For example, if a shop sold lots of umbrellas last July, it might stock up on umbrellas again this year.

6. Gantt Charts

A Gantt chart is like a timeline that shows who is doing what and when. It helps keep track of progress in a project. It is especially useful for big group projects where many tasks need to be done at different times.

7. Decision Trees

A decision tree looks like a flowchart and helps people make choices. It shows different paths you can take depending on the decisions you make. It is useful when you have to think through lots of options and want to understand the risks and rewards of each one.

Planning is much easier and more successful when we use the right tools. Whether it is a simple checklist or a detailed chart, each tool helps us stay organised, make smart decisions, and reach our goals more effectively.

These are just a few examples of tools that businesses can use to help with planning. The tools they choose will depend on what they need, the situation they are in, and how complex the planning is.



Activity 2.7 Basic Concept of Planning

1. Write down in the table below the things you will do this weekend as a way of planning your time. Arrange each activity according to the time you will do them.

Planning my weekend activities

Saturday	
Things to do	Time to do them
1.....	
2.....	
3.....	
4.....	

Sunday	
Things to do	Time to do them
1.....	
2.....	
3.....	
4.....	

2. Why did you arrange your weekend activities the way you did? Write down your reasons.
3. Prepare a timetable for your daily prep time for a week. Use the table below as a guide:

Weekly Plan for preps

Days	Subjects
Monday
Tuesday
Wednesday
Thursday
Friday
Saturday
Sunday

- a. Write three benefits of drawing a plan for your prep time.
- b. What will you do for the plan to work?
- c. Why have you allocated more time/days to some subjects than others?
- d. Is it possible you may make a change in your weekly prep plan in future?

- e. Why the change?
- f. In your own words, define planning.

Activity 2.8 Steps in the Planning Process

1. In a group of nine persons,
 - a. Cut paper(s) into nine pieces.
 - b. Write each step of the planning processes (shown above) on a piece of paper.
 - c. Mix them randomly.
2. Each member of the groups should pick one of the papers at random.
3. Arrange yourselves in a straight line according to the steps in the planning process (hint: the person with the most important step (eg. “objectives” should be first, ...) followed by the next important steps till you get to the last step in the planning process.
4. After the straight line is formed, each person, starting from the first person shall read aloud his/her step in that order up to the last person.

Activity 2.9 Planning Tools and Their Usage

The table below was used in planning Mr. Awute’s 50th birthday. Copy the table below into your exercise book and write in the space provided the tools that could have been used to plan the party.

Planning Tools and their usage

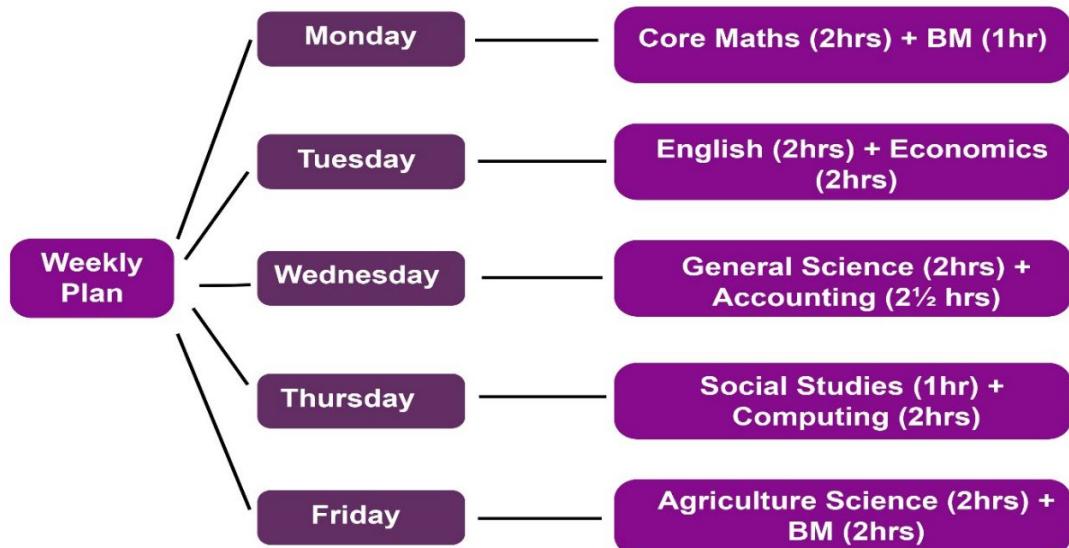
SN	TASKS	TOOLS USED	ACTIVITIES DONE
1	Set a goal for the party		Mr Awute’s 50 th birthday party
2	List what must be done		Invite friends, buy drinks, cook food, provide music, etc.
3	Create a schedule		Opening prayer at 14:00, games at 15:00; etc.
4	Money to be spent and how to spend it		Drinks = Gh¢2,000.00, food = Gh¢3000.00, etc.
5	Track progress		
6	Present plan		Show how you use the tools to organise the party

Activity 2.10 Example of decision Tree

1. Examine the decision-tree used to plan Naa's weekly studies. Use it to answer the questions that follow.

Decision Tree for Weekly Study Plan

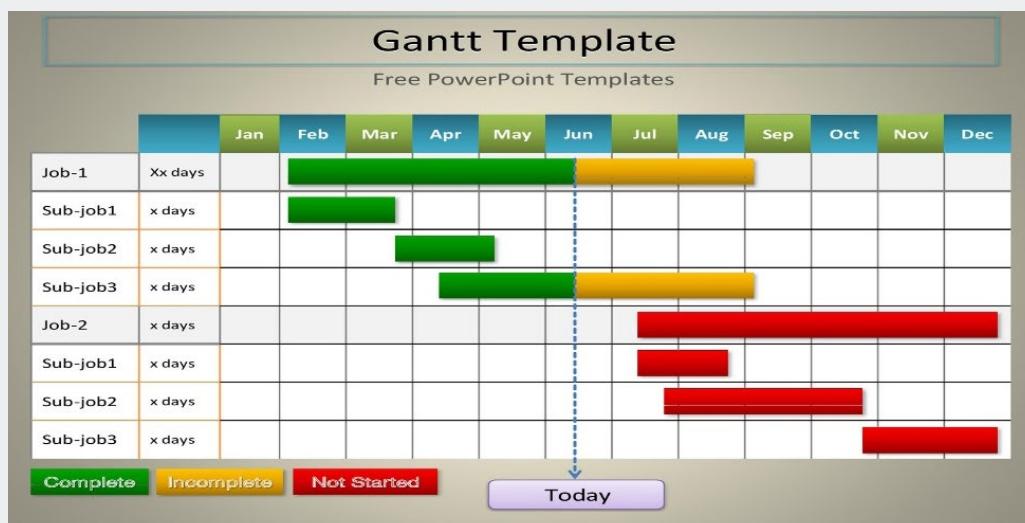
Decision Tree For Weekly Study Plan



2. Identify the subjects that are in the decision tree from Monday to Friday.
3. Think about how you would present this information and create your own decision tree to plan your studies. You could use an alternative format (for example vertical) to present your plan.
4. Record your decision tree in your workbook.

Reference material: Samples of planning tools

a. **Gantt Chart**



b. Checklist

SUBJECT	HOMEWORK COMPLETED?
ENGLISH	
Mathematics	
Social Studies	
Business Management	
Accounting	
Economics	

THE BENEFITS AND LIMITATIONS OF PLANNING

Benefits of Planning

As you will have learned from the previous lesson, planning is very important in business. It helps people stay organised, work together, and reach their goals.

Here is how planning helps:

1. Helps Set Clear Goals

Setting clear goals refers to the process of determining precisely what one intends to achieve and articulating it in a manner that is specific, measurable, and easily understood. For example, instead of stating *"I want to improve sales"*, a clear goal would be *"I aim to increase monthly sales by 15 percent within the next six months."* Clear goals are important because they:

- Provide direction (ensuring all efforts are aligned toward a defined objective).
- Guide decision-making (enabling the selection of actions that contribute directly to the goal).
- Enhance motivation (maintaining focus and determination through a defined target).
- Enable progress measurement (allowing the tracking of advancement toward the desired outcome).

2. Promote Effective Decision-making

Planning promotes effective decision-making means that having a clear plan makes it easier to choose the best actions and avoid poor choices. When planning is done well, it sets specific goals, considers possible options, and evaluates risks in advance. This preparation gives decision-makers the information and structure they need to select actions that are logical, practical, and aligned with the desired outcome.

For example, a company with a well-prepared marketing plan can decide where to invest its budget more confidently, because the plan already outlines priorities and expected results. In short, planning acts like a guide that supports making smart, well-

informed decisions. It helps managers consider various factors, gather information and weigh different options before committing resources. Effective planning reduces uncertainty and enhances decision-making accuracy

3. Efficient Use of Resource Allocation

Planning leads to more efficient use of resources. Having a well-thought-out plan helps ensure time, money, people, and materials are used in the best possible way, without unnecessary waste. Through planning, tasks are organised, priorities are set, and resources are allocated where they will have the greatest impact. This prevents duplication of effort, avoids shortages or overspending, and ensures that every resource contributes effectively toward achieving the goal.

For example, in a construction project, proper planning ensures that workers, equipment, and materials are scheduled and delivered exactly when needed, reducing delays and extra costs. In short, planning helps get the most value out of every resource available.

4. Promote Coordination and Collaboration (Encourages Teamwork)

Planning promotes coordination and collaboration means that having a clear plan helps people and teams work together smoothly toward a shared goal. When a plan is in place, everyone knows their roles, responsibilities, and timelines. This clarity reduces confusion, prevents overlap of work, and ensures that different efforts fit together effectively. Planning also provides a common framework that allows teams to communicate better, share information, and support one another.

For example, in organising a large event, planning ensures that the marketing team, logistics team, and catering team all work in sync, so everything is ready on time and nothing is missed. Planning brings people's efforts together and encourages teamwork to achieve success.

5. Helps Handle Risks (effective risk management)

Careful planning helps identify possible problems in advance and find ways to prevent or reduce their impact. When planning is done well, it involves looking ahead to spot potential risks, such as delays, shortages, or unexpected costs. It also includes preparing backup plans or safety measures so that, if problems do occur, they can be handled quickly and with minimal damage.

For example, in launching a new product, planning might reveal the risk of a supplier delay, allowing the company to arrange an alternative source before the problem happens. Planning helps you stay prepared, avoid surprises, and handle challenges in a smart and timely way.

6. Effective Performance Measurement

A good plan makes it easier to track progress and see whether goals are being achieved. When planning is done well, it sets clear objectives, timelines, and standards for success. These details act as benchmarks, allowing performance to be measured accurately. This makes it possible to see what is working well, what needs improvement, and whether adjustments are necessary to stay on track.

For example, in a sales plan, targets for monthly revenue allow managers to compare actual sales with planned goals and take action if results are falling short. Planning provides a clear yardstick for checking progress and improving results.



Limitations of Planning

Even though planning is very useful, it is not perfect. There are some challenges too:

1. It Takes Time and Effort

Planning takes considerable time, effort, and resources. It involves gathering information, analysing data, and developing detailed action steps. While planning is important, spending too much time on it can delay action and reduce efficiency.

Example: A company spends months creating an elaborate marketing plan but delays launching the campaign. By the time it is ready to execute, a competitor has already captured the target market.

2. Things Can Change

The business environment is constantly changing, and unexpected events can make plans outdated or less relevant. Market shifts, new technologies, or sudden economic changes can require quick adjustments.

Example: A travel agency plans a year-long promotional campaign for international tours, but a sudden global health crisis forces it to cancel most trips and change its strategy entirely.

3. You May Not Have All the Right Information

Planning depends on having accurate and complete information. However, sometimes important data is missing, unavailable, or influenced by personal or organisational bias. This can lead to weak or flawed plans.

Example: A retailer plans to open a new store in a city based on population growth figures but fails to get updated economic data showing a recent rise in unemployment. The store struggles due to lower-than-expected demand.

4. It Can Create a False Sense of Security

A well-prepared plan can create the impression that success is guaranteed, but external factors outside the organisation's control can still disrupt outcomes. Relying too heavily on the plan without remaining adaptable can be risky.

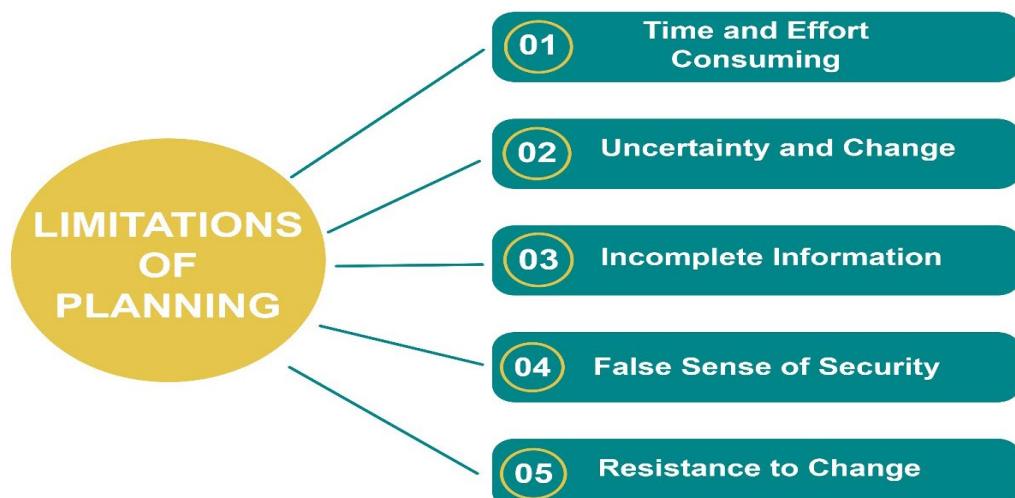
Example: A construction company creates a detailed project schedule but fails to prepare for unexpected weather disruptions. When heavy rains delay work, costs rise, and deadlines are missed.

5. People May Not Like Change

Some people or departments may resist planning because it might change existing roles, responsibilities, or routines. This resistance can slow down or block the implementation of plans.

Example: A hospital introduces a new patient management plan that requires staff to use updated software. Some employees resist learning the system, slowing down the hospital's efforts to improve efficiency.

Planning helps businesses reach their goals, make better decisions, and work as a team. But it also takes time and needs to be flexible. A good plan is a great start—but staying open to change and working together is just as important.



Activity 2.11 Benefits and Disadvantages of Planning

Your school has been invited to participate in an inter-school sports competition next month. Your job is to make sure everything is ready, so your school can perform well.

Group task

1. The teacher will divide the class into five groups. Each group must plan for one key area of the event as shown in the table below. Think about what you will need to prepare, who will need to be involved and timings. Your teacher will allocate your group with the area you are to plan.

Group	1	2	3	4	5
Area to plan	Team training and selection	Sports kit and logistics	Transport and accommodation	Publicity	Feeding

2. In your groups, summarise the benefits and disadvantages of planning in the table below:

SN	BENEFITS OF PLANNING	DISADVANTAGES OF PLANNING
1		
2		
3		
4		
5		

Activity 2.12 Limitations of Planning

1. Imagine you are a member of the planning committee for your school end-of-semester fun fair and have been asked to create a plan for the events. The plan you develop covers food, locations and timing of events and the roles of all those involved on the day.

You are confident that your plan is robust however it cannot account for unexpected events. Turn to the person sitting next to you and discuss how you might respond to the following scenarios:

- Thirty minutes to the programme it starts raining heavily.
- The school bus breaks down
- Half of the invited guests failed to turn up.
- The food that was served on the programme did not meet the quality standards.
- Invited guests complained about taste and inadequate meat.
- What parts of your plan will be affected? How will you adjust or respond?

2. Following your discussion, summarise the limitations of planning in your workbook or the table below. Be prepared to share your conclusions as part of a wider class discussion

Limitations of planning

-
-

Note: Planning prepares you, but flexibility will help you succeed.

ORGANISING

Organising refers to the process of structuring, arranging and coordinating resources, activities and people within an organisation to achieve its goals effectively and efficiently. It involves creating a framework that defines roles, responsibilities and relationships and establishes a logical flow of work. Organising aims to optimise the allocation of resources, facilitate communication and collaboration and promote the smooth functioning of the organisation.

The Principles of Organising

The following principles provide managers with guidelines for organising tasks, people and resources in a way that promotes effectiveness, efficiency and productivity.

1. Unity of Objectives

All organisational activities should be directed toward achieving common goals, ensuring that individual and departmental objectives align with the overall mission.

2. Principle of Specialisation (Division of Labour)

This principle emphasises the division of labour and specialisation of tasks. It suggests that work should be divided into specific tasks and assigned to individuals or groups based on their skills, knowledge and expertise. Specialisation allows individuals to develop expertise in their areas, leading to increased efficiency and productivity.

3. Principle of Departmentalisation

Departmentalisation involves grouping similar activities or functions into departments or units. This principle recognises that organising work based on functions, products, geography, or customers can facilitate coordination and effective management of resources. The choice of departmentalisation depends on the organisation's goals, size and complexity. (You will learn more about departmentalization later in the course)

4. Principle of Span of Control

The principle of span of control refers to the number of employees that a manager can effectively supervise and manage. It suggests that a manager's span of control should be balanced to ensure effective supervision, communication and decision-making. A narrow span of control means fewer employees per manager, allowing for closer supervision, while a wider span of control means more employees per manager, promoting greater autonomy and decentralisation.

5. Principle of Unity of Command

The principle of unity of command states that each employee should have a single supervisor or manager to whom they directly report. This principle helps avoid confusion, conflicting instructions and divided loyalty. It ensures clear lines of authority, accountability and responsibility within the organisation.

6. Principle of Coordination

Coordination is a crucial principle of organising. It involves integrating and harmonising the activities of different individuals, departments, or units towards common goals. Effective coordination ensures that tasks are performed in a synchronised manner,

promotes collaboration and minimises conflicts or duplication of efforts. It requires establishing communication channels, sharing information and aligning activities to achieve organisational objectives.

7. Principle of Flexibility

The principle of flexibility recognises that organisations need to adapt to changes in the internal and external environment. It suggests that organisation should allow for flexibility and responsiveness to emerging opportunities, challenges and market dynamics. Flexible structures, processes and roles enable organisations to adjust quickly and effectively to evolving circumstances.

8. Principle of Scalar Chain

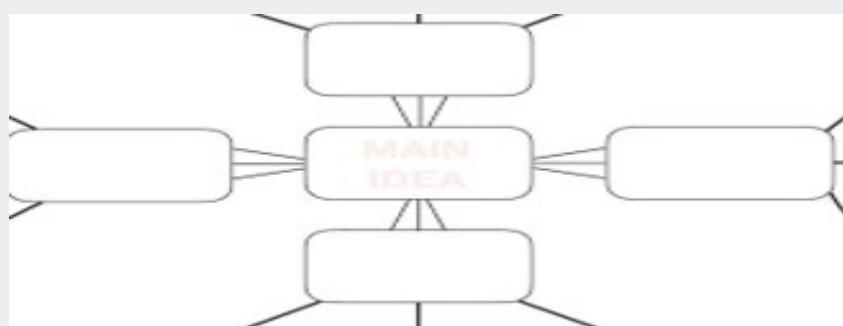
The principle of scalar chain emphasises the hierarchical structure and the flow of authority and communication within an organisation. It suggests that there should be a clear and unbroken line of authority from top management to lower-level employees. This principle ensures effective communication, proper decision-making and timely execution of tasks.

Applying these principles helps create a well-structured organisation that can effectively pursue its goals and achieve desired outcomes.

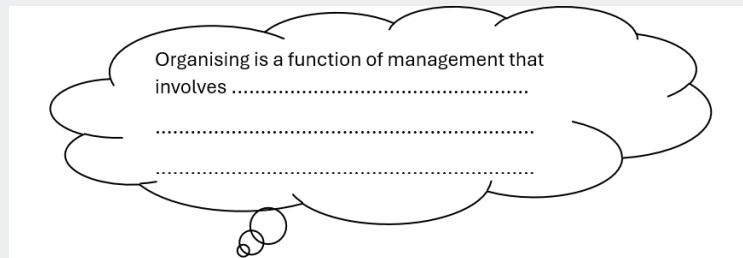
Activity 2.13 Meaning of Organising

Your school is planning a Speech and Prize-Giving Day event, and the headteacher has formed a team made up of you and your colleagues as the **organisers**.

1. In pairs, discuss and write down your plans on:
 - a. The resources needed for the event
 - b. The various roles that will need to be performed and who will carry out each role
 - c. How to co-ordinate activities to ensure the event is successful
2. Create a mind map of your plans in activity 1.



3. Based on your discussion:
 - a. Identify the key words you will use to define organising
 - b. Draft a simple definition of **organising** as a fundamental function of management.



- Share your definition with another group for feedback

Activity 2.14 Principles of Organising

- Organise yourself in to small groups to study the case below and then answer the questions that follow.

Royal Furniture Ltd in Takoradi has grown into a large company. However, some workers get confused because they receive instructions from more than one supervisor. To solve this, the General Manager decides that each worker should report to only one supervisor. They also set up clear lines of authority, making sure communication goes through department leaders before reaching them. The manager ensures that no supervisor controls too many workers and asks all departments to work together towards producing quality furniture and satisfying customers through regular meetings and updates.

- What were the issues in Royal Furniture Ltd.?
- How did the manager resolve these issues.

- What **principles** do you think should guide how activities are organised in this organisation?
- Share your ideas with a colleague for feedback.

Activity 2.15 Reflection

Write a short reflection in your workbooks on how the concept of 'organising' would apply to both a school setting and a business context. What would the similarities and differences be? What is the value of effective organization?

Share your reflections with your teacher.

Importance of Organising

Some of the key reasons why organisation is important as a principle of management are summarise below.

- Clarifies Roles: Organising sets clear responsibilities for each team member. When everyone knows exactly what they need to do, it reduces confusion and ensures that tasks are shared evenly, making it easier to track who is accountable for what.

2. Ensures resources are used efficiently: It helps ensure that time, money, and skills are used in the best possible way. With careful planning, resources are allocated where they are most needed, preventing waste and boosting overall productivity.
3. Ensures a Smooth Workflow: By arranging tasks in a logical order, organising allows work to flow smoothly from one step to the next. This reduces delays, minimises errors, and helps keep projects on schedule.
4. Improves Communication: Clear roles and responsibilities mean that team members know who to contact for specific tasks. This improved communication makes it easier to coordinate efforts, share updates, and solve problems together.
5. Helps Organisations Achieve their Goals: When tasks and resources are well organised, everyone's efforts are aligned toward the organisation's objectives. This focus makes it more likely that deadlines will be met and goals will be successfully achieved.
6. Increases Flexibility: An organised system provides a framework that can be easily adjusted as circumstances change. This flexibility allows teams to quickly adapt to new challenges or opportunities without losing direction.
7. Enhances Decision-Making: With a well-organised structure, it is easier to assess progress and make informed decisions. Clear information about tasks and resources allows managers to quickly identify issues and adjust strategies as needed.
8. Facilitates Coordination: Organising helps synchronise different activities and departments, ensuring that all parts of the organisation work together harmoniously. This coordination is key to avoiding overlaps or gaps in work.

Challenges of Organising

Organising can face a number of challenges. These include:

1. Resistance to Change: Employees may be hesitant to adopt new structures or ways of working, leading to conflicts or slow adaptation.
2. Communication Breakdowns: Poor communication between departments or team members can result in misunderstandings and inefficiencies in coordinating tasks.
3. Overcomplexity: Overly detailed or rigid organisational structures can make it difficult for employees to adapt quickly to changes, reducing flexibility.
4. Coordination Difficulties: When roles and responsibilities are not clearly defined, tasks may overlap or be overlooked, making it challenging to work in harmony.
5. Limited Resources: Constraints such as insufficient time, manpower, or budget can hinder effective organisation and the smooth execution of tasks.
6. Ineffective Delegation: If authority is not properly distributed, managers may become overwhelmed while employees lack the guidance needed to complete their tasks efficiently.
7. Cultural and Structural Barriers: Differences in work culture or organisational hierarchy can create friction and slow down the process of organising effectively.

Activity 2.16 Importance and Challenges of Organising

1. Read the case carefully and answer the questions that follow.

A growing wholesale business in Sunyani faced several challenges because workers were unsure of their roles. Some tasks were repeated while others were left undone, and goods were often delayed. Efforts to organise the business were also difficult because some workers resisted the new changes, preferring to work the old way. Others found it hard to adjust because of differences in work culture and attitudes toward teamwork. In addition, the business had limited resources, making it hard to provide enough tools and materials for all departments. To solve these problems, the business was divided into clear departments such as sales, storekeeping, delivery, and finance. Each department was given a leader with specific duties and limited resources were shared carefully. After these changes, the business began running more smoothly, with faster service and fewer mistakes.

- a. What challenges did this business face before introducing proper organising?
b. From the case, what lessons can you learn about how to organise work in an organisation?
2. Pair up with a classmate, discuss and share ideas on the **importance and challenges** of organising. Summarise your points in the table below.

Importance of organising	Challenges of organising

3. Share your work with the rest of the class as part of a wider discussion. Are there any points you can add to your list?

ORGANISATIONAL STRUCTURES (FUNCTIONAL, HIERARCHICAL, FLAT AND DIVISIONAL)

Understanding how companies are structured can help you succeed in any career. In this lesson, you will learn about four common types of organisational structures: functional, hierarchical, flat, and divisional.

You have already learned about what *organising* means in business, why it is important, and some of the challenges involved. Now, we will build on that knowledge and explore how different businesses are set up to get things done.

What Are Organisational Structures?

An organisational structure is like the blueprint or layout of a business. It shows:

1. Who does what
2. Who reports to whom
3. How decisions are made
4. How information flows

It helps everyone in a company understand their roles and responsibilities, and how their work fits into the bigger picture. There are many types of structures, but we will focus on *four* of the most common ones.

Types of Organisational Structures

Flat Organisational Structure

A flat structure has very few levels of management, sometimes none at all. This means:

1. Employees have more independence
2. Decisions are made faster
3. Communication is open and direct

This structure is common in small companies or startups where teamwork and flexibility are key.

Best for: Small businesses that want quick decisions and a relaxed working environment



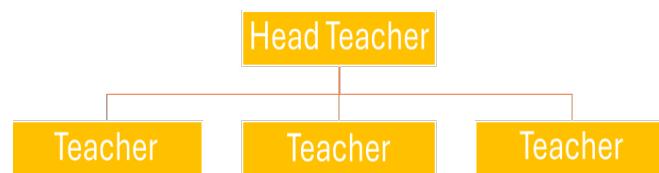
Example 1

The owner of a shop and their salespersons and the security officer as shown below.



Example 2

A Headteacher of a primary school and their teachers



Functional Structure

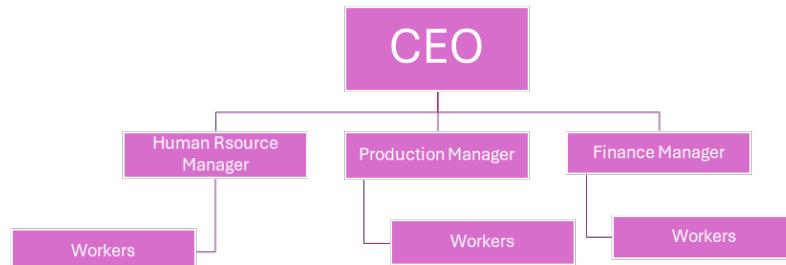
In a functional structure, the business is divided into different departments based on what each one does. For example:

1. The marketing team handles advertising and promotion
2. The finance team manages money
3. The HR (human resources) team looks after staff
4. The operations team focuses on producing goods or services

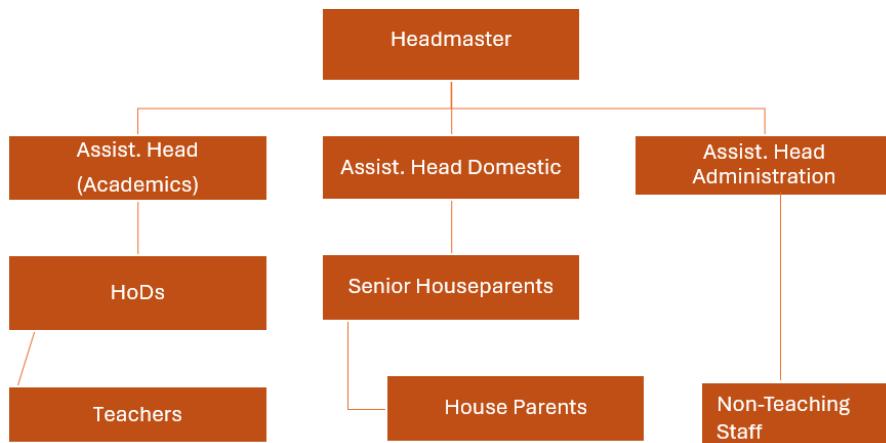
Each department has its own area of expertise. This makes it easier for people to become specialists in their work.

Best for: Organisations that want to group people with similar skills together.

Example 1



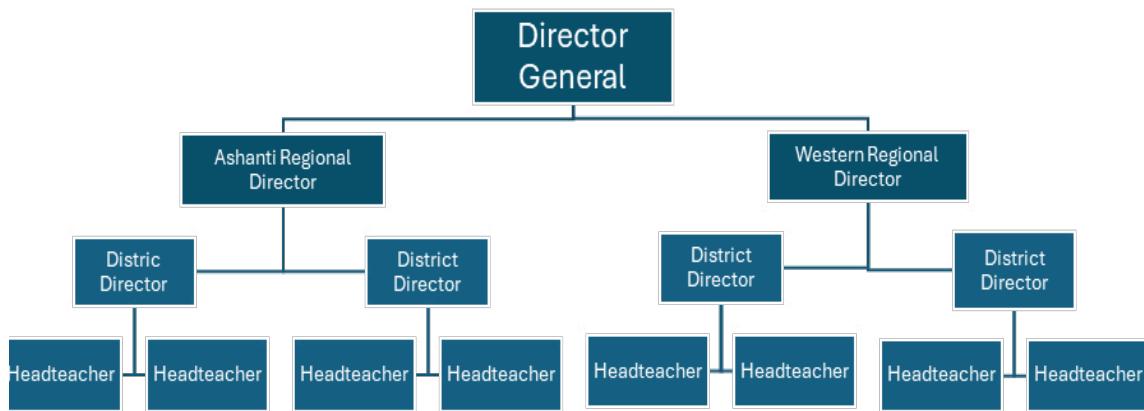
Example 2



Hierarchical Structure

This is the traditional pyramid-style setup you often see in big companies or schools.

Example: Hierarchical Organisational structure of Ghana Education Service



1. At the top is the CEO or principal (the boss).
2. Below them are managers or department heads.
3. At the bottom are employees or team members.

Each level reports to the one above, and decisions usually come from the top down.

Best for: Organisations that need clear rules, roles, and a strong chain of command.

Divisional Structure

In this setup, a company is split into divisions based on:

1. Products (e.g., electronics, clothing)
2. Locations (e.g., Africa, Europe)
3. Customers (e.g., teenagers, businesses)

Each division runs like a mini business with its own team, resources, and strategies.

Best for: Big companies that have different products, regions, or customer groups.



Activities 2.15 Meaning and Importance of Organisational Structures

1. Work with a partner and using a digital device, search online and discuss what is meant by “organisational structure”.
2. Write your definition of organisational structure in your workbooks so that you can refer back to it later.
3. In your pair, research the importance of organisational structures.
4. Write down four reasons why a clear organisational structure is important to the success of an organisation.
5. Join with another pair and compare your answers.

Activity 2.17 Types of Organisational Structures

Part A

1. Your teacher will present a picture or drawing of an organisational structure to the class.
2. Turn to the person next to you and see if you can identify the type of structure and discuss its key features.

Answer the following questions as part of your discussion:

- a. What do you notice about how this structure is organised?
- b. How are the reporting lines structured and who reports to whom?
- c. How does this structure differ from others?

3. Be prepared to share your ideas as part of a wider class discussion.

Part B

1. Your teacher will arrange you in small groups to work on creating your own organisational structures
2. In your groups, draw one of the four types of organisational structures:
 - a. Functional
 - b. Hierarchical
 - c. Flat
 - d. Divisional
3. Base your drawing on a real life (or fictional) example such as how your school is structured, or how a store or fast-food restaurant might be set up. Decide on the roles and reporting line, and annotate your diagram with the reasons for your choices
4. Draw your structures for your chosen businesses or organisations on flip chart paper and display them on your classroom wall to form part of a gallery wall.
5. Walk around your classroom and observe other groups' posters.
6. Write a reflection in your workbook of what you have learned from this activity.

ORGANISATIONAL STRUCTURES (MATRIX, NETWORK, TEAM-BASED AND HYBRID)

Types of Organisational Structures

You have already begun to understand the different types of organisational structures that apply to different businesses and will now build on this to look at additional types of structure.

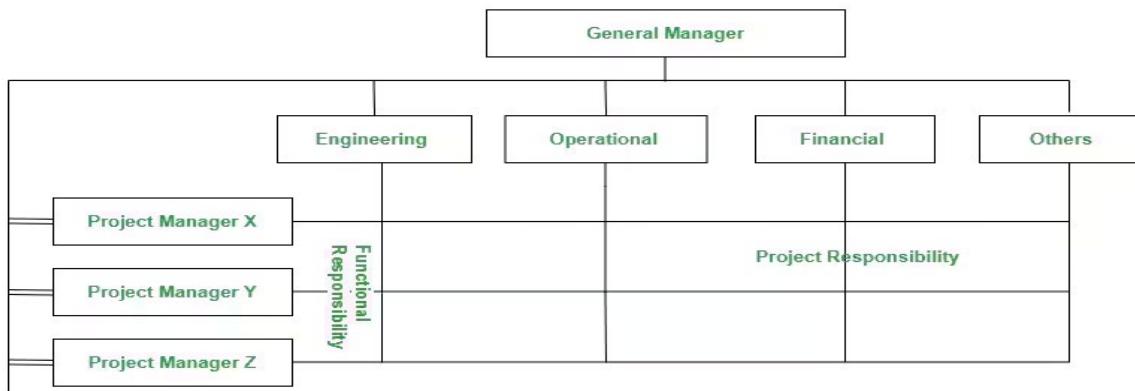
Matrix Structure

A matrix structure is a special kind of setup where an employee reports to two bosses:

- One boss is their functional manager (e.g., head of marketing, finance, or HR).
- The other boss is a project or product manager (e.g., someone leading a specific project or product team).

So, instead of having just one person giving instructions, employees in a matrix structure work under two lines of authority. It can be seen as a combination of functional and divisional structures.

Example of Matrix Organisational chart



Why Use a Matrix Structure?

1. Good for projects: It is great for businesses that handle lots of projects at the same time.
2. Encourages teamwork: People from different departments (like marketing, design, and finance) work together on the same project.
3. Efficient use of skills: The company can share resources and talents across departments.

Network Structure

A network structure is a way of organising a business where the company doesn't try to do everything by itself. Instead, it works closely with other companies or partners to get things done. This means the business may outsource or hire outside help for things like:

1. making products
2. delivering goods
3. handling customer service
4. managing technology

Instead of having big departments for every task, the company stays small and flexible and builds connections with others to help it succeed.

The Network Organization

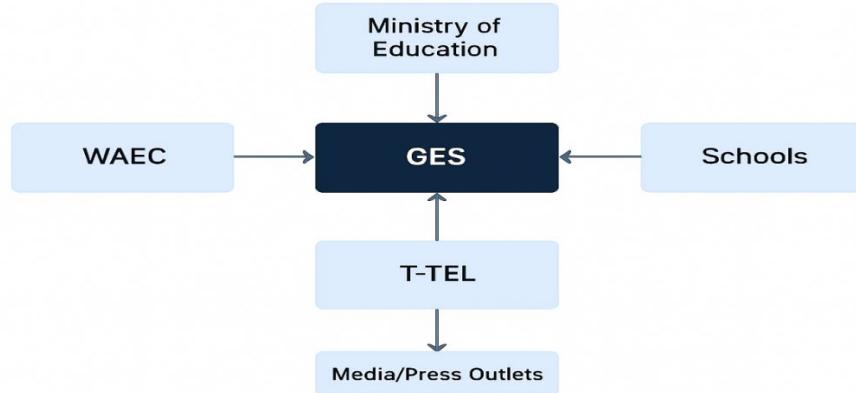


NETWORK ORGANISATIONAL CHART



Real Ghanaian example of a network organisational chart is given below

NETWORK ORGANISATIONAL CHART

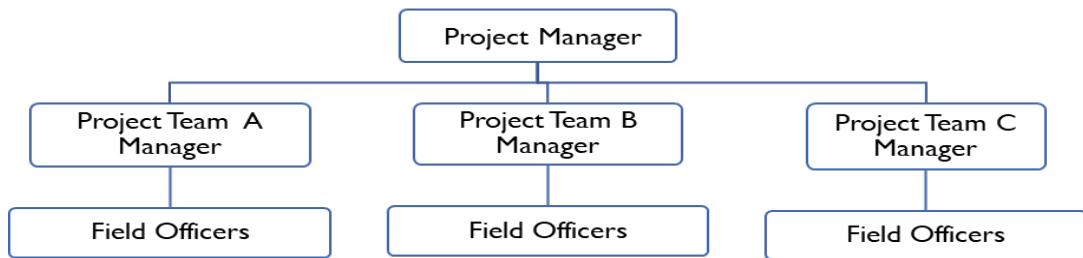


Team-Based Structure

A team-based structure is a way of organising a business where most of the work is done by teams instead of individuals working alone or in separate departments. In this structure, the company is made up of small groups (teams) that:

1. Work together on specific projects or goals
2. Make decisions as a team
3. Share responsibilities

These teams can be from different departments (called cross-functional teams) or from the same area.



Example

Imagine a phone company launching a new model. A team might include:

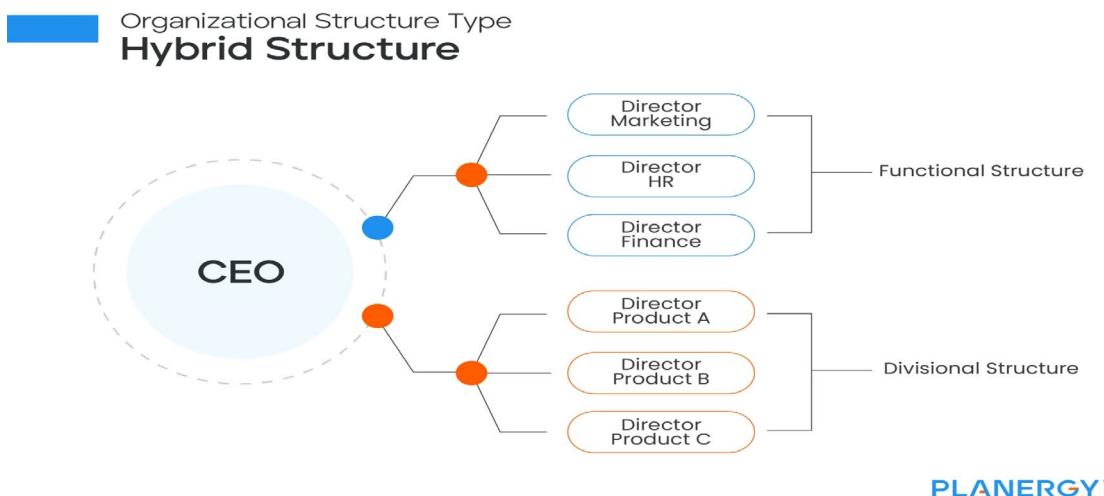
1. A designer from the design department
2. An engineer from the tech department
3. A marketer from the marketing department

Together, they plan, build, and promote the new phone—all as one team, rather than working separately.

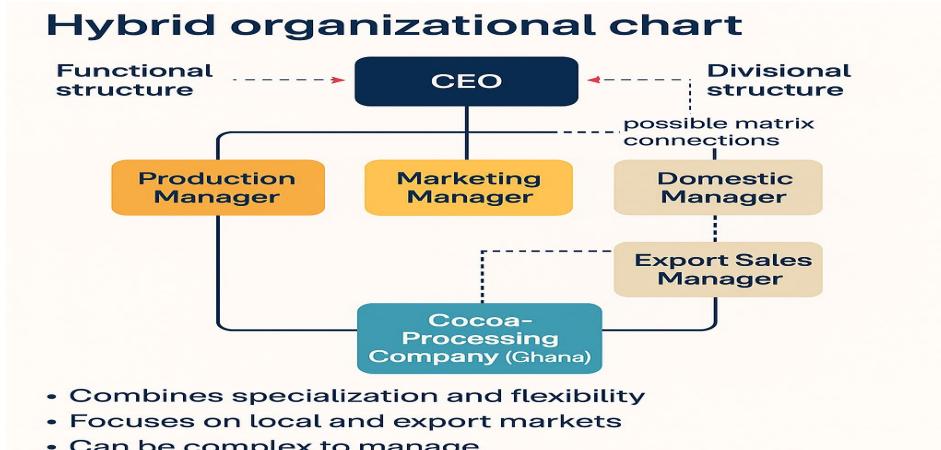
Hybrid Structure

A hybrid structure is a way of organising a business by mixing two or more types of organisational structures. This helps a business enjoy the advantages of each structure while reducing their weaknesses.

In simple terms, it's like picking the best parts of different systems and putting them together to make the organisation work better.



PLANERGY™

**Figure 2.2:** Hybrid organisational chart

Activity 2.18 Understanding Organisational Structures

1. Your teacher will present the following types of organisational structures to the class:
Matrix, Network, Team-based and Hybrid
2. For each type of structure, consider the following questions:
 - a. What do you notice about how the structure is organized?
 - b. How are the reporting lines structured and who reports to whom?
 - c. How does the structure differ from the others you have studied in these lessons?
 - d. Are there organisations you can think of where each of these structures apply?
3. Be prepared to share your answers to these questions as part of a class-wide discussion.

Activity 2.19 Examples of Organisational Structures

1. Arrange yourself in small groups to work on this activity.
2. Your teacher will assign you with one of the following types of organisation structure:
 - a. Matrix
 - b. Network
 - c. Team-based
 - d. Hybrid

3. In your groups, think of an organisation where your assigned structure could apply. This could be a real organisation, or you could make one up.
4. Decide on the roles and reporting line, and annotate your diagram with the reasons for your choices
5. Draw your structures for your chosen businesses or organisations on flip chart paper and present your work to the class for discussion and feedback.
6. Write a reflection in your workbook of what you have learned from this activity.

MEANING OF DEPARTMENTALISATION AND ITS TYPES

Meaning of Departmentalisation

Departmentalisation is the process of grouping jobs, tasks, or activities into specific departments within an organisation so that work can be done more efficiently. Each department focuses on a particular type of work, which makes it easier to manage and coordinate.

For example, in a Ghanaian hospital:

1. The **Outpatient Department (OPD)** handles patient check-ups and first visits.
2. The **Surgical Department** is responsible for operations.
3. The **Finance Department** manages hospital funds and payments.

By grouping similar activities together, the hospital ensures that each area has specialised staff and resources to work effectively.

How Does Departmentalisation Work?

1. Group Similar Activities: Jobs that are similar are grouped together. For example, all money-related tasks go to the finance department; while hiring and staff issues go to HR (human resources).
2. Create Specialised Departments: Each group becomes its own department, with a team that focuses only on that area.
3. Assign Responsibilities: Every department has its own goals and tasks, so everyone knows what they're responsible for.

Types of Departmentalisations

There are different ways to divide up work depending on the company's needs.

Here are the main types:

1. Functional Departmentalisation

People are grouped by the type of work they do. For example:

- a. Marketing team promotes the product
- b. Finance team manages money
- c. HR team handles staff and hiring

Best for: Companies where people need to focus on one specific skill.

2. **Product Departmentalisation**

Departments are created based on the products the company makes or sells. Example: A company that sells clothes and furniture may have:

- a. A clothing department
- b. A furniture department

Best for: Companies that sell different types of products.

3. **Geographical Departmentalisation**

Work is divided based on location. Example, A company with offices in different areas might have:

- a. North region office
- b. South region office
- c. East region
- d. West region branches

Best for: Big businesses that operate in different cities, countries, or regions.

4. **Customer Departmentalisation**

Departments are based on the types of customers they serve. Example,

- a. One department helps regular shoppers (retail)
- b. Another helps businesses (corporate clients)
- c. A third helps government organisations

Best for: Companies with different kinds of customers who have different needs.

5. **Process Departmentalisation**

Work is organised by steps in a process or production line.

Example: In a factory,

- a. one team handles raw materials
- b. another assembles the product
- c. a third checks quality before it's sold

Best for: Businesses involved in making things step-by-step.

6. **Divisional Departmentalisation**

The company is split into mini-companies, or divisions. Each one runs its own operations almost like a small business.

Example

- a. a large company with different brands or subsidiaries may have:
- b. a mobile phone division
- c. a laptop division
- d. a smart appliance division

Best for: Very large businesses with multiple product lines or services.

7. **Matrix Departmentalisation:** Combining different types of departmentalisations, such as functional and divisional, to create a customised organisational structure.

Summary

Departmentalisation helps big organisations stay organised and efficient. It involves creating departments based on the type of work, products, customers, regions, or processes. This makes it easier for people to focus, specialise, and get their jobs done well.

The example below illustrates how departmentalization, in this case geographical, is applied in the structure and organisation of a business.

Blagodzi Furniture Company

Location	Tables Dept.	Bedsteads Dept.	Sofas Dept.	Cabinets Dept.
Kumasi	Oversees design, production & delivery of tables in Ashanti region	Manages wood sourcing & assembly of bedframes	Focuses on local demand for living room furniture	Custom cabinetry and retail logistics for surrounding towns
Ho	Coordinates sales of tables to Volta region schools & offices	Produces low-cost bedsteads for local markets	Specializes in lightweight foam sofas	Handles modular cabinets and storage units
Enchi	Crafts premium handcrafted dining tables	Manufactures hardwood bedsteads using forest resources	Small-scale local sofa production	Repairs and refurbishes old cabinets
Koforidua	Supplies tables for hospitality industry (hotels & restaurants)	Focuses on youth hostel bedstead contracts	Produces stylish sofas for urban customers	Leads innovation in modern cabinet design

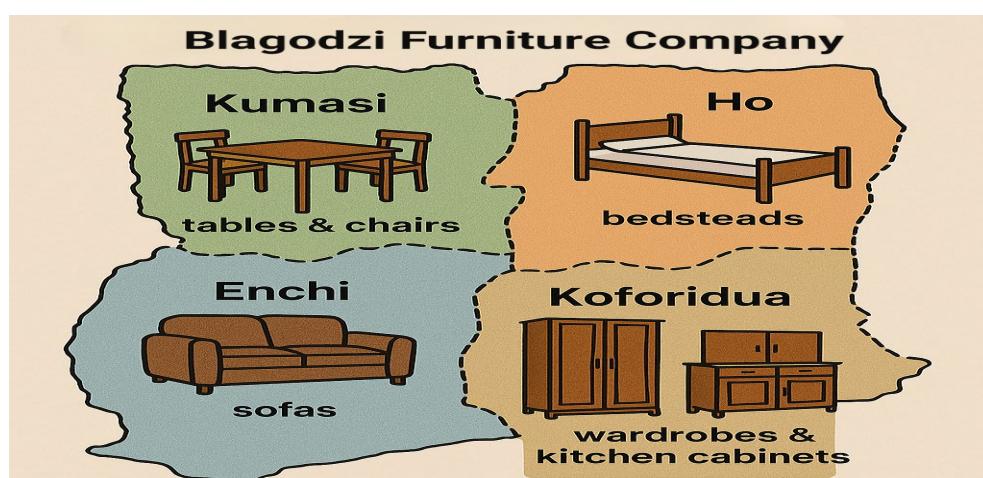
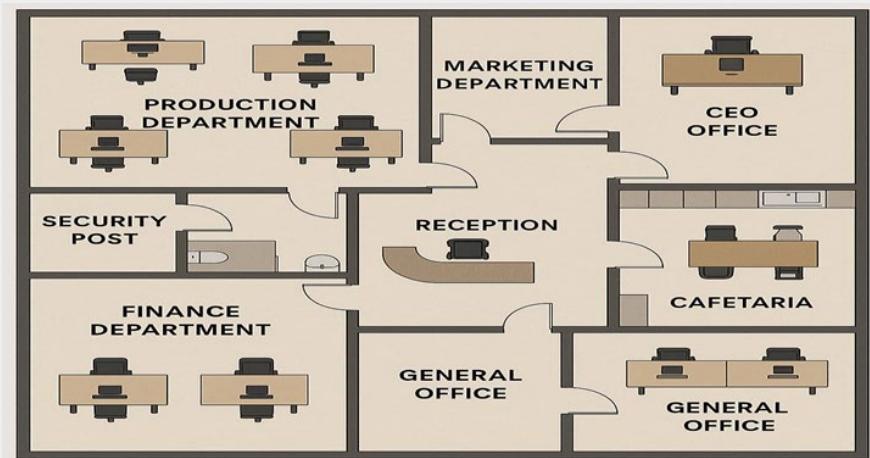


Figure 2.3: Example of Geographical Departmentalisation

Activity 2.20 An Office Layout

1. The picture below shows an office layout with well-labelled departments.

Office Layout



Office Layout

- a. Identify the different parts of the organisation.
- b. Describe how the various parts (departments) in the above office layout are linked together.
- c. How do you connect the above picture and the concept of departmentalisation?

2. Working in small groups, use digital devices to research the meaning of departmentalisation.
3. Summarise the term in your own words, and share your group's definition with your classmates for feedback.

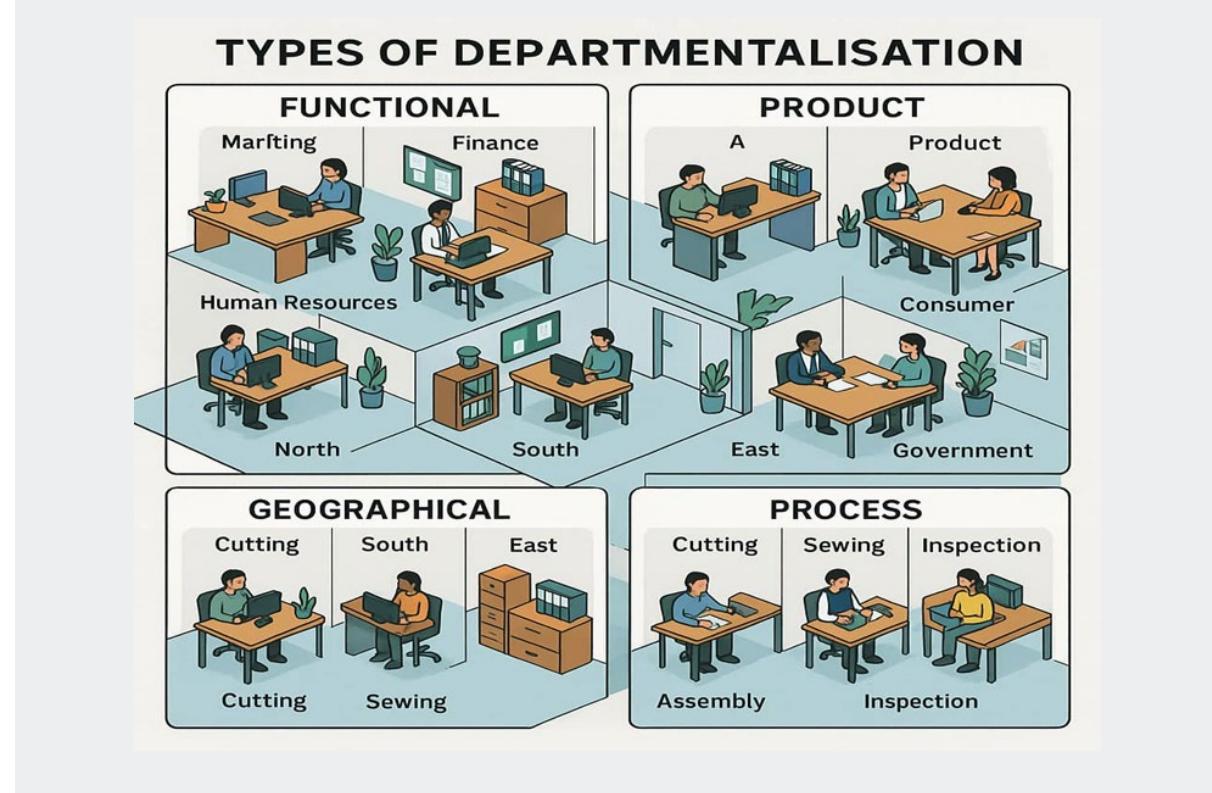
Activity 2.21 Types of Departmentalisations

1. Working in the same small groups, extend your online research to investigate the different types of departmentalisations, for example functional or product departmentalisation.
2. Find out the features of each type and examples of the type of business or organisation in which it might be used.
3. Write your findings on flip chart paper and present them to the whole class for discussion and feedback.
4. Write down the types of departmentalisations.

Types of departmentalisations

- 1.
- 2.

5. Compare your list with the picture below.
6. Are they the same? Could you add more?



Activity 2.22 Draw an Office Layout of any Type of Departmentalisation

1. Choose a type of departmentalisation you have learned about in this lesson.
2. Design and draw an office layout for a business that is structured with your chosen type of departmentalisation.
3. Label the departments and write a brief commentary on why you have chosen this type and how you have applied it.
4. Share your work with a classmate for feedback.

FACTORS INFLUENCING DEPARTMENTALISATION AND THE BENEFITS AND CHALLENGES OF DEPARTMENTALISATION

This lesson will focus on the factors influencing departmentalisation and the benefits and challenges of departmentalisation.

Factors Influencing Departmentalisation

When a company grows, it needs to stay organised. That's why businesses divide their work into different departments — each handling specific tasks like marketing, finance, or customer service. This is called departmentalisation.

But what influences how a company chooses to set up its departments? And what are the good and bad sides of doing it?

Let us break it down!

Factors That Influence How Departments Are Set Up

1. Nature of Business: What a company does affects how it should organise its departments.
Example: A factory might focus on steps in production, while a shop might focus on different types of customers.
2. Size of Organisation: Bigger companies need more departments for different tasks.
Small business = fewer, general departments.
Large business = more specialised departments.
3. Organisation's Objectives and Goals: A company's mission and vision help decide how to organise work. Departments should support these goals.
4. Technology and Processes: If a company uses a lot of technology, it may need departments like IT, cybersecurity, or software development.
5. Geographical Spread: Companies in many cities or countries may need separate departments for each region.
6. Market and Customer Needs: If different customers have different needs, companies may organise departments to serve each group better.
7. Legal Regulatory Requirements: Some departments may be needed because of laws or regulations (e.g., legal, health & safety).
8. Available Resources: A business can only set up departments if it has the money, staff, and tools to run them properly.

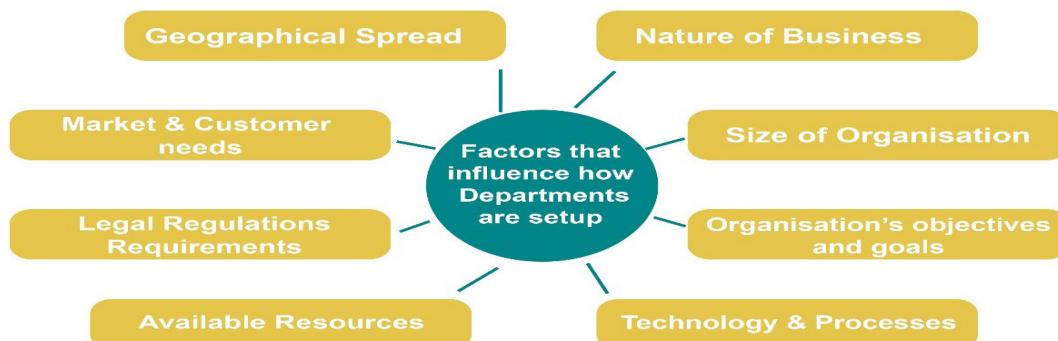


Figure 2.4: Factors influencing departmentalisation

Benefits of Departmentalisation

1. Improved Specialisation and Expertise

When employees work in one specific area, they become very skilled at it over time.

Example: In a hospital, doctors focus on treating patients, nurses focus on patient care, and lab technicians focus on tests. Each becomes an expert in their own area, which improves service quality.

2. Increased Efficiency and Productivity

Grouping similar tasks together means work can be done faster and with fewer mistakes.

Example: In a factory, having one department only for packaging ensures all workers in that team know exactly how to do the job quickly and correctly.

3. Better Coordination and Communication

Clear roles within departments help people work together more smoothly and share information easily.

Example: In a marketing department, the design team and social media team can coordinate closely to launch a new product campaign on time.

4. Clearer Authority and Responsibility

With departmentalisation, everyone knows who they report to and what they are responsible for.

Example: In a school, teachers report to the head of their subject department, so it's clear who assigns tasks and who checks their performance.

5. Better Resource Allocation

Resources such as staff, money, and equipment can be given to the areas that need them most.

Example: A retail company might allocate more budget to the sales department during peak shopping seasons to increase stock and hire extra staff.

6. Enhanced Decision-Making

Department managers can make faster, more informed decisions without waiting for top management approval.

Example: A customer service manager can quickly approve a refund for a customer without needing to consult the company CEO.

7. Encourages Innovation and Growth

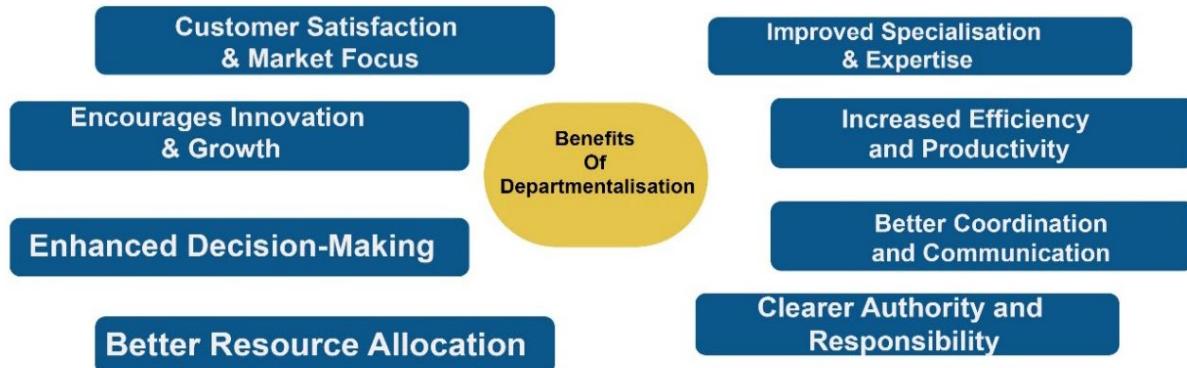
Departments focused on improvement can come up with new ideas and better solutions.

Example: A research and development (R&D) department in a tech company can create a new phone model based on customer feedback.

8. Customer Satisfaction and Market Focus

Creating departments that serve specific customer groups allows a business to meet different needs more effectively.

Example: A bank may have separate departments for personal banking, business banking, and premium customers, so each group gets tailored services.



Challenges of Departmentalisation

1. Communication Barriers

When departments work separately, it can be hard for them to share information effectively. *Example:* In a company, the marketing team might launch a campaign without telling the sales team, causing confusion with customers.

2. Lack of Flexibility

Rigid departmental structures can slow down a company's ability to adapt to change. *Example:* A clothing store may miss a seasonal trend because the production department follows a fixed schedule and cannot adjust quickly.

3. Duplication of Efforts

Sometimes, different departments do the same type of work without realising it, wasting time and resources.

Example: Both the sales and customer service teams might be contacting the same customers for feedback separately.

4. Slow Decision-Making

Important decisions can take longer if they must pass through multiple levels of approval. *Example:* A project delay occurs because the finance department's approval has to go through the department head, the manager, and then the director before action is taken.

5. Conflict of Interest

Departments may focus on their own needs instead of the company's overall success. *Example:* The sales team might push for discounts to attract customers, but the finance department resists because it affects profits.

6. Unequal Workload Distribution

Some departments may be overloaded with work while others have less to do. *Example:* During tax season, the accounts department works overtime while the maintenance team has a normal workload.

7. Coordination Difficulties

Getting all departments to work together smoothly can be challenging, especially in big organisations.

Example: A new product launch is delayed because the production, marketing, and logistics teams are not working to the same timeline.

8. Higher Operational Costs

More departments mean more managers, staff, and administration, which can increase expenses.

Example: A company with separate HR departments for each branch spends more on salaries and office costs.

9. Focus on Departmental Goals Over Organisational Goals

Departments might care more about their own success than the company's overall performance.

Example: The IT department upgrades their systems for internal efficiency, but it delays a company-wide project that would increase overall profits.



- Departmentalisation helps businesses stay organised and work more efficiently.
- It depends on factors like company size, goals, technology, and customer needs.
- It offers many benefits, like better teamwork, faster work, and happier customers but there are also challenges, like communication problems and high costs.

Activity 2.23 Visit to an Organisation to see Office Layout

1. Your teacher will arrange you in small groups of no more than five to visit an organisation to see its office layout (e.g. Hospital, District Assembly, Water, etc.). During your visit:
2. Identify the various departments and write down their respective functions.
3. Take note and ask questions that will improve your understanding of departmentalisation such as:

- a. What factors influenced the way this business/organization was departmentalised?
- b. What are the benefits of organising the business/organization in this way?
- c. What challenges have you found from this type of departmentalisation?
4. Individually, write a note on “factors influencing departmentalisation, its benefits and challenges” based on the experience of your visit.
5. Share your note with the class on your return.
6. You could use a table such as the one below to record your report.

Sn	Factors Influencing Departmentalisation	Benefits of Departmentalisation	Challenges Of Departmentalisation
1			
2			
3			
4			
5			

7. Alternatively, if you are not able to visit a business in your community, choose an organisation/business that you would like to learn about and research how it is structured.
8. Complete the report above based on your research and present it to the class. You could use the table above to present your work.

Activity 2.24 Departmentalisation and Success of the Organization

1. In your workbooks summarise at least three reasons in which clear departmentalisation can contribute to a business/organisation's success.
2. Share your answers with a colleague for discussion.

CENTRALISATION

The terms 'centralisation' and 'decentralisation' are used to describe how decisions are made in an organisation. They influence how quickly work gets done, how consistent policies are, and how much freedom employees have to make choices.

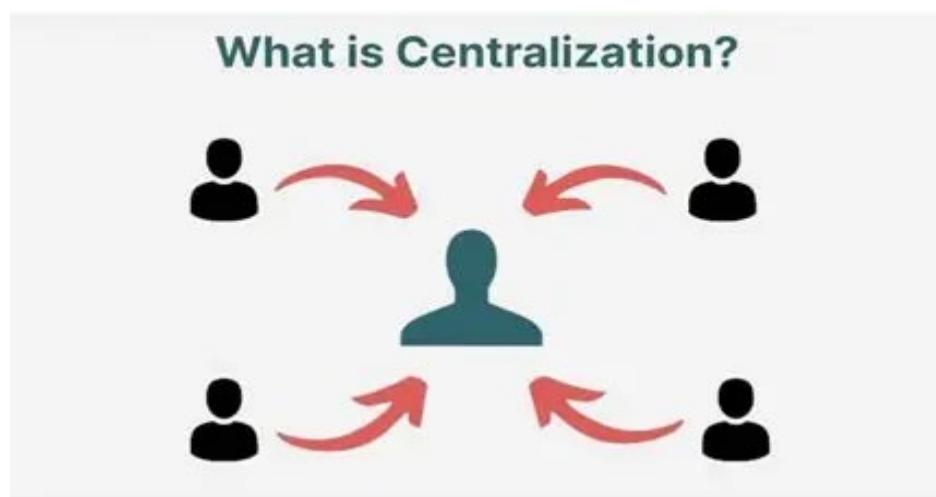
Centralisation

Centralisation means **keeping decision-making and control in the hands of top-level managers** rather than spreading it across different departments or branches of a business or organisation. In other words, **important choices are made by upper levels of management**, and lower-level staff follow those decisions with limited freedom to change them.

Example: In a bank where centralisation is used, all branch managers must follow interest rates and loan rules set by the head office. They cannot change them even if their local customers prefer something different.



a. *Centralisation*



b. *Centralisation*

Advantages of Centralisation

1. Consistency and Uniformity in Decision-Making

Centralisation means that all branches or departments of a business or organisation follow the same rules and policies.

Example: In a fast-food chain like KFC, recipes, pricing, and quality standards are the same everywhere, ensuring customers get the same experience in any location.

2. Efficient Resource Allocation

Resources such as money, staff, and equipment are controlled by a central office, preventing waste or duplication.

Example: A company buys office supplies in bulk for all its' branches instead of each branch buying separately, saving costs.

3. Clear Decision-Making

In a centralised organisation there is a clear chain of command, so employees know exactly **who makes decisions**.

Example: In a school, the headteacher decides on curriculum changes, making it clear to teachers where to seek approval.

4. Quick Implementation of Policies

Decisions can be made and enforced quickly because there is no need for multiple layers of approval.

Example: During a crisis, a CEO can immediately order safety measures without waiting for branch managers to agree.

5. Strong Leadership and Control

Top managers have full oversight, making it easier to maintain quality and solve problems.

Example: A retail company can quickly detect and stop poor service in one branch because the head office monitors performance closely.

6. Specialised Expertise

Highly experienced leaders make the important decisions, often leading to better outcomes.

Example: In a hospital, only the senior medical board decides on purchasing advanced surgical equipment because they have the expertise.

7. Reduced Operational Costs

By avoiding duplicate roles and processes in different locations, centralisation means that expenses are reduced.

Example: A central HR department handles recruitment for all offices instead of each office having its own HR team.

Advantages of Centralised Organisational Structure



Reduced Operation Cost



Consistency & Uniformity in Decision Making



Strong Leadership & Control



Efficient Resource Allocation



Clear Decision Making



Specialised Expertise



Quick Implementation of Policies

Disadvantages of Centralisation

1. Slow Decision-Making at Lower Levels

In a centralised organisation, lower managers must wait for approval from top management, causing delays.

Example: A hotel receptionist cannot give a discount to a guest without asking the head office, even if it could solve a complaint immediately.

2. Limited Employee Empowerment

Workers may feel they have no voice or creativity in decision-making in a centralised organisation.

Example: In a clothing store, sales staff can't suggest changes to display arrangements even if they notice it could attract more customers.

3. Lack of Local Context

Centralised decisions might not fit local needs.

Example: A national restaurant chain might decide on a menu that ignores local food preferences, reducing customer satisfaction.

4. Communication Challenges

Information must flow up and down the chain, which can cause delays or misunderstandings.

Example: A factory worker's suggestion may take weeks to reach top management because it passes through many supervisors.

5. Overdependence on Top Management

Too much reliance on a few leaders at the highest level of an organisation can cause problems if they are absent or overloaded.

Example: If the CEO is away, urgent approvals may be delayed, affecting operations.

Summary

1. Centralisation means that most decisions are made by the highest level of management
2. It leads to clear rules, strong control, and cost savings.
3. But it can also cause slow responses, low motivation, and communication problems.

Centralisation is not “good” or “bad” by itself, it depends on the size, industry, and goals of the organisation) For instance, a small business may benefit from quick top-down decisions, while a large international company might need more local flexibility to succeed.

Activity 2.25 Meaning of Centralisation

Part 1

1. Imagine you are the owner of a large company with branches across the country. Would you allow each branch to make its own decisions, or would you prefer for all decisions to come from headquarters?
2. Share your opinions as part of a wider class discussion.

Part 2

1. In your workbooks, write down your own definition of the term ‘centralisation’.
2. Turn to the person sitting next to you and compare your definitions. Do you agree? Talk through your ideas and adjust your definition if required.

Activity 2.26 Advantages and Disadvantages of Centralisation

1. Your teacher will arrange you in small groups of no more than five.
2. Read and discuss the following scenario, thinking about the concept of centralisation.

Scenario

Ghana Education Service has sixteen regional offices with its headquarters in Accra. The various Regional Offices are headed by Regional Directors. The regions also have district offices headed by District Directors. The schools are under the District Directors.

3. Discuss the advantages of centralisation to the Ghana Education Service. Are there any disadvantages you can think of?
4. Record your ideas in a table like the one below.
5. Present your work the wider class for discussion.

Advantages and Disadvantages of Centralisation

SN	Advantages of Centralisation	Disadvantages of Centralisation
1		
2		
3		
4		

Extension Activity

1. Consider the question “Do the advantages of centralisation outweigh the disadvantages?” Find a partner to debate this with, or write down your opinion in your workbook. Justify your answer and try to provide examples.
2. Share your work with your teacher for feedback

Extension Activity

1. Write a short report (no more than two paragraphs) summarising the meaning of centralisation and how it can affect the way decisions are made in society.
2. Share your work with your teacher for feedback.

DECENTRALISATION

Meaning of Decentralisation

Decentralisation means spreading power and responsibility across different parts of an organisation instead of keeping all decisions at the top within the highest level of management. In a decentralised system, different branches, teams, or departments can make their own decisions without always asking central management.

Example: In a bank, instead of the head office approving every loan, branch managers can approve small loans directly.

Advantages of Decentralisation

1. Faster Decision-making: When authority is spread out, decisions can be made more quickly because managers do not have to wait for head office approval.

Example: A shop branch can put items on sale immediately if sales are low, without asking head office first.

2. Makes Use of Local Knowledge and Expertise: Local teams often understand their own markets better than central management. They know customer preferences and local conditions.

Example: A restaurant in a coastal town might add seafood dishes because local customers prefer them, without needing permission from headquarters.

3. Responsive Customer Service: Branches that can decide on their own can solve customer problems faster.

Example: If a delivery is delayed, the local branch can offer a free voucher immediately, instead of waiting for approval from the main office.

4. Improved Employee Empowerment and Motivation: Giving managers and employees authority makes them feel trusted and valued, which increases motivation.

Example: A school principal given freedom to design extra-curricular activities may feel more responsible and committed to student success.

5. Flexibility and Adaptability: Decentralised organisations can change plans quickly to fit local needs.

Example: A clothing store in a hot region can stock more summer clothes earlier than other branches.

6. Enhanced Innovation and Creativity: People close to daily operations often have fresh ideas that can improve the organisation.

Example: A customer service team might design a faster complaint-handling process based on common customer issues.

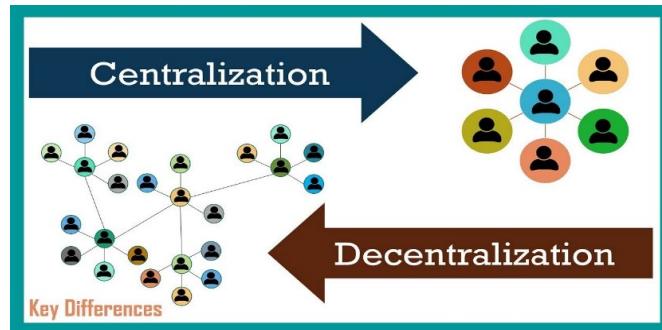
Disadvantages of Decentralisation

1. Lack of Consistency and Coordination: Different units may have different policies, which can confuse customers or cause conflicts.

Example: If two bank branches have different loan requirements, customers may feel unfairly treated.

2. Duplication of Resources: Departments might spend money on the same things without realising it.
Example: Two branches might buy the same software separately instead of sharing one licence.
3. Potential for Conflict: Different branches may have goals that clash.
Example: One branch may focus on reducing prices while another aims to increase profits, leading to disagreements.
4. Loss of Central Control: Top management may find it harder to keep everything consistent and ensure rules are followed.
Example: A franchise store might change the menu in ways that do not match the company's brand.
5. Need for Skilled Managers: In decentralised organisations lower-level managers must have the right skills to make good decisions.
Example: If a branch manager doesn't understand finance well, they might approve unprofitable projects.
6. Ineffective Communication: If communication between units and headquarters is poor, mistakes and misunderstandings can occur.
Example: A new company policy may not be passed down clearly, leading to wrong implementation in some branches.

Decentralisation can make an organisation faster, more flexible, and more innovative, but it can also cause inconsistency, duplication, and communication problems. The best approach is to balance local decision-making with enough central control to maintain unity and efficiency.



Activity 2.27 Meaning of Decentralisation

1. If your parents made all decisions about you daily without asking for your opinion, how will you feel?
2. From the previous activity, would you like to be given the chance to make your own decision on the type of food to be cooked at home every day? If yes, then that is Decentralisation you are practicing at home.

3. What are the advantages of you being involved in the type of food that is cooked in your home?
4. In your own words, explain Decentralisation.

Activity 2.28 Advantages and Disadvantages of Decentralisation

1. Go back and look again at the example of Ghana Education Service: Ghana Education Service has sixteen regional offices with its headquarters in Accra. The various Regional Offices are headed by Regional Directors. The regions also have district offices headed by District Directors. The schools are under the District Directors.
2. In small groups, consider the following questions:
 - a. What would be the advantages of the District Directors making decisions regarding the running of the schools?
 - b. What would be the disadvantages of District Directors making decisions regarding the running of the schools?
3. Record the outcomes of your decision in a table such as the one below.
4. Present your answers as part of a wider class discussion.

Advantages and Disadvantages of Decentralisation

SN	Advantages of Decentralisation	Disadvantages of Decentralisation

Activity 2.29 Debate

1. Your teacher will arrange you in two groups to debate the motion “Should recruitment of teachers into Ghana Education Service be centralised to the Headquarters in Accra or decentralised to the District Education offices?”
2. Your teacher will confirm if you are to argue for or against the motion.
3. Agree your roles within your group, for example who will present the arguments, answer rebuttals from the other team etc.
4. Prepare your arguments carefully, remembering to consider the advantages and disadvantages of both centralisation and decentralisation.
5. You will have 4-7 minutes to make your case and then additional time to answer any questions from the other team or your teacher.
6. Listen carefully to the opposing argument and prepare questions to ask them.

7. Your teacher will act as moderator for the debate and give feedback on each of your presentations.

LEADERSHIP AND ITS THEORIES

In this discussion, you will learn about leadership as a key aspect of management and cover leadership theories, styles, sources of power, as well as the importance of effective leadership.

Meaning of Leading

Leading means guiding, inspiring, and influencing people to work together towards shared goals. It is not just about giving instructions — it is about motivating people, setting a direction, and helping them succeed.

Example: A school principal who motivates teachers to improve student performance by introducing new teaching methods and providing support is showing leadership.

Leadership Theories

Leadership theories are ideas or models that explain how people become good leaders and how they influence others. These theories help us understand different styles of leadership.

Main Leadership Theories

Trait Theory

This theory says some people are naturally born with qualities that make them good leaders, such as confidence, intelligence, and determination.

Example: Nelson Mandela's determination and vision made him a respected leader, even before he held political office.

Behavioural Theory

Here, the focus is on *what leaders do*, not just who they are. This theory argues that good leadership comes from developing the right behaviours, such as planning tasks well or showing concern for team members.

Example: A project manager who regularly checks in with team members to help them solve problems and meet deadlines is using behavioural leadership.

Contingency Theory

This theory says there's no single "best" way to lead. The best approach depends on the situation and the people involved. Leaders must adjust their style to fit the circumstances.

Example: In a crisis, a factory supervisor might take a strict, task-focused approach to ensure safety. In normal times, they may be more relaxed and open to ideas.

Transformational Leadership

Transformational leaders inspire their teams with a big vision and encourage them to aim higher. They focus on change, innovation, and personal growth.

Example: A CEO introducing eco-friendly technology and inspiring employees to contribute creative ideas for sustainability.

Transactional Leadership

This style is based on clear rules and rewards. Leaders use incentives for good performance and consequences for poor performance.

Example: A sales manager gives bonuses to staff who meet monthly targets and re-trains those who fall short.

Servant Leadership

Servant leaders put the needs of their team first. They help others develop their skills and work together in a supportive way.

Example: A team leader who spends extra time coaching a junior employee so they can take on more responsibility.

Situational Leadership Theory

This approach says leaders should change their style depending on how skilled and confident their team members are.

Example: A sports coach may give detailed instructions to beginners, but step back and let experienced players make decisions during a game.

Charismatic Leadership

Charismatic leaders inspire loyalty and excitement through their energy, passion, and personal charm.

Example: A community organiser who motivates large groups of volunteers simply by speaking passionately about a cause.



Summary

Different leaders use different styles depending on their personality, the team, and the situation. There's no one "perfect" way to lead (what matters most is being able to influence, support, and guide others in a positive way).

Activity 2.30 Meaning of Leading

1. Consider the question: “Can you lead without being a Boss or a Manager?” Think critically and give reasons to support your answer. Record your response in your workbook.
2. Arrange yourself in a small group of no more than five and appoint a leader. Working as a group, use cardboard to make an airplane. How did the appointed leader motivate, inspire, guide and listen to you?
3. Within the same group, appoint another person as a leader. This time build a vehicle with cardboard.
 - a. How did the appointed leader motivate, inspire, guide and listen to you?
 - b. Is there any change in leadership of the two appointed group leaders?
 - c. Write your observations of the leadership styles of the two appointed leaders.
3. For the last task, work within your group to build a house with cardboard without appointing a leader.
 - a. As the task progressed, did one of the groups emerge as a leader?
 - b. Was their leadership about control or support?
 - c. Do you think you can be a leader without being appointed?
4. Briefly explain the meaning of “**leading**”.

Activity 2.31 Leadership Theories

Read the summary of the various leadership theories carefully and underline the key word(s) that help to understand the theories.

Summary of leadership theories' definitions

LEADERSHIP THEORIES	KEY IDEAS THEORIES
Trait theory	Leaders are born with traits like confidence, honesty , etc
Behavioural theory	Leadership is based on what leaders do, not who they are.
Situational theory	Effective leadership depends on the situation and team needs
Transformational theory	Leaders inspire change by motivating and energizing followers
Transactional theory	Leadership is based on structured tasks, rewards, and penalties
Contingency theory	Leadership effectiveness depends on how well the leader's style fits the context.
Servant theory	The leader puts the needs of others first, empowering and supporting the team.
Situational theory	Leaders adapt their style based on followers' readiness, skills, and motivation.
Charismatic theory	Leaders influence and inspire others using personal charm, vision, and confidence.

Activity 2.32 Identifying Leadership Theories with Keywords

1. Select 3–4 keywords from the pool of words in the table below that best describe each of the listed leadership theories.
2. Match each of the listed words with a leadership theory in the corresponding column.

Leadership Theories' Keywords Challenge

Theory	Suggested Key Words
Trait Theory	
Behavioural Theory	
Contingency Theory	
Transformational	
Transactional	
Servant Leadership	
Situational Leadership	
Charismatic Leadership	
POOL OF WORDS	
empathy, service, community charm, communication, emotional appeal	
vision, motivation, change personality, intelligence, confidence	
adaptability, maturity, context environment, flexibility, effectiveness	
reward, compliance, performance task-oriented, relationship-focused	

Activity 2.33 Identify Leadership Types of Past Ghanaian Presidents

1. With your digital devices, go online and search for speeches of each of the Ghanaian presidents shown in the table below.
2. Play their speeches and carefully watch the videos.
3. After watching the videos, write the corresponding leadership theory or theories you think best fit each one of them.
4. Justify your choices with two reasons why you have assigned your chosen leadership theory.

Past Ghanaian Presidents

Picture	Name	Leadership Type	Two Reasons
	Jerry John Rawlings		
	Dr. Kwame Nkrumah		
	Prof. John Evans-Atta-Mills		
	Mr. John Agyekum Kufuor		

Extension task

1. Identify the leadership type of President John Dramani Mahama of Ghana, President Donald John Trump of USA and President Vladimir Putin of Russia.
2. Give two reasons for your answer.
3. Personally, what type of leader are you aspiring to be in future? Give reasons for your answer.

FORMS OR STYLES OF LEADERSHIP

Leaders can guide people in different ways, depending on their personality, the situation, and the goals. The main styles include:

Autocratic Leadership

In this style, the leader makes all the decisions alone and does not ask for ideas from others. They give clear instructions and watch closely to make sure tasks are done exactly as they want.

Democratic Leadership

Also called *participative leadership*, this style allows team members to share their ideas and suggestions. The leader listens to their opinions before making a decision. This approach encourages teamwork and makes people feel involved.

Transformational Leadership

These leaders inspire their team to work harder and grow personally. They share a strong vision for the future and encourage creativity and motivation. They often make people want to go beyond what they thought they could achieve.

Transactional Leadership

These leaders work by setting clear rules, goals, and rewards. If someone meets expectations, they are rewarded; if not, there are consequences. This style focuses on following existing systems and keeping things running smoothly.

Servant Leadership

The leader's main focus is to help and support the team. They put the needs of others first, listen carefully, and give guidance so that everyone can grow and succeed.

Laissez-Faire Leadership

This is a “hands-off” approach. The leader gives little direction and lets the team make their own decisions. This style works best when team members are skilled, motivated, and can work independently.

Charismatic Leadership

These leaders have a special charm and strong communication skills that inspire others to follow them. They have a clear vision and use their personality to gain trust and motivate the team.

Summary

Good leaders do not always use just one style. They often mix different styles depending on the situation and what the team needs.

Forms or Styles of Leadership

Leadership Style	Main Feature	How the Leader Works	Best When
Autocratic Leadership	Leader has full control	Makes all decisions alone and gives strict instructions	Quick decisions are needed, or team lacks experience
Democratic Leadership	Team participation	Asks for ideas, listens, then decides	When teamwork and creativity are important
Transformational Leadership	Inspires change and growth	Shares a strong vision, or motivates and encourage innovation	The team needs motivation, or big change is needed
Transactional Leadership	Rules and rewards	Sets clear rules and helps team members grow	Tasks are routine and require structure
Servant	Hands-off approach	Supports, listens and helps team members grow	Building trust and long-term relationships
Laissez-Faire Leadership	Uses personal charm	The team is skilled, experienced and motivated	The team is skilled experienced and motivated
Charismatic	Leader gives team	Gives team full independence	Motivation is needed, people need to be inspired

Activity 2.34 Meaning of Various Leadership Styles

1. Your teacher will arrange you in small groups and assign you specific leadership styles from the list below:
 - Autocratic
 - Democratic
 - Transformational
 - Transactional
 - Servant
 - Laissez-Faire
 - Charismatic
2. Working as a group, use digital devices, to research your allocated styles of leadership.
3. Consider the features of the style of leadership and the characteristics the type of leader might display.
4. In your group try role playing the type of leadership you have researched. Assign roles and practice before performing your role play to the class.
5. Can the class identify the type of leadership you are performing? Be prepared to explain the leadership style and answer questions from your classmates.

Extension Task

Study the table below.

1. For each of the leadership styles, match the type of employee who might be best suited to work under that leadership from the options given in the table. Complete the column with your answers.
2. Share your work with your teacher for feedback.

Leadership styles and best corresponding employee types

Leadership Style	Best-Suited Employees	Key Traits of Those Employees
Autocratic		Depend on structure, prefer clear rules
Democratic		Value input, enjoy teamwork
Laissez-Faire		Independent, confident, creative
Transformational		Motivated by vision and inspiration
Transactional		Respond well to rewards and discipline

Employee types

- Experts, self-starters
- Inexperienced, need direction
- Goal-driven, task-focused
- Skilled, collaborative;
- Growth-oriented, ambitious

SOURCES OF POWER IN LEADERSHIP

In leadership, power refers to the ability of a leader to influence others and achieve desired outcomes. There are various sources of power that leaders can leverage to effectively lead and influence their team members. These sources of power include:

Legitimate Power

Legitimate power is derived from the leader's formal position or authority within the organisation. It is based on the hierarchical structure and the rights and responsibilities associated with the leader's role. Team members are expected to comply with the leader's directives and decisions because of the legitimate authority vested in them.

Expert Power

Expert power is derived from the leader's knowledge, skills and expertise in a particular area. When leaders possess specialised knowledge or expertise, they gain influence and respect from their team members. Others recognise and value their expertise and are more likely to follow their guidance and suggestions.

Referent Power

Referent power is based on the personal characteristics and charisma of the leader. It stems from the admiration, respect and trust that others have for the leader. Leaders with strong referent power are seen as role models and inspire others through their personality, behaviour and values.

Reward Power

Reward power is based on the leader's ability to provide rewards or incentives to their team members such as promotions, salary increases, bonuses, or recognition. Leaders who have control over rewards can motivate their team members by offering incentives for desired performance or behaviour.

Coercive Power

Coercive power is based on the leader's ability to impose sanctions or negative consequences for non-compliance or poor performance. Leaders with coercive power have the authority to take disciplinary actions, withhold rewards, or use other forms of punishment. This power source relies on fear or the perceived negative consequences of not complying with the leader's directives.

Informational Power

Informational power is derived from the leader's access to and control over valuable information. Leaders who have unique or critical information can influence others by selectively sharing or withholding information. They are seen as important sources of knowledge and insights and their input is sought after in decision-making processes.

Leaders need to understand the sources of power available to them and how they can effectively use them to lead and influence others. A combination of different sources of power used appropriately and ethically can help leaders build strong relationships, motivate their team members and achieve organisational goals.

Qualities and Characteristics of a Good Leader

A great leader possesses several important qualities that help them guide, support, and inspire others effectively such as being able to

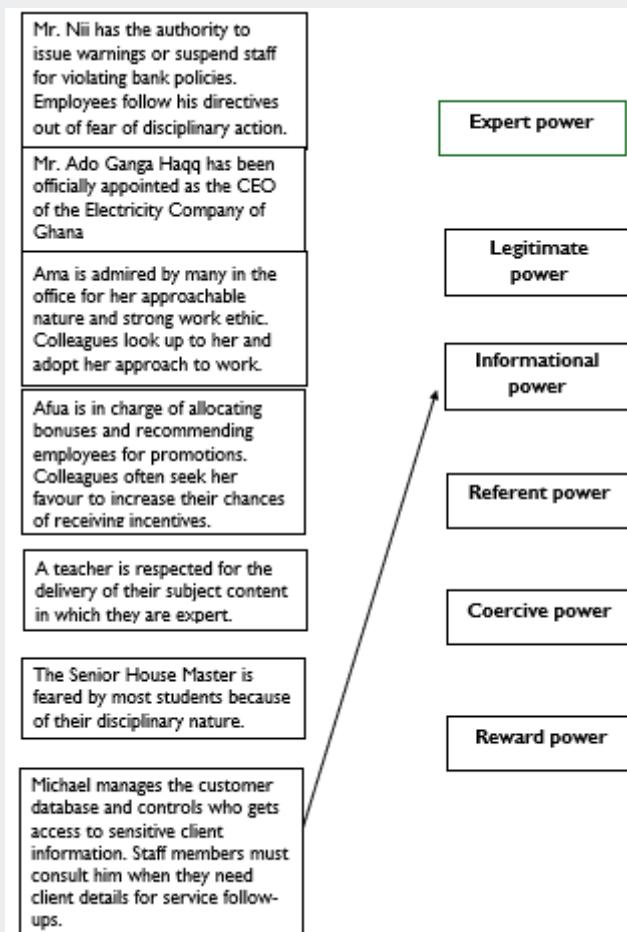
1. Show Integrity: A leader must be honest, trustworthy, and do what is right, even when no one is watching. People follow leaders who are fair and ethical, as it builds trust and credibility.
2. Have Confidence: Leaders need to believe in themselves and their abilities. When a leader is confident, it reassures the team and gives them the courage to follow. Confidence also helps in making bold and effective decisions.
3. Communicate Well: A good leader expresses their thoughts clearly and listens carefully to others. They must be able to give instructions, provide feedback, and inspire people with their words. Effective communication prevents misunderstandings and ensures teamwork.
4. Be Visionary: A leader should have a clear idea of what they want to achieve and how to get there. Vision helps leaders set goals, make plans, and guide their team toward success. Without a vision, a leader may struggle to inspire others.
5. Exhibit Empathy: Understanding and caring about the feelings and challenges of others is essential in leadership. A leader with empathy listens to their team, supports them in difficult times, and makes decisions that consider people's needs.
6. Make Good Decisions: Leaders often have to make tough choices. A good leader gathers information, thinks carefully, and makes the best decision for the team or organisation. They take responsibility for their choices and learn from mistakes.
7. Take Responsibility: A leader must take full responsibility for their actions and the outcomes of their decisions. They should also hold their team accountable while providing guidance and support. Taking responsibility earns respect and trust from others.
8. Be Adaptable: Situations change, and a leader must be flexible enough to adjust and find solutions. Whether facing challenges, new opportunities, or unexpected events, an adaptable leader remains calm and focused.

9. Inspire Others: A leader must motivate and encourage others to do their best. By setting a good example, recognising achievements, and maintaining a positive attitude, a leader inspires their team to work hard and stay committed.

These qualities together make a leader effective, helping them build strong relationships, manage teams efficiently, and achieve success in their chosen field.

Activity 2.35 Sources of power

1. Read each of the examples below carefully and consider the source of power in each example. Match each scenario to the type of power listed on the right-hand side.



2. Share your matching as part of a wider class discussion and justify why each scenario corresponds to a particular source of power.

Activity 2.36 Qualities of a Good Leader

1. Individually, list the qualities you think student leaders should have.
2. Arrange yourself in a group of four with your classmates. Share what you have written with the group for feedback.

3. Working in your groups, discuss the qualities leaders must have to successfully achieve organisational goals. Write your ideas in the form of a table such as the one below

Quality	Description	Example

4. Be prepared to share your group's work as part of a wider class discussion on the qualities of effective and inspiring leaders.

IMPORTANCE OF EFFECTIVE LEADERSHIP

Effective leadership plays a crucial role in the success and growth of organisations. Here are some key reasons why effective leadership is important:

Goal Achievement

Effective leaders provide a clear vision and direction for an organisation. They set strategic goals, communicate them to the team and align everyone's efforts towards achieving them. Through effective leadership, teams stay focused, motivated and committed to accomplishing shared objectives.

Employee Engagement and Motivation

Leaders who are skilled at engaging and motivating their team members create a positive work environment. They inspire and empower employees, making them feel valued, appreciated and connected to the organisation's purpose. Engaged and motivated employees are more likely to contribute their best efforts, leading to higher productivity and job satisfaction.

Talent Development and Retention

Effective leaders understand the importance of developing their team members' skills and abilities. They provide guidance, support and opportunities for growth, fostering a culture of continuous learning. Such leadership encourages talented individuals to stay with an organisation, as they feel supported in their professional development.

Decision-making and Problem-solving

Effective leaders possess strong decision-making skills, considering various perspectives and analysing available information. They encourage collaboration and seek input from team members, leading to more informed and effective decision-making.

Building and Managing Relationships

Effective leaders excel in communication, active listening and building trust. They create an inclusive and supportive work culture, fostering teamwork, collaboration and effective collaboration to build strong relationships with colleagues, partners and stakeholders.

Change Management

Leadership is crucial for navigating and managing change. Leaders help employees embrace and adapt to change, communicate the need for change and address any concerns or resistance that may arise. They provide guidance and support to ensure a smooth transition and successful implementation of new initiatives.

Promote Organisational Culture and Values

Effective leaders embody and promote the desired culture and values, creating a positive and ethical work environment that attracts and retains top talent.

Conflict Resolution

Leadership establishes an environment for promptly and fairly addressing disagreements, thereby maintaining team cohesion.

Challenges in Leadership

1. Challenge of Effective Communication: Clear and transparent communication is vital for aligning team efforts with organisational objectives. Miscommunication can lead to misunderstandings and decreased productivity.
2. Challenge of Conflict Resolution: Addressing disagreements promptly and fairly is essential to maintain a cohesive team environment. Leaders must develop skills to mediate conflicts and foster a collaborative atmosphere.
3. Challenge of Change Management: Implementing organisational changes often meets resistance. Leaders need to guide their teams through transitions by articulating the vision behind changes and providing necessary support.
4. Challenge of Decision-Making: Leaders frequently face complex decisions that impact their organisations. Balancing data analysis with intuition, and considering short-term and long-term consequences, is crucial for effective decision-making.
5. Challenge of Crisis Management: Unexpected crises require leaders to act swiftly and decisively. Developing contingency plans and maintaining composure under pressure are key to navigating such situations.
6. Challenge of Managing Time and Responsibilities: Balancing various tasks, meetings, and strategic planning can be overwhelming, leading to stress and decreased efficiency. Leaders must delegate tasks appropriately and focus on high-impact activities to ensure efficiency.

Addressing these challenges requires continuous self-improvement, adaptability, and a commitment to fostering a positive organisational culture.

Activity 2.37 The Challenges and Importance of Leadership

1. In pairs, read the case below carefully and answer the questions that follow.

Adoganga Weaving Centre is a small textile company located in Zorbisi, Bolgatanga in the Upper East Region of Ghana. The company was established to promote local fabric production and create jobs for women and young people in the community. As the business grew, leadership challenges began to emerge. The manager makes all the decisions alone and rarely involves the team. Staff members feel left out and communication is poor between departments. Many employees have creative ideas for expanding the business, but they feel their voices are not heard.

As a result, staff motivation is low, team collaboration is weak and the company is struggling to meet new customer demands. The board is now seeking advice on how to improve leadership at Adoganga Weaving Centre.

- a. Identify three leadership challenges faced by Adoganga Weaving Centre and explain how they are affecting business performance.
- b. How can poor communication from leadership affect employee engagement and innovation in a small business like Adoganga?
- c. What leadership strategies can the board suggest to help involve employees more in decision-making?
2. Share your answers with other pairs for peer feedback.
3. Identify and discuss other challenges of leadership that you think could have also affected the management of Adoganga Weaving Centre.
4. Why is effective leadership important?

MEANING OF EMOTIONAL INTELLIGENCE

Emotional intelligence (EI) refers to the ability to recognise, understand and manage your own emotions, as well as the emotions of others. It involves key components such as self-awareness, self-regulation, motivation, empathy and social skills. In managing teams, high emotional intelligence helps leaders remain composed, resolve conflicts effectively, and foster an environment of trust and collaboration. This leads to better decision-making, improved team performance, and a more adaptive, responsive organisation.

Daniel Goleman's Model (Mixed Model) of EI

Daniel Goleman, a psychologist and science journalist, popularised the concept of Emotional Intelligence in his 1995 book *Emotional Intelligence: Why It Can Matter More Than IQ*. His **Mixed Model** combines emotional competencies, personal skills and social behaviours that influence how we manage ourselves and relationships.

Key Components of Goleman's Model include

1. Self-Awareness

Self-awareness is recognising your emotions, strengths, and weaknesses and understanding how they impact your behaviour and decision-making. It forms the basis for personal growth and effective leadership.

2. Self-Regulation

Self-regulation is the ability to control and manage your emotions, especially under stress. It helps maintain composure, avoid impulsive reactions, and adapt constructively to change, aligning responses with long-term goals.

3. Motivation

It encompasses harnessing emotions to fuel commitment, enthusiasm, and determination. Individuals with high motivation are typically optimistic, resilient and willing to invest extra effort to reach high performance standards. This self-driven energy not only propels personal achievement but also inspires and influences others.

4. Empathy

Empathy is the capacity to deeply understand and share others' feelings. It goes beyond recognising emotions by grasping others' perspectives, which fosters strong relationships, resolves conflicts and builds trust, ultimately enhancing communication and collaboration within teams and organisations.

5. Social Skills

This component of emotional intelligence involves the ability to build and maintain effective relationships, communicate clearly, and manage social interactions adeptly. It includes skills such as active listening, conflict resolution, negotiation, and teamwork. Individuals with strong social skills can inspire and influence others, facilitate smooth interactions, and create a collaborative environment.

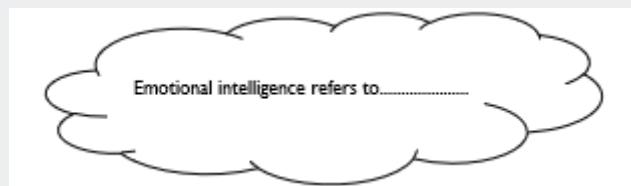
Strategies to Develop Emotional Intelligence

1. Practice Self-Reflection: Regularly examine your thoughts, feelings and behaviours. This practice enables recognition of behavioural patterns and emotional triggers, leading to improved emotional regulation and personal growth.
2. Develop Empathy: Engage in activities that promote understanding and connection with others. Your ability to understand and appreciate what others feel makes it easier for you to deal with them in good way.
3. Improve Communication Skills: Practice active listening and effective communication. Active listening involves fully focusing on the speaker, understanding their message and responding thoughtfully. Clearly conveying your thoughts and feelings enhances mutual understanding.
4. Develop Stress-Relief Strategies: Incorporating humour and play into your daily routine can significantly alleviate stress and maintain emotional balance. Engaging in playful activities fosters social connections, contributing to overall well-being.
5. Predict and Prepare for Emotional Responses: Anticipate how you might feel in upcoming situations and plan appropriate reactions. This proactive approach aids in emotional regulation.
6. Seek Constructive Feedback: Engage with trusted colleagues or friends to gain insights into your emotional responses and interpersonal interactions. This feedback can reveal blind spots and areas for improvement.

Activity 2.38 Meaning of Emotional Intelligence (EI)

1. Write down moments you felt angry or sad with a friend, family member or someone else.
2. Think about how you reacted or behaved towards the person in that situation.
3. In your own words, explain what emotions means.
4. Share your reflections on this example with a partner and discuss the following:
 - a. Was your reaction helpful or unhelpful in solving the problem?

- b. How could you have handled your emotions better?
- c. Why is it important to understand and control our emotions when working or living with others?
- 5. Bring your ideas together and write a shared definition of emotional intelligence.



- 6. Share your definition with other groups for feedback.

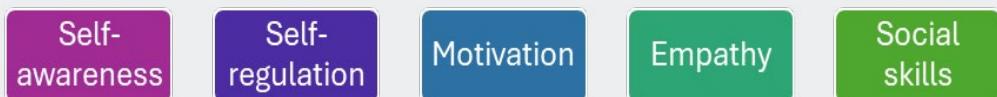
Activity 2.39 Daniel Goleman's Model of Emotional Intelligence

- 1. Your teacher may invite another professional such as a guidance counsellor, psychologist or academic in to your classroom to talk to you more about Goleman's model and the importance of emotional intelligence.
- 2. Prepare questions you would like to ask them as part of an open discussion.
- 3. Make notes and write a short reflection on the presentation in your workbooks.

Activity 2.40 Daniel Goleman's Model of Emotional Intelligence

Daniel Goleman, a psychologist and science journalist, wrote about the concept of Emotional Intelligence in his 1995 book *Emotional Intelligence: Why It Can Matter More Than IQ*. His **Mixed Model** combines emotional competencies, personal skills and social behaviours that influence how we manage ourselves and relationships

He came out with a model of emotional intelligence (EI), which has the following five components.



- 1. Arrange yourself in small groups to discuss Goleman's components of EI based on your understanding. You may find it helpful to relate the terms to your own experiences.
- 2. Copy the table below. In the table, write a brief description of each of the components of emotional intelligence (according to Goleman's model) and provide at least three examples of how each component might be demonstrated.

EI Model	Description	Examples (Give at least three for each)
Self-awareness		
Self-regulation		
Motivation		
Empathy		
Social skills		

- Join with another group and share your answers. What can you learn from the other groups' responses?

Activity 2.41 Strategies to Develop Emotional Intelligence

- Read the case below carefully.

At Bright Star School, a group of students were asked to work together on a class project. The team included Wasila, Kojo, Selina, and Fuseini.

During the first meeting, Kojo became upset because his ideas were not accepted. He raised his voice and walked out of the room. Wasila felt nervous and did not say anything because she did not want to cause more trouble. Selina tried to calm Kojo down, telling him they could listen to his ideas again. Fuseini reflected over the incidence and suggested everyone take a short break and return when they felt calmer.

The next day, the team met again. This time, they made rules for working together:

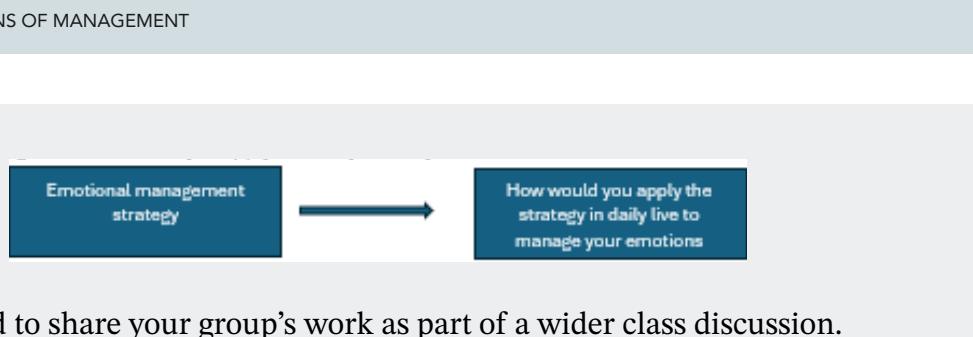
- Everyone would listen to each person's ideas before making decisions.*
- If someone felt upset, they could take a deep breath or ask for a short break instead of shouting.*
- They would encourage each other with kind words and help one another finish tasks.*

After following these steps, the team worked well together and completed the project successfully.

Reflection/Discussion Questions

- What emotions did Kojo, Wasila, Selina, and Fuseini show in the story?*
- How did the group manage their feelings and solve their problem?*
- What strategies helped them work better as a team?*
- What can you learn from this case about handling your own emotions?*
- Which emotional intelligence skills can you practise in your own group work or class activities?*

- In groups, discuss the strategies you could use to develop your own emotional intelligence. How would you apply them in your daily lives.*



3. Be prepared to share your group's work as part of a wider class discussion.

LEADERSHIP SKILLS AND CONFLICT MANAGEMENT

Strategies for Developing Leadership Skills

Developing leadership capabilities is an ongoing process that involves self-awareness, continuous learning, and practical application. Strategies that can be used to develop leadership skills include:

1. Self-Assessment

Self-assessment is the process of analysing and evaluating one's own actions, strengths, and areas for improvement. This reflective practice enhances self-awareness, guiding personal and professional development. Regular self-assessment helps individuals set targeted goals and monitor their progress over time.

2. Seeking Feedback

Engaging with mentors, peers, and team members provides diverse perspectives and constructive insights that you can use to improve your own skills as a leader.

3. Continuous Learning

Participating in leadership training programmes, workshops, and reading relevant literature expands knowledge and exposes individuals to new ideas and allows you to learn from the experiences of mentors or role models.

4. Practical Application

Taking on leadership roles in various contexts allows individuals to apply skills, learn from experiences, and build confidence.

Conflict Management

Conflict management involves the process of identifying and addressing disputes in a rational, balanced and effective manner.

In both personal and professional settings, conflicts are inevitable due to differing opinions, needs, and priorities but when managed constructively, they can lead to personal growth, improved relationships and enhanced organisational performance.

Conflict Resolution Styles

The **Thomas-Kilmann Conflict Mode Instrument (TKI)** is a widely used tool developed by **Kenneth Thomas** and **Ralph Kilmann** to help individuals understand how they handle conflict. It identifies **five conflict-handling styles**, each based on two dimensions:

1. Assertiveness: The extent to which a person tries to satisfy their own concerns.
2. Cooperativeness: The extent to which a person tries to satisfy the concerns of others.

The Five Conflict Styles in the TKI Model are:

1. Competing (High Assertiveness, Low Cooperativeness): A power-oriented style where one person pursues their own concerns at the expense of others. It is useful for quick decision-making or protecting against exploitative behaviour.
For example, insisting on your viewpoint during a safety-related discussion.
2. Accommodating (Low Assertiveness, High Cooperativeness): Yielding to others' needs and putting their concerns above your own. This style is useful for preserving harmony, especially when the issue matters more to the other person.
For example, letting a team member lead a project they are passionate about.
3. Avoiding (Low Assertiveness, Low Cooperativeness): Sidestepping or ignoring the conflict entirely. This is useful for trivial issues or when more information is needed before taking action.
For example, not engaging in a petty disagreement during a busy workday.
4. Collaborating (High Assertiveness, High Cooperativeness): Working together to find a win-win solution that satisfies all parties. It is useful for complex issues requiring creative problem-solving and long-term commitment.
For example, jointly developing a new team workflow that addresses everyone's concerns.
5. Compromising (Moderate Assertiveness, Moderate Cooperativeness): Finding a middle ground where each party gives up something. This is useful when time is limited and a temporary or mutually acceptable solution is needed.
For example, splitting a budget allocation evenly between two departments.

Skills Required for Conflict Management include

1. Emotional Intelligence

Being aware of your own emotions and understanding the emotions of others is crucial in managing conflict. Emotional intelligence involves self-awareness, self-regulation, empathy, and social skills. A person with high emotional intelligence can remain calm under pressure, respond thoughtfully rather than react impulsively, and relate to others with understanding and compassion.

2. Active Listening

Listening with full attention to understand the speaker's message, feelings, and point of view. Active listening includes maintaining eye contact, nodding, paraphrasing for clarity, and asking relevant questions. This skill helps build trust and ensures that each party feels heard, which can significantly reduce tension in a conflict.

3. Communication Skills

The ability to clearly express thoughts, feelings, and needs without provoking defensiveness in others. Effective communicators use respectful language, open body posture, and appropriate tone. They avoid blame and accusations, instead focusing on constructive dialogue. Good communication is key to resolving misunderstandings and finding common ground.

4. Problem-Solving Ability

This involves identifying the root cause of the conflict, brainstorming possible solutions, evaluating options, and selecting the best course of action. A strong problem-solver considers both short- and long-term consequences and strives for solutions that satisfy all parties involved.

5. Negotiation Skills

Negotiation requires finding a balance between assertiveness and cooperation. A person skilled in negotiation can advocate for their own needs while remaining open to the other party's concerns. They aim for win-win outcomes through compromise and mutual understanding.

6. Patience and Tolerance

Remaining calm and composed, even when the conflict is prolonged or emotionally charged, is a vital skill. Patience helps avoid impulsive reactions, while tolerance allows room for differing perspectives and values. These traits promote a peaceful and respectful atmosphere.

7. Assertiveness

The ability to express one's own needs, rights, and opinions firmly and respectfully. Assertive individuals do not dominate others, nor do they allow themselves to be dominated. They communicate clearly and confidently while maintaining respect for others' views.

8. Mediation and Facilitation

Having the skill to act as a neutral party to guide others through conflict resolution. Mediators help clarify the issues, encourage honest communication, and assist both sides in reaching a mutual agreement. This skill is especially important in team or organizational settings.

Activity 2.42 Strategies for Developing Leadership Skills

1. Identify some of the great leaders you know.
2. What are some of the things you can do to become a good leader? Share your ideas with a partner.
3. In pairs, carefully read the case below and answer the questions that follow.

Araba, a student at one of the Senior High Schools in Ghana, had dreams of becoming the School Prefect in her final year. Araba was humble, and very respectful. Despite these qualities, she was shy, quiet, and reserved, often struggling with low confidence and public speaking.

To develop her leadership skills, Araba:

- Reflected on her strengths and weaknesses after class activities.
- Joined the Debate Club to improve her public speaking.

- Actively participated in group class work to learn teamwork and decision-making.
- Volunteered for school projects to practice taking initiative.
- Sought mentorship from senior leaders.

By her final year, Araba was elected School Prefect and became one of the school's most respected leaders. This shows that leadership skills can be developed through consistent effort and experience.

- a. What personal qualities did Araba already have before she decided to develop her leadership skills?
- b. What specific challenges did Araba face in her journey to becoming School Prefect?
- c. Identify at the actions Araba took to improve her leadership skills. How did each action help her?
- d. In your opinion, which of Araba's strategies was the most important for her growth as a leader? Why?
- e. What does Araba's story teach about the relationship between effort, practice, and leadership?
- f. Reflect on yourself: What leadership skills do you think you need to develop, and which strategies from Araba's story could help you?

4. Based on discussions on this scenario, identify strategies for developing effective leadership skills. For each strategy, explain how this could help an individual develop their skill set.
5. You could record the outcomes of your discussion in a table such as the one below.
6. Share your work with the class for discussion and feedback.

Strategy	How the strategy can develop your leadership skills

Activity 2.43 Meaning of Conflict Management

1. Recall a moment you had a conflict/issue/problem with a friend, family member or someone else. Reflect on the following and share your experiences with a partner or as part of a small group.
 - a. Who helped to resolve the conflict between you and the person?
 - b. How was the conflict resolved or managed and how you felt about it?
2. In pairs, discuss the meaning of conflict and conflict management.



Activity 2.44 Thomas-Kilmann Conflict Resolution Styles

1. Thomas and Kilman identified five conflict-handling styles, each based on two dimensions:
 - a. Assertiveness: The extent to which a person tries to satisfy their own concerns.
 - b. Cooperativeness: The extent to which a person tries to satisfy the concerns of others.
2. Using the table below, give examples of assertiveness and cooperativeness based on the two dimensions of Thomas-Kilman. One example is given to guide you. Copy and complete the table in your workbook with your own examples.

S/n	Examples of being Assertive	Examples of being cooperative
1	Insisting on sharing your opinion during a group classwork.	Listening carefully to others' suggestions even if you disagree.
2		
3		
4		

3. In pairs, discuss the differences between the **assertiveness** and **cooperativeness** dimensions of Thomas-Kilman using your examples.
4. Study the diagram below showing the five conflict management resolution styles of Thomas-Kilman.

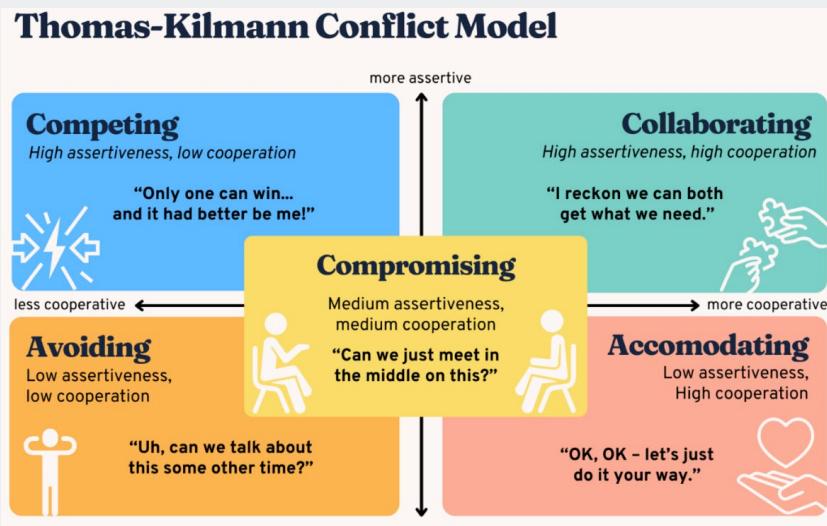


Figure 2.5: Thomas-Kilmann conflict resolution styles

4. Working in your pairs, answer the following questions based on your analysis of the diagram
 - a. Identify the five conflict resolution styles by Thomas-Kilman and explain each one.
 - b. Which of the conflict resolution style shows high assertiveness, low cooperation?

- c. Which of the conflict resolution style shows high assertiveness, high cooperation?
- d. Which of the conflict resolution style shows low assertiveness, low cooperation?
- e. Which of the conflict resolution style shows low assertiveness, high cooperation?

5. Share your ideas with other groups for feedback.

6. Which of the conflict resolution style would you like to adopt? Give reasons.

CONTROLLING

Controlling means checking and managing the activities of an organisation to make sure everything is going according to the plan. It involves looking at what was planned, comparing it with what is actually happening and correcting any problems. The main goal is to make sure that resources are used well and that the organisation is moving in the right direction to reach its goals.

Types of Control

There are many types of control, but we will focus on the three types listed below.

1. Feedforward Control (Preventive Control): This type of control tries to stop problems before they happen. It checks inputs or plans early and makes changes before work begins.
2. Concurrent Control (Real-Time Control): This control happens while the work is being done. It helps to spot and fix problems immediately so that the process stays on track.
3. Feedback Control (Post-Action Control): This control happens after the work is finished. It checks the results and fixes any problems to improve future performance.

Table 2.2: Summary of types of control

Type of Control	Timing	Focus	Nature	Example
Feedforward	Before action	Inputs	Proactive	Training, input inspection
Concurrent	During action	Processes	Real-time	Supervision, live monitoring
Feedback	After action	Outputs	Reactive	Reviews, performance reports

The process of controlling typically involves the following steps

1. Setting Performance Standards: The first step is to decide what the organisation wants to achieve. These are clear and measurable goals such as sales targets, time limits, cost limits, or quality levels. They serve as the yardstick for checking performance.
2. Measuring Actual Performance: After setting the goals, the next step is to check how the organisation is really performing. This can be done by collecting information through inspections, financial reports, customer feedback, or tracking key performance indicators (KPIs).

3. Comparing Actual Performance with Standards: The information collected is then compared with the original goals to see if the organisation is on track. This helps to find out whether targets are being met, missed, or exceeded.
4. Finding Out Why There Are Differences (Analysing Deviations): If the actual results are different from the goals, the next step is to understand why. This means looking at the reasons behind the problem to find what needs to be fixed or improved.
5. Taking Corrective Actions: Once the causes are known, the organisation takes steps to fix them. This could involve improving processes, giving staff more training, changing the plan, or using resources differently to get back on track.
6. Giving or Providing Feedback: The final step is to share the results with employees. This may be done through performance reviews, meetings, or reports. Feedback helps workers know how they are doing, how they can improve, and keeps them motivated to perform better.

Activity 2.45 The Concept of Controlling

1. Think about a time when you were in charge of something (e.g., *planning an event, running a school project, following a personal learning time-table, managing chores at home, co-ordinating a sports activity, leading a group assignment or supervising a club meeting*).
2. Now, respond to the questions in the table below based on your experience

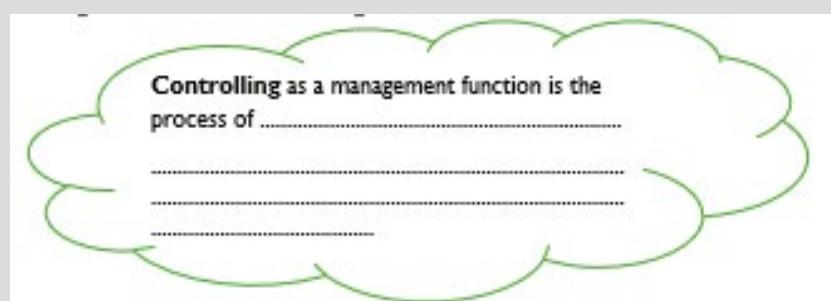
Activity	What did you do to make sure things go according to plan?	What did you do when things did not go as expected

3. Carefully read the case scenario below and answer the questions that follow.

Case Scenario: School Excursion

A school is planning an excursion. The budget was set, tasks assigned, and students informed. On the day of the trip, the bus was delayed, lunch arrived late, and some students missed key activities.

- a. What went wrong and how could the organisers have monitored the plan better?
- b. What kind of control could have helped avoid the problems
- c. Who should take corrective action in such a situation?
4. Based on your ideas from the table and the case study, complete the meaning of controlling in the *mind box or thinking frame* below



- Share your ideas with classmates for feedback.

Activity 2.46 The Types of Controlling

- Carefully read the three scenarios below.

Scenario 1

After the end-of-term exams, the headmistress reviews students' results and realises many students failed Maths. She calls a meeting with the Maths teachers to find out what went wrong and plans extra classes for the next term.

Scenario 2

Before a school quiz competition, the teacher organises a mock quiz for the students. This helps the teacher find out which areas the students do not understand well. After checking the results, the teacher changes the lesson plan to spend more time on those difficult topics. This helps the students prepare better before the real quiz.

Scenario 3

While a student is cooking jollof rice, they keep checking the heat, water level and taste as the rice cooks. They lower the heat and add a bit of salt when needed.

- Using the table below, match the scenarios with the types of controlling outlined in these scenarios and include your justification in the relevant column.

Type of controlling	Scenario	Justification
Feedforward control (preventive control)		
Concurrent control (Real-Time control)		
Feedback control (Post-Action Control)		

- In small groups or pairs, share your completed table. Discuss the reasons for your choices and check if others interpreted the scenarios the same way. Make corrections if needed.
- Work with a partner to:

- Describe each type of control in your own words.
- Give an example from your personal life, school, or community for each type.

Activity 2.47 The Process of Controlling

- Read the case below and answer the questions that follow.

Case Study: ClearDrop Pure Water Ltd.

ClearDrop Pure Water Ltd. produces sachet water for the local market. Each sachet must be 500ml and properly sealed. One morning, the supervisor noticed that some sachets were leaking and others had less than 500ml of water. He quickly stopped the machine and checked the settings.

After comparing the faulty sachets to the standard, he found that the sealing machine was too hot and the water filler was misaligned. He called a technician to fix the machines and tested a few sachets before restarting production. Thanks to the quick action, production continued smoothly and no poor-quality water was sold.

Questions

- What were the performance standards in this case? (*Hint: Think of how each sachet should look or what it should contain.*)
- How did the supervisor measure or observe the actual performance?
- What differences did the supervisor find between actual performance and the standard?
- What caused the poor-quality sachets?
- What steps did the supervisor take to fix the problem?
- How can the company prevent this issue from happening again in the future?
- In small groups, compare your answers and discuss:
 - Similarities and differences in your responses.
 - What this case teaches us about the controlling process.
- Still in your groups, identify the six main steps involved in the process of controlling. Use the case study as guide to support your ideas.
- Rank the steps you identified in the correct order (top to bottom) using the *ladder or flowchart* below. Present your proposed process to your classmates for feedback.

Tools of Controlling (Simplified)

Below are some common tools and methods used to support the controlling process in organisations:

- Key Performance Indicators (KPIs): These are specific measures used to check how well something is being done. KPIs can be numbers or descriptions and help track progress toward goals. Examples include sales figures, customer satisfaction scores, or the number of tasks completed on time.

2. Performance Dashboards: These are visual displays (often digital) that show important performance data in one place. They help managers quickly understand how the business is doing and make informed decisions.
3. Budgets: Budgets are financial plans that show expected income and spending. By comparing the actual results with the budget, managers can see if things are going as planned and take action if needed.
4. Performance Appraisals: These are formal reviews of how well employees or teams are performing. They help identify strengths, areas for improvement, and are often used to make decisions about promotions, training, or rewards.
5. Pareto Chart: This is a bar graph that shows problems or causes in order of importance. It is based on the idea that a few key issues cause most of the problems. This helps managers focus on what really matters.
6. Gantt Chart: A Gantt chart is used in project management to show tasks and timelines. It shows which tasks are completed, in progress, or delayed, helping managers stay on schedule.
7. Audits: Audits are careful checks or reviews of processes, finances, or systems, done by internal or external experts. They help ensure everything is being done correctly and efficiently.
8. SWOT Analysis: This tool looks at an organisation's Strengths, Weaknesses, Opportunities, and Threats. It helps in planning and controlling by identifying areas that need improvement or protection.

Importance of Controlling

Controlling, as a form of management, plays a crucial role in the success and effectiveness of an organisation.

Some key reasons why controlling is important include

1. It Ensures Goal Achievement

Controlling helps ensure that organisational goals and objectives are achieved. By monitoring performance, comparing it with planned targets and taking corrective actions, controlling keeps the organisation on track and helps align activities with desired outcomes.

2. It Enhances Performance Evaluation

Controlling provides a mechanism for evaluating performance at various levels of the organisation. It allows managers to assess how well individuals, teams and departments are performing in relation to predetermined standards and benchmarks. Performance evaluation helps identify areas of strength and areas that require improvement.

3. It Promotes Resource Utilisation

Controlling helps optimise resource allocation and utilisation. By monitoring resource usage and costs, controlling helps identify inefficiencies, waste, or excessive resource consumption. It enables managers to take corrective actions, reallocate resources and ensure that resources are utilised effectively and efficiently.

4. It Leads to Problem Identification and Corrective Action

Controlling helps in identifying problems, deviations, or gaps in performance. It provides feedback on areas where actual performance deviates from planned targets or standards. This feedback enables managers to take timely corrective actions, address issues and prevent them from escalating into larger problems.

5. It Facilitates Decision-making

Controlling provides managers with the necessary information and data to make informed decisions. By monitoring and evaluating performance, controlling provides insights into the effectiveness and efficiency of various processes, projects, or initiatives. This information helps managers in making strategic decisions, allocating resources and adjusting plans as needed.

6. It Promotes Continuous Improvement

Controlling is closely linked to the concept of continuous improvement. By monitoring performance, identifying areas for improvement and taking corrective actions, controlling contributes to ongoing process enhancement and organisational learning. It facilitates a culture of continuous improvement and helps organisations adapt to changing market conditions and challenges.

7. It Facilitates Accountability and Compliance

Controlling promotes accountability within the organisation. It ensures that individuals and teams are held responsible for their performance and outcomes. Controlling also helps ensure compliance with regulations, policies and procedures, reducing the risk of legal and ethical violations.

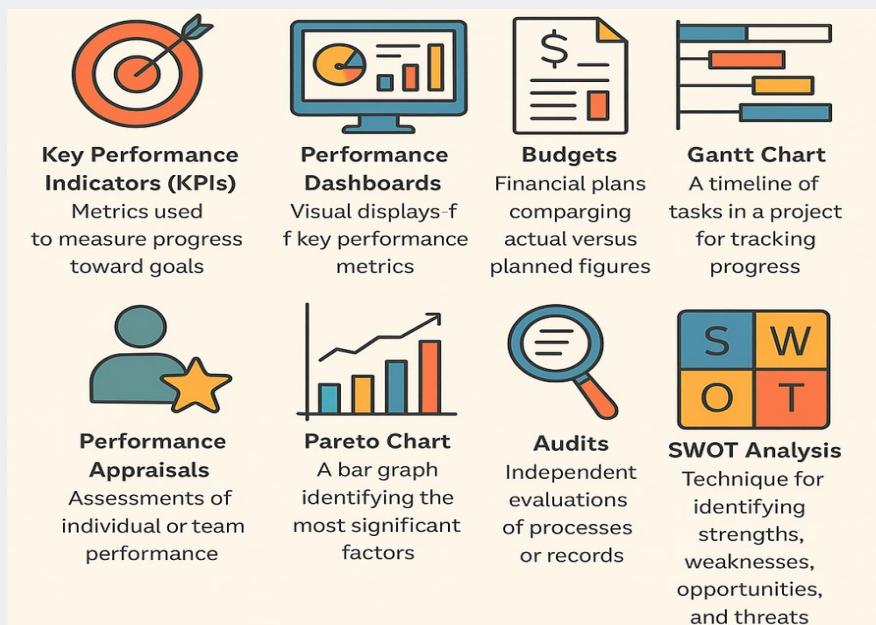
Activity 2.48 The Tools in Controlling

1. Study the table carefully and, using the first row as an example, complete the remaining rows. For each activity listed, identify a suitable tool that can be used to effectively monitor and control performance.

Activity	Tool(s) used to control
Checking students' attendance to class	Attendance book
Enforcing school rules and regulations	
Monitoring student's academic progress	
Managing personal studies	
Managing personal expenses	

2. Compare your completed table with a classmate or group. Discuss:
 - a. Similarities and differences in your answers
 - b. Whether your selected tools are realistic and practical
 - c. Make corrections based on the feedback from the discussion.
3. Observe the picture below carefully. Then:

- Describe what each image represents
- Discuss how each tool can be used to control activities/performance in school, personal life or business.
- Share your ideas with a classmate.



- Record the outcomes of your discussion in a table such as the one below.

Name of Tool	Description	What is the tool used for?

Extended Activity

Title: Control in Action – Mini Project

Work in small groups and pick a simple school-based project (e.g., organising a quiz, setting up a class cleaning roster, running a reading competition) and do the following

- Create a plan:
 - Define the goal of your project
 - List the task and timelines
- Assign roles and performance standards
 - Assign team roles (e.g. coordinator, timekeeper, etc.)
 - Define what good performance looks like (e.g. punctuality, task completion)
- Set checkpoints by identifying key moments to monitor progress (e.g. mid-way review, final review)
- Describe the tools you will be using for the activity

5. Explain how they will apply:
 - a. Feedforward Control (before the activity),
 - b. Concurrent Control (during),
 - c. Feedback Control (after).
6. Prepare a presentation outlining your project plan and control tools.
7. Share your presentation with your teacher for feedback.

REVIEW QUESTIONS 2

1. What is management, and why is it important in an organisation?
2. List and explain the four basic functions of management.
3. Identify and explain the three main levels of management in an organisation with examples.
4. What are five essential skills a manager needs to manage a business successfully?
5. Differentiate between management and administration.
6. What is an organisational chart?
7. Draw and label a simple organisational chart for a school.
8. Analyse how the functions of management (planning, organising, leading, controlling) work together to improve business performance in a restaurant.
9. A company is experiencing conflict between employees and supervisors. As a management consultant, explain what managerial roles and skills you would apply to resolve the conflict and restore a healthy working environment.
10. Compare a flat organisational structure and a tall organisational structure. Which one would you recommend for a creative design company and why?

SECTION 3

THE BUSINESS ENVIRONMENT



GLOBAL BUSINESS

Business Development

INTRODUCTION

Welcome to **Section 3** of your Business Management learning journey! Here, you will learn about the different **internal and external factors** that affect how businesses perform. You will explore two important tools used by businesses: **SWOT analysis** and the **PESTEL framework**. **SWOT** stands for **Strengths, Weaknesses, Opportunities, and Threats**. You will learn how to use it to find out what a business does well, what it needs to improve, and what chances or risks it faces.

PESTEL looks at **Political, Economic, Social, Technological, Environmental, and Legal** factors outside the business that can influence its success. You will also be introduced to a very important area called **Corporate Social Responsibility (CSR)**. This is about how businesses act responsibly towards people, the environment, and the society in which they operate in. You will learn why CSR is important, the benefits it brings to both the business and the community, and some of the challenges businesses face when trying to be socially responsible. By the end of this section, you should be able to:

1. Use SWOT and PESTEL to examine a business situation.
2. Understand how internal and external factors affect a business.
3. Explain the importance of CSR and how it helps businesses make good decisions, grow in a sustainable way, and make a positive impact on society.

KEY IDEAS

- Business is shaped by both its internal and external environment.
- The internal environment refers to all factors and conditions that exist within the organisation and can be controlled by the organisation.
- The external environment refers to the factors and conditions outside or beyond the organisation's control.
- SWOT is a tool for analysing the environment of a business.
- Corporate Social Responsibility (CSR) refers to the ethical obligation of businesses to contribute positively to society and operate in a manner that is socially, environmentally, and economically sustainable.

MEANING OF BUSINESS ENVIRONMENT

The business environment is the set of internal and external factors that affect a company's operations, performance, and decision-making. It encompasses everything that influences how a company operates, grows, and responds to difficulties.



Figure 3.1: Business organisation: internal and external business environment

A business's environment encompasses everything that surrounds and influences a firm, both **internally** and **externally**. It is often classified into two categories: the **internal** and **external business environments**. The business environment includes its' stakeholders and other factors that affect its operations.

Business stakeholders

Business stakeholders are individuals, groups, or organisations that have an interest in, are influenced by or can have an impact on a company's actions, decisions, performance and outcomes. They may be active in the business in a financial, legal, social or operational capacity. The success or failure of a business can have an immediate or indirect impact on these stakeholders. As a result, organisations should consider stakeholders' demands and expectations when making critical decisions in order to preserve positive relationships and assure long-term viability.

Types of Business Stakeholders

There are two major categories of company stakeholders known as:

1. Primary stakeholders
2. Secondary stakeholders

Primary stakeholders

This category of stakeholders includes those who have a direct interest in the organisation and can affect its success or failure.

Examples

1. Shareholders/Investors: People who have a financial interest in an organisation's success. They invest in the business for a return called dividend.
2. Employees: These are individuals who have been engaged by the business to work and contribute to an organisation's success. In return, they (employees) seek fair pay and working conditions.
3. Customers: People who want high-quality products and services to buy or consume at reasonable rates.
4. Creditors: When creditors lend money to a business organisation, they have a claim on its assets such as building etc.

5. Suppliers: Businessmen and women who provide raw resources, goods, or services to support an organisation's operations.

Secondary Stakeholders

These are stakeholders who are not directly involved in an organisation's operations but may have an indirect influence or interest in their success.

Examples include:

1. Trade Unions: Trade unions or employee organisations (group of workers) represent the interests of employees and can influence labour policies and working conditions.
2. Competitors: Dynamics between competitors can influence strategic decision making in organisations.
3. Consumer or Environmental Groups: Advocacy groups can influence customer behaviour and/or operations.
4. Community/Media: Public perception can impact an organisation's image or reputation. Members of the local community may be affected by the way an organisation chooses to operate.
5. Government/Regulators: Authorities setting regulations, collecting taxes and ensuring compliance impact the way in which an organisation can operate.



Internal Business Environment

The internal business environment encompasses all of the factors and conditions that exist within an organisation and impact, or affect, its performance or operations. These are factors over which the organisation has some control and can exert direct effect. They include organisational culture, management structure, people resources, financial resources, physical resources, brand reputation, internal procedures, products or services and so on.

Factors Influencing the Internal Environment of Business

Some of the important **components**, or **factors**, under an organisation's control that have a direct impact on its performance and operations are summarised below.

1. Organisational culture: The shared values, beliefs, and norms influence employee behaviour and attitudes, affecting an organisation's overall performance.
2. Management and Leadership Style: Leadership styles, such as autocratic or participatory, can affect an organisation's operations and performance.



Figure 3.2: A leader explaining issues to his employees to promote good results

3. Financial Resources: The availability and deployment of funds impact a company's ability to invest in new projects and sustain operations.
4. Human Resources: Employee skills, expertise, morale, and motivation impact productivity, service quality, and innovation.
5. Operational procedures: This means the systems and technology impact production capacity, efficiency and competitiveness. The structure of an organisation's activities can have a beneficial or negative impact on its performance.
6. Organisational politics: Power dynamics, informal influence, and dispute resolution can impact an organisation's growth or lead to dysfunction.
7. Organisational structure: The formal arrangement of activities, responsibilities, and authority can impact communication and decision-making efficiency.

Activity 3.1 Business Environment and Business Stakeholders

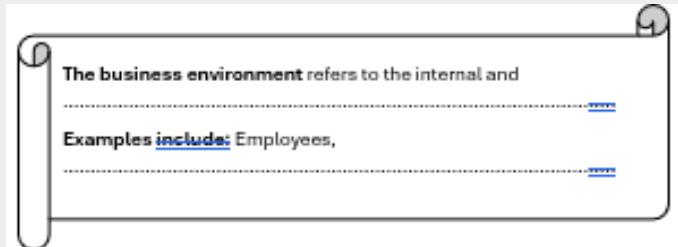
1. In pairs, list the factors **within** and **outside** your school that can affect your academic performance. Use the first example in the table below to guide you.

Internal factors (within the school)	External factors (outside the school)
E.g. quality teachers	E.g. parent support

Now, answer these questions based on your responses in the table

- a. What do all these factors have in common?
- b. How do they affect how the school operates?
- c. Can we say that the school operates in an environment with many factors that affect performance? Justify your answer.

2. Based on your discussion with your partner:
 - a. Define the business environment in your own words.
 - b. Give some examples of the business environment.
 - c. Write your responses in the notepad below.



3. In pairs, explain what is meant by the **internal environment of business**. Give relevant examples.

Meaning of internal environment of business	Examples

4. With your partner:
 - a. List the people or groups within or outside your school that have an interest or influence in the school.
 - b. Complete the table below with your responses.

Stakeholder	Interest in the school
Teacher	To help students learn

5. In your pairs, discuss and answer the following:
 - a. What is the definition of
 - i. stakeholder
 - ii. primary stakeholder
 - iii. secondary stakeholder
 - b. What are the differences between primary and secondary stakeholders?
 - c. Record your answers in your workbooks and join with another pair to discuss your responses. Do you need to adjust your definitions based on these discussions?
6. Identify both primary and secondary stakeholders for the each of the businesses listed below. Share your ideas with a colleague for feedback.

Business	Primary stakeholders	Secondary stakeholders
Fashion shop		
Mechanic shop		

Carpentry shop		
MTN Ghana		
Vodafone Ghana		

Activity 3.2 Factors Affecting the Internal Business Environment

1. In pairs, carefully observe the picture below and answer the questions that follow.



Figure 3.3: Picture of a business unit where clothes are sewn for sale

- What do you see inside this business?
- Who works here and what tools or equipment do they use?
- Which of these things can be considered internal factors of the business?
- Do you agree that businesses have internal factors that affect or influence their operations? Explain your answer.
- Share your responses with another pair for feedback.

2. Based on your discussion above, identify internal factors that affect or influences businesses in general. Use the table below to organise your ideas. The first example has been provided to guide you.

Internal factor	How does it affect or influence the business
E.g. Workers/ employees	E.g. Workers are responsible for producing goods and services and providing customer support. Experienced workers tend to deliver higher quality output, while less experienced ones may affect the quality and efficiency of business operations.

3. Share your ideas with colleagues and provide feedback to one another.

APPLICATION OF THE SWOT TOOL TO ANALYSE THE INTERNAL ENVIRONMENT OF BUSINESS

SWOT Analysis

SWOT: Strengths, Weaknesses, Opportunities, and Threats.

SWOT is a strategic planning technique widely used to analyse a company's internal and external environment, used to identify factors which have a favourable or negative impact on its operations.



The first two components of SWOT, **Strength** and **Weakness**, are used for analysing the internal environment of a business while the last two components, **Opportunities** and **Threats**, are used to analyse the external environment of a business.

Business Environment	SWOT Analysis	
Internal	Strengths Weaknesses	<i>Strengths and Weaknesses of SWOT are used to analyse the internal environment of business</i>
External	Opportunities Threats	<i>Opportunities and Threats of SWOT are used to analyse the external environment of business</i>

Using SW of SWOT analysis to analyse the internal environment of a business

Analysing the internal business environment is crucial for every business that wants to make informed strategic decisions. The first two SWOT components, S - Strengths and W - Weaknesses, are used to assess an organisation's internal environment.

Strengths

These internal qualities provide a business organisation a competitive edge over others. This could include the organisation's resources, talents, knowledge, brand reputation, distinctive products or services, efficient procedures and so on. It can be used by evaluating the business's intrinsic strength, assessing what advantage the business has over competitors in the market, and considering the resources and capabilities that offer the business a competitive edge.

Weaknesses

Internal elements that hinder an organisation's competitiveness. Weaknesses may include outdated technology, a lack of competent workers, a high employee turnover rate, bad financial management, or inefficient manufacturing processes. A company might analyse the internal reasons that impede its operations and strategize to improve on these areas that provide a challenge to reaching the business objectives.

Example of SWOT analysis

Case Study: Analysing Internal Environment using “Ghana Textile Limited” SWOT analysis.

Company Background

Ghana Textiles Limited (GTL) is a leading textile manufacturer in Ghana, producing high-quality fabrics for local and international markets.

SWOT Analysis of the GTL

The SW (Strength and Weakness) represents an analysis of the internal environment of GTL

Strengths

1. Experienced Management Team: GTL has a seasoned management team with in-depth knowledge of the textile industry.
2. State-of-the-Art Manufacturing Facility: GTL's modern manufacturing facility enables efficient production and high-quality output.
3. Strong Brand Reputation: GTL has built a strong brand reputation in Ghana and beyond, known for quality and reliability.

Weaknesses

1. High Production Costs: GTL's production costs are high due to expensive raw materials and labour.
2. Limited Product Diversification: GTL's product range is limited, making it vulnerable to market fluctuations.
3. Aging Machinery: Some of GTL's machinery is outdated, leading to frequent breakdowns and maintenance issues.

The OT (Opportunity and Threat) represents an analysis of the external environment of GTL

Opportunities

1. Growing Demand for Textiles: The demand for textiles is increasing in West Africa, providing opportunities for GTL to expand its market share.
2. Trade Agreements: Ghana's trade agreements with other countries offer opportunities for GTL to export its products.

Threats

1. Competition from Cheap Imports: Cheap textile imports from Asia threaten GTL's market share.
2. Economic Instability: Economic instability in Ghana could impact GTL's operations and profitability.

Analysis and Recommendations

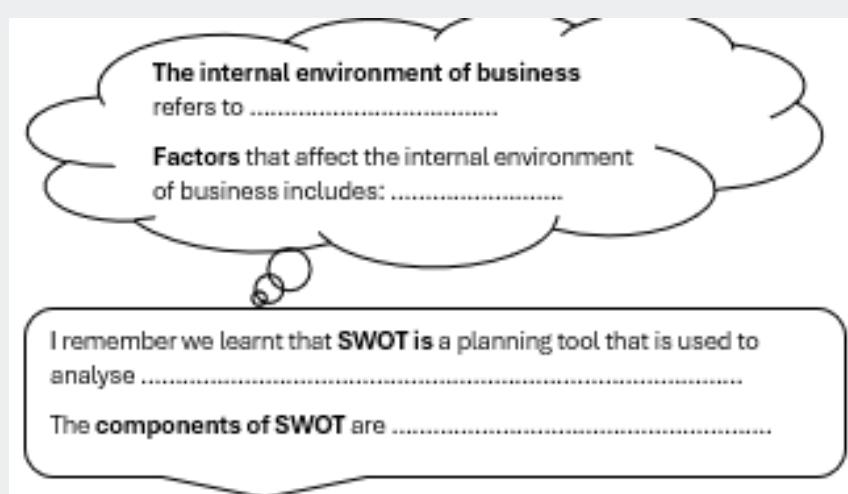
1. Leverage strengths to capitalise on opportunities for instance, utilise experienced management to explore new markets).
2. Address weaknesses to mitigate threats for e.g., invest in new machinery to reduce production costs).
3. Develop strategies to diversify products and reduce dependence on limited product range.

Conclusion

By conducting a SWOT analysis, Ghana Textile Limited can gain insights into its internal environment and develop strategies to improve its competitiveness and sustainability.

Activity 3.3 Application SWOT Tool to Internal Environment of Business

1. Pair with a classmate to review your understanding of business environments by answering the following questions:
 - a. What is the internal environment a business?
 - b. What are the key factors affecting the internal environment of a business?
 - c. What is the SWOT tool? List and explain its components



2. Individually, identify your own personal **strengths** and **weaknesses**. Use this table with the first example to guide you.

Personal strengths	Personal weaknesses
E.g. I work well with others when given group assignment	E.g. I am often late during group assignments

- a. Are your strengths and weaknesses within your power to improve on?
- b. Do you agree that businesses also have their own strengths and weaknesses? Give examples
- c. How can you turn your weaknesses into strengths?
- d. Share your ideas with your peers.

Trial Work

Case Study: Volta Aluminium Company (VALCO)

Read the case below and answer the question that follow.

Established in 1967, VALCO is a wholly government-owned aluminium smelting company located in Tema, Ghana. The company was initially a joint venture with international partners but became fully state-owned in 2008.

VALCO operates a smelter that converts alumina into aluminium ingots, primarily serving local industries such as Alu works. Despite Ghana's abundant bauxite reserves, VALCO has historically imported alumina for its operations. Over the years, VALCO has faced several operational challenges. The plant has experienced multiple shutdowns, notably in 2003 and between 2007 and 2011, often due to difficulties in securing affordable and reliable electricity, a critical input for aluminium smelting.

As of 2022, the smelter was operating at approximately 20% of its capacity, producing around 3,000 tons per month. The facility, spanning 600 acres, is ageing and requires significant investment estimated at over \$600 million to modernise and reach its full production potential. The company employs about 750 workers and has been recognised for its favourable employee benefits, including on-site healthcare and long-service rewards. However, industrial relations have seen tensions, exemplified by a significant strike in 1993 that led to a substantial pay increase.

The Ghanaian government has expressed intentions to revitalise VALCO as part of a broader strategy to develop an integrated aluminium industry, leveraging local bauxite resources. This vision includes modernising the plant and expanding its capacity to meet both domestic and regional demand.

1. Working as a group, apply the SWOT tool to analyse the internal environment of VALCO.
2. Identify the organisation's strengths and weaknesses and present these as the first two quadrants of the SWOT table, either on flip chart paper or as a digital presentation.
3. As part of your analysis, consider how these internal factors might influence the organisation's operations and strategic decisions. Summarise the impact of the strengths and weaknesses you have identified within your presentation.
4. Present your findings for feedback from other groups.

EXTERNAL ENVIRONMENT OF BUSINESS

In this section you will build on your learning on analysing an organisation's strengths and weaknesses, to study the external business environment. You will learn how to use both the SWOT and PESTEL tools to analyse external factors that affect business operations.

Meaning of External Business Environment

External business environment are the events and conditions beyond the organisation's control that can have a substantial impact on performance and decision-making. These factors are beyond the organisation's immediate control, but they must be considered and adjusted accordingly. They include market conditions, economic conditions, political and legal factors, technological advancements, social and cultural trends, demographic factors, environmental factors, and global factors, among others.

Using the OT of SWOT to Analyse the External Environment of Business

Analysing the external business environment is critical for any organisation seeking to make educated strategic decisions. The final two SWOT components, OT (*Opportunities and Threats*), are used to analyse a business's or company's external environment.

Opportunities

These are external factors that can benefit an organisation if used correctly. Market trends, changes in customer preferences, emerging technologies, and favourable government policies all have the potential to create opportunities. Evaluating these external elements that may benefit the company, find untapped markets or new customer segments, and investigate potential partnerships, collaborations, or strategic alliances that may lead to growth opportunities.

Threats

These are external factors that could negatively harm an organisation's operations. Competition, economic downturns, legal and regulatory changes, natural calamities, and disruptive technology all pose potential threats. By identifying external factors that may provide risk or challenges to the business, as well as potential hurdles that may impede the firm's development, organisations can take appropriate steps to minimise them in order to meet business goals and objectives.



Figure 3.4: A supermarket business destroyed by fire

SWOT analysis enables business firms to make informed decisions, prioritise actions, and develop strategic strategies for navigating the business environment effectively. It is critical to regularly revisit and update a SWOT analysis to be sensitive to changes in the environment of the business.

Other tools to assess the External Environment of a Business

PESTEL Framework

1. Political factors: These include government policies and regulations that can affect business operations. Taxation, trade restrictions, tariffs, and political stability are among examples. For example, changes in trade legislation might have an impact on supply chain logistics and costs.
2. Economic factors: These refer to economic variables that impact a company's performance. Inflation, interest rates, economic growth, exchange rates and unemployment rates are all important factors to consider. For example, rising inflation can raise operational expenses, whereas economic downturns might reduce consumer spending.
3. Social and cultural factors: These influence customer needs and market size. This category includes factors such as population demographics, health consciousness, lifestyle changes, and levels of education. For example, an aging population may drive up demand for healthcare products and services.

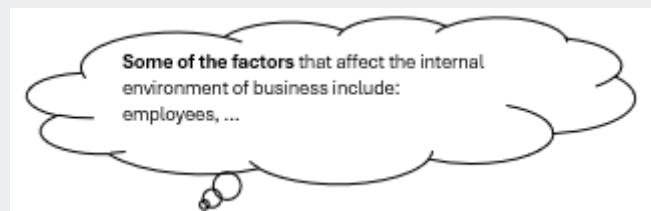


Figure 3.5: Political organisations formulate policies which can affect business activities

4. Technological factors: Innovations and improvements impact corporate operations and competitiveness. This includes research and development activity, automation, technological change, and the rate at which technology becomes obsolete. For example, the proliferation of e-commerce platforms has altered retail business models.
5. Environmental factors: These include climate change, laws, and sustainability initiatives. Businesses may need to respond to environmental concerns by developing eco-friendly practices or adhering to environmental regulations.
6. Legal factors: These include rules and regulations that regulate business operations. This includes laws governing employment, health and safety, consumer protection, and antitrust. Non-compliance can result in legal penalties and reputational damage.

Activity 3.4 External Environment of Business and its Factors

1. Pair up with a classmate and recap on your prior learning on:
 - a. Factors that affect the internal environment of business
 - b. Opportunities and Threats components of SWOT



The OT (Opportunities and Threats) components of SWOT is used to analyse the
Examples of Opportunities for an organisation include;
Examples of Threats to a business include:

2. In pairs, share ideas and come up with a draft definition of the external environment of business.

External environment of business refers to
Examples of the external environment are:

3. Working in small groups, think about your school and identify the external factors that affect how it operates.

Use the table below to record your answers. An example has been provided for you as a guide.

External factor	How it affects the school
E.g. Supplier of electricity (VRA) to the school	E.g. Frequent power cuts disrupt computer lessons and limit reading at night, which affects students' performance. Where power supply is stable, students are able to study at any time, improving their performance.

3. Share your completed table with another group and get feedback to improve your examples.
4. In your groups, discuss the factors that generally influence business organisations. Use your earlier answers to guide the discussion.
5. Observe the picture below and answer the questions that follow.



- List the six components of the PESTEL framework shown in the diagram.
- Explain each component in your own words.
- Provide at least one real-world example for each component
- Use the table below to organise your answers. One example has been provided to guide you.

PESTEL tool	Meaning	Examples
Political	Refers to how government policies, regulations and political instability affect businesses.	An increase or decrease in taxes can affect the profit margins of businesses either positively or negatively.

Activity 3.5 Application of SWOT and PESTEL Tools

- Your teacher will arrange you in small groups to analyse a case study and apply what you have learnt about analysing a business's external environment.
- Carefully read the case below and answer the questions that follow

Sample Case: Golden Harvest Foods Ltd.

Company Overview

Golden Harvest Foods Ltd. is a medium-sized food company based in the Ashanti Region of Ghana. It was founded in 2010 and makes packaged food products like cereals, snacks, and canned goods. These products are mainly sold in Ghana and are known for being good quality and affordable.

Current Situation

Recently, more people in Ghana want healthier and organic food. This gives Golden Harvest a chance to create new products like organic cereals and low-sugar snacks. The Ghanaian government is also supporting local businesses

with tax breaks and subsidies, which can help the company grow. In addition, a new trade agreement called AfCFTA makes it easier for Golden Harvest to sell products in other African countries.

However, there are some challenges:

- a. *The value of the Ghanaian cedi often changes, making it expensive to import packaging and machines.*
- b. *Fuel prices are high, which increases transportation costs.*
- c. *Big international food companies are now entering the market, increasing competition.*
- d. *Power outages are common, slowing down production and delaying deliveries.*
- e. *Consumers are more concerned about the environment, and there is pressure to use eco-friendly packaging—which is expensive.*

Next Steps

To deal with these challenges, Golden Harvest is thinking about:

- a. *Partnering with local farmers to get organic ingredients and reduce the need for imports.*
- b. *Investing in renewable energy to avoid production delays caused by power cuts.*

Questions

- a. Apply the **Opportunities** and **Threats** parts of the SWOT tool to analyse the external business environment of Golden Harvest Foods.

Opportunities	Threats

- b. Apply the PESTEL tool to analyse the external environment of Golden Harvest Foods Ltd. Use the table to guide you.

PESTEL Analysis of the External Environment of Golden Harvest Foods Ltd.

Political	Economic	Social
Technological	Environmental	Legal

3. Present your group's SWOT and PESTEL findings to another group.
4. Compare results and discuss any differences in interpretation.

Extension task: Assessing the internal and external environments.

Choose your school or another organisation and complete a full SWOT analysis (both internal and external factors).

Identify at least three strengths, three weaknesses, three opportunities, and three threats.

Share your work with your teacher for feedback.

BUSINESS ETHICS

This section introduces the concept of business ethics as the moral principles and values that guide a business's behaviour and decision-making. You will be asked to consider the impact of business actions on stakeholders, including employees, customers, suppliers and wider community.

Meaning of Business Ethics

Business ethics are the principles and norms that govern behaviour in the business environment. It entails bringing moral ideals such as honesty, fairness, integrity and accountability into business situations and decisions.

Ethical Principles in Business

1. Fairness and justice: Ethics help to ensure fairness and justice in all corporate activities, such as hiring, promotions, and customer relations. This includes making decisions based on merit, without favouritism or discrimination.
2. Integrity and trustworthiness: Maintaining honesty and moral ideals in all business transactions. This means continually doing the right thing, even when it is tough or no one is watching, establishing trust with stakeholders by consistent and ethical behaviour.
3. Accountability and responsibility: Accepting responsibility for the business's actions and decisions, and being accountable to stakeholders. This entails admitting mistakes, learning from them, and implementing corrective actions.
4. Honesty and transparency: This means communicating openly and clearly about corporate operations, choices, and policies promotes trust. It entails giving stakeholders accurate and timely information about corporate processes.
5. Positive leadership: This involves setting an ethical example and guiding others to act appropriately. This includes inspiring trust, encouraging ethical behaviour and upholding the organisation's values.
6. Respect for human rights: Treat all individuals with decency and consideration, including employees, customers, and partners. This includes respecting varied viewpoints and creating an inclusive environment.
7. Compliance with laws and regulations: Following all relevant legal requirements and industry standards for the firm. This includes remaining current on relevant laws and ensuring that all practices comply with legal requirements.
8. Environmental responsibility: Implementing sustainable methods to reduce negative environmental impacts. This includes reducing waste, preserving resources, and encouraging environmentally beneficial efforts.
9. Loyalty: Loyalty involves demonstrating devotion to the organisation while considering the interests of all stakeholders. This entails supporting the organisation's goals while upholding ethical standards and stakeholder trust.

Importance of Business Ethics

1. Ethical behaviour: This improves company reputation and builds trust with customers, employees, investors, and the general public. A good ethical reputation can improve customer loyalty and recruit top personnel. According to the Zeno Group's global survey, 94% of consumers are more willing to support companies that have a clear and real purpose.
2. Ensures long-term profitability: Ethical behaviours help to create sustainable company strategies. Businesses that value ethics frequently achieve long-term profitability by developing strong stakeholder relationships and avoiding the expenses associated with unethical activity.
3. Encourages social responsibility: Corporate social responsibility programs are driven by business principles, allowing corporations to positively impact society. This encompasses environmental sustainability, community engagement, and ethical labor practices, all of which can help improve company image and customer happiness.
4. Encourages a positive workplace culture: Adherence to ethics fosters a courteous and inclusive work environment. Employees are more engaged and driven when they feel valued and the organisation acts with honesty.
5. Promotes responsible decision-making: Business ethics aims to consider the impact of actions on stakeholders and the community. Businesses that are morally responsible frequently consider their choices before making decisions. This is to verify that the decisions follow moral ideals and norms.
6. Reduces business risk: Unethical decisions can have legal, financial, and reputational consequences. Companies that adhere to ethical norms are better able to prevent or reduce these dangers.
7. Encourages accountability: Good corporate ethics establish clear norms for behaviour and hold employees, managers, and leaders accountable.

Activity 3.6 Exploring Business Ethics

1. Read the scenarios and think about what you would do in each circumstance:
 - a. *You witness a friend cheating on an exam*
 - b. *A supervisor at work consistently favours a colleague, giving them better projects and opportunities*
 - c. *You find a wallet containing a significant amount of money with the owner's identification inside.*
 - d. *You overhear classmates gossiping about a peer's personal life.*
2. In pairs, discuss what is **ethical** and **unethical** about each scenario and why. Use the table below to organise your thoughts.

Scenario	Are there ethical concerns? Why or why not?
a.	

3. From your discussions:
 - a. Write a draft definition of ethics.
 - b. Write a draft definition of business ethics.
 - c. Share your definitions with a colleague for feedback.

Ethics involves
Business ethics refers to.....

4. In groups, discuss ethical principles that should guide how people behave in the business environment.

Activity 3.7 Business Ethics in Practice

1. Your teacher will arrange you in small groups of no more than five.
2. Read the case study outlined below carefully and answer the questions that follow.

Case Study: Ashanti Builders Ltd.

Ashanti Builders Ltd. is a mid-sized construction firm based in Kumasi, tasked with several public infrastructure projects. In the past six months, the Human Resources manager has observed that nearly one-third of new recruits are relatives of senior executives, despite many qualified applicants remaining on the shortlist.

On the Kumasi-Nkoranza highway project, procurement officers were discreetly approached by materials suppliers offering cash kickbacks in exchange for exclusive, inflated orders—orders that were later discovered to include substandard cement. Simultaneously, site supervisors have reportedly demanded “protection fees” from subcontractors to overlook minor safety infractions, reducing compliance with industry standards. Meanwhile, the project manager has diverted bids to a company owned by a board member’s cousin, without disclosing the familial relationship. In several meetings, engineers and procurement staff colluded to overstate cost estimates, sharing the surplus funds among themselves.

Questions

- a. Identify all the **ethical issues** in this case.
- b. Explain how each issue violates core **ethical principles** (e.g. integrity, fairness, transparency, accountability, etc.)
- c. Propose at least three measures the company could implement to prevent or mitigate each of the identified ethical breaches.
- d. Explain the **importance** of business ethics to the company and business more widely.
5. Present your group’s response to the case study to the wider class for discussion and feedback.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Hello learner, we will look at the concept of corporate social responsibility (CSR) and cover the ethical and sustainable practices of business, their impact on society and the environment as a whole. It will look at some of the benefits and challenges of CSR and how it can affect corporate reputation.

Meaning of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a business's commitment to operate in a socially and ecologically responsible manner while also benefiting the community and society at large. It goes beyond the usual emphasis on profit maximisation and shareholder value, attempting to strike a balance between economic performance, ethical behaviour and social and environmental concerns.

The concept of CSR has developed throughout time, driven by greater awareness of global issues, shifting consumer expectations and the acknowledgment that corporations play an important role in tackling societal and environmental difficulties. CSR is more than just charitable donations or one-time projects; it is a long-term commitment to sustainable business practices and making a positive impact on the world.

Types of CSR Activities or Initiatives

Corporate Social Responsibility (CSR) refers to the many actions that businesses take to positively impact society and the environment.

The main types of CSR activities undertaken by businesses are to demonstrate:

1. Environmental Responsibility

Businesses commit to sustainable methods to reduce their ecological footprint. This involves lowering carbon emissions, managing waste responsibly, conserving energy and water, engaging in reforestation, recycling garbage, and promoting biodiversity. For example, a corporation may adopt recycling programmes or invest in sustainable energy sources.



Figure 3.6: Environmental responsibility: using waste papers to produce toilet rolls

2. Ethical Responsibility

This refers to conducting business in a fair and ethical manner. Companies adhere to fair labour practices, respect human rights, and operate with integrity. One example is sourcing materials from suppliers who follow ethical labour practices.

3. Economic Responsibility

Companies strive to make financially responsible actions that benefit society in addition to revenue. This includes investing in community development, maintaining fair pricing and bolstering local economies.

4. Philanthropic Responsibility

Businesses support communities by donating, sponsoring and volunteering. This could include donating to local organisations, funding educational programs, or encouraging employees to volunteer.

Examples of CSR Activities or Initiatives

Type	Examples
Environmental Responsibility	Planting trees and creating green spaces Reducing plastic use and encouraging recycling Using solar energy or other renewable sources Cleaning beaches or drains in the community, etc.
Ethical Responsibility	Treating workers fairly and equally Buying goods only from suppliers who do not use child labour Ensuring products are safe and honestly labelled Following rules and being honest in business, etc.
Philanthropic Responsibility	Donating money or items to schools or hospitals Giving scholarships to needy students Building boreholes for villages Sponsoring health screening events, etc.
Economic Responsibility	Creating jobs for local people Supporting small local businesses Paying workers fair wages Training youth in vocational skills to start their own businesses, etc.

Activity 3.8 Corporate Social Responsibility



A. Goil PLC donating a borehole to a deprived community

B. Graphic Communication Group offering free medical care to a community.



C. Ghana Shippers Authority donating items to a hospital

D. Zenith Bank (GH) Ltd. equips computer labs for schools in Accra Metropolitan Area

1. Look at the pictures above and describe what you see. Share your interpretations with the person sitting next to you.
2. In your workbook, list projects or donations you have seen or heard about where companies or organisations supported local communities or individuals. Be prepared to share these examples as part of a whole class discussion on corporate social responsibility.
3. Connect these projects and donations to the concept of **Corporate Social Responsibility (CSR)** by explaining how they demonstrate an organisation's responsibility toward society.
4. Draft the meaning of CSR using the starter sentence in the mind web below
5. Share your explanation of corporate social responsibility with a partner for feedback and improvement.

Activity 3.9 Types of Corporate Social Responsibility (CSR)

1. Working in small groups, read the following scenarios carefully.
2. Match each scenario to the type of CSR it describes and provide reasons for your choice.

Scenario 1

PureHarvest Foods imports cocoa beans for its chocolate production. When an audit revealed that one of their suppliers used child labour, PureHarvest immediately ended the contract, even though the supplier offered a lower price. They partnered only with farms certified for fair labour practices, ensured all farmers were paid a fair price, and introduced a "Fair Trade" label on their packaging to show transparency to customers.

Scenario 2

AgroLink Farms is a large agricultural company that supplies vegetables to supermarkets. Instead of sourcing all produce from big farms, AgroLink trains and partners with small local farmers. They provide seeds, modern farming techniques, and guaranteed purchase contracts. This approach has created over 500 new jobs, boosted local income, and ensured that the money spent on food stays within the community.

Scenario 3

GreenBuild Construction Ltd noticed that its building projects were generating a lot of waste and using large amounts of electricity from non-renewable sources. To address this, the company began using eco-friendly bricks made from recycled materials, installed solar panels on all its new projects, and created a policy requiring tree planting around every completed building site. Within a year, they had reduced construction waste by 40% and planted over 5,000 trees in urban areas.

Scenario 4

BrightFuture Telecom, a leading mobile network provider, decided to invest in the education sector. The company donated 2,000 tablets with internet access to rural schools, funded scholarships for 200 needy students, and built three ICT learning centres in deprived communities. These projects were not linked to increasing company profits, but aimed purely at improving education and digital literacy.

Scenario	Type of CSR	Justification

3. Working in the same groups, research the four types of CSR activity (environmental, ethical, philanthropic and economic) to identify examples of these programmes.
4. You could use examples from your community or region, or global initiatives. Use digital devices to support your research.
5. Present your examples to the class as part of a wider discussion.
6. You could record your examples in a table or poster that you can share with your peers.

BENEFITS AND CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY CSR

We will now look in turn at the benefits and challenges of Corporate Social Responsibility initiatives.

Benefits of Corporate Social Responsibility (CSR)

1. Enhanced reputation: Corporate Social Responsibility efforts can enhance a company's reputation and brand image, leading to positive public opinion.

- Increased Customer Loyalty: CSR programs appeal to socially conscious consumers, resulting in increased loyalty and preference for products or services with responsible practices.



Figure 3.7: A customer who continues to buy from this shop due to their good business ethics

- It helps attract and retain employees: CSR can help attract and retain exceptional people who value purpose-driven and socially responsible work environments.
- Mitigation of risk: Proactively addressing social and environmental issues can prevent controversies, legal challenges and reputational damage.
- Potential cost reductions: Sustainable practices can reduce costs in energy, waste, and resource efficiency.
- Competitive benefits: A company's dedication to CSR can set it apart from competitors and provide a competitive advantage in the market.
- Stakeholder Engagement: Corporate Social Relationship strengthens relationships with employees, consumers, investors, suppliers and local communities.
- Promotes innovation and adaptation: Corporate Social Responsibility can inspire companies to innovate and adapt to social and environmental concerns.

Challenges of Corporate Social Responsibility

- High Expenses: Corporate Social Responsibility efforts such as donations, training, and eco-friendly modifications can be costly, particularly for small businesses.
- Difficulty Balancing Financial and Social Goals: Businesses must strike a balance between maximising profits and demonstrating social and environmental responsibility. Finding the correct balance can be challenging.
- Problems Assessing Impact: Measuring the concrete impact of CSR programs can be tough, making it difficult to evaluate the return on investment (ROI) in some circumstances.



Figure 3.8: A Ghanaian businessman (assessing impact) calculating his return on invest made

4. Resource Management Constraints: Implementing CSR initiatives can be costly and time-consuming, especially for smaller businesses. Organisations may wish to undertake particular ideas, but due to limited resources, they are unable to carry them out.
5. Maintenance Issues: Lack of funding or follow-up might cause CSR operations to fail, leading to community discontent.
6. Concern about Greenwashing: This is where a business claims to be environmentally friendly, but actually does little to benefit the environment. Some businesses may participate in greenwashing, which is when they exaggerate or falsely market their CSR initiatives without actual dedication or substantial impact.
7. Timeframes: While some CSR programmes have long-term social and environmental benefits, they may not yield immediate financial rewards, putting pressure on investors.

In conclusion, to effectively address these challenges and realise the benefits of Corporate Social Responsibility (CSR), businesses must include it into their core business plan, be committed to meaningful impact, and engage in open discussion with stakeholders. Collaboration with specialists, non-governmental organisations (NGOs) and other organisations can also help businesses solve specific social and environmental challenges more successfully. Finally, the long-term sustainability and positive societal impact achieved by CSR make it an important part of contemporary business practices.

Activity 3.10 Benefits and Challenges of Corporate Social Responsibility

1. Arrange yourself into small groups. Try working with people you have not worked with before. Your teacher will task you to research and prepare a presentation to the class on either the benefits **or** challenges of corporate social responsibility.
2. Discussion task for the groups:
 - a. Some groups will discuss the **benefits** of CSR.
 - b. Other groups will discuss the **challenges** of CSR.
 - c. Note that you will not be asked to cover both.

3. Agree the roles within your group – for example, who will deliver the presentation, who will lead the group etc.
4. Presentation of group's work.
 - a. Choose how you would like to present your findings such as written, spoken, diagrammatic, dramatic performance, etc.
 - b. Presentations should be within the time specified by our teacher for immediate feedback.
5. After listening to all of the presentation, each group should summarise what they learnt during the lesson and present it to the class, drawing connections between the challenges and benefits of CSR.

Benefits of CSR	Challenges of CSR

Activity 3.11 Case Studies Analysis on CSR Initiatives

You will now have the chance to apply your existing knowledge by analysing sample case studies of CSR activities.

Your teacher will arrange you in small groups of no more than five to read the case study below and answer the questions that follow.

Akuma Company Limited and Corporate Social Responsibility

Case: Akoma Foods Ltd. CSR Activities

Akoma Foods Ltd., a growing food company in Kumasi, has quietly woven many helpful programmes into its daily work. Each spring, staff and villagers join to plant hundreds of fruit trees along farm roads, while colourful bins appear in every school and market so children learn to sort plastic, paper and food scraps for recycling or compost. Big solar panels are now installed on the factory roof, powering lights and water pumps without smoke or leaks. Farmers who bring their cocoa and maize to Akoma's buying centres receive small bonuses which is enough to buy medicine or school uniforms and every farm site now has a working borehole so families can cook and bathe safely. Inside the plant, every worker wears a bright safety hat and gloves, and there's always a first-aid station with someone trained to help.

On the first Friday of each month, Akoma teams arrive at nearby villages with school bags stuffed with notebooks, pencils, uniforms and sometimes a warm meal, and they carry toolkit boxes to mend broken hand pumps so everyone can drink clean water. In the evenings and on weekends, the company's little training room buzzes with young people learning how to plan a small stall, keep simple accounts, or apply for a tiny loan, many of which they use to buy goods or tools to start earning on their own. Finally, Akoma's hiring rules make sure at least two

new employees come from each surrounding town, bringing steady pay and new customers to local shops.

Questions for discussion in your groups

1. What are some of the things Akoma Foods Ltd. is doing to help the environment?
2. How does Akoma Foods show care and support for the farmers and workers they work with?
3. What kind of support does Akoma Foods give to schools and villages nearby?
4. Use a quadrant to classify the various CSR activities of Akoma Foods Ltd under the four main types of Corporate Social Responsibility
5. How is the company helping young people in the community earn money or start businesses?
6. Are there any actions in the case that benefit both the company and the community? Give examples.
7. What challenges is the company likely to face in implementing its CSR initiatives in the community?
8. Why do you think it is important for companies like Akoma Foods to carry out these kinds of activities?
9. Prepare a short presentation summarising your answers to the questions on Akoma Foods' CSR activities for the rest of the class.
10. You may choose how to present your response, for example on flip chart paper or digitally.

Extension Activity

1. Work with classmates, in maximum groups of three, to develop a comprehensive CSR proposal for a company, including initiatives for environmental sustainability, community engagement, and ethical business practices.
2. Present your proposal in your chosen medium to your teacher to review your work

EXTENDED READING

- Any Business Management book approved by NaCCA
- Chandan JS (2002). *Management: Concepts and Strategies*. New Delhi, Vikas Publishing House, PVT Ltd (Read Chapter 3, pages 53-69).
- Robbins, S.P. & DeCenzo D.A. (2008) *Fundamentals of Management: Essential concepts and applications*, (Sixth Edition), Pearson, Prentice Hall: Upper Saddle River, NJ. (Read Chapter 3, pages 70 - 89)

REVIEW QUESTIONS 3

1. Explain Corporate Social Responsibility (CSR) and examine its significance for businesses and society.
2. Identify and analyse three challenges usually faced by companies in Ghana that engage in Corporate Social Responsibilities.
3. Evaluate two ways in which Corporate Social Responsibility initiatives have contributed to environmental sustainability and employee welfare in Ghana.

SECTION

4

INTERNATIONAL BUSINESS AND MULTINATIONAL CORPORATIONS



GLOBAL BUSINESS

International Business and E-Business

INTRODUCTION

This section explores how globalisation (the increasing interconnectedness of economies, cultures, and technologies) creates both opportunities and challenges for different types of enterprises. We begin by understanding international business as the commercial activity that crosses national borders, enabling companies to access new markets, technologies, and capital. A key player in this system is the multinational corporation (MNC), which builds global capacity by operating production, sales, and services in multiple countries, often contributing to economic integration and job creation in host nations like Ghana. Finally, we focus on Ghanaian Indigenous Businesses (locally founded firms that rely on indigenous entrepreneurship ecosystems and serve both domestic and export markets). Through this, you will see how globalisation influences business strategies differently for MNCs and indigenous Ghanaian entrepreneurs.

KEY IDEAS

- **Exporter** is a person or company that sells goods or services to customers in another country.
- **Ghanaian Indigenous Businesses** are businesses in Ghana that are owned and run by Ghanaians. They are often small and make use of local ways of doing business.
- **Globalisation** refers to how countries around the world are becoming more connected through trade, travel, technology, and the sharing of ideas.
- **Importer** is a person or company that buys goods or services from another country and brings them into their own country to sell or use.
- **International Business** are conducted between countries. This includes buying, selling, and investing across national borders.
- **Multinational Corporations (MNCs)** are large companies that have their main office in one country but also have branches or offices in many other countries.

GLOBALISATION

Meaning of Globalisation

Globalisation describes the way the world is becoming more connected. Countries now share goods, services, information, ideas, and cultures more than ever before.

This means:

1. A product made in one country can be used or sold in many others.
2. People can communicate instantly across the world.

3. Music, movies, food, and fashion from one country or region can quickly become popular in another place in the world.

Examples that illustrate this include

1. A mobile phone designed in the USA, made in China, and sold in Ghana.
2. Afrobeat music from Africa is now enjoyed in Europe and Asia.
3. News spreads instantly worldwide through the internet.
4. War in one country could easily affect other countries economically.

Drivers of Globalisation

The drivers of globalisation are the main forces that make the world more connected and interdependent. Summarised below are the six key drivers with examples

1. Technological Advancements

New digital tools like mobile phones, computers, the internet, and modern machines have made communication and work faster and easier across borders.

Example: A designer in Ghana can send a clothing design instantly to a manufacturer in China using email or video calls, saving time and travel costs.

2. Trade Liberalisation

Lowering or removing tariffs and trade barriers allows countries to buy and sell goods and services more freely, making it cheaper for businesses to reach new markets.

Example: Ghanaian cocoa can be exported to Europe without heavy taxes, making chocolate producers more willing to buy it.

3. International Institutions and Agreements

Global organisations like the World Trade Organisation (WTO), International Monetary Fund (IMF), and World Bank, along with trade agreements such as NAFTA and the EU, set rules and support fair trade between nations.

Example: Under WTO rules, a country cannot suddenly ban imports from another member without a valid reason, which protects exporters from sudden losses.

4. Foreign Direct Investment (FDI)

Businesses and countries invest in each other's economies, building factories, offices, or shops, which creates jobs and boosts growth.

Example: Toyota building an assembly plant in South Africa creates local jobs and gives the country access to advanced car-making skills.

5. Improved Transportation Systems

Faster ships, airplanes, and road networks make it easier and cheaper to move goods and people internationally.

Example: Fresh flowers from Kenya can be flown overnight to Europe and sold in markets the next morning.

6. Growing Market Demand

Increasing demand for goods and services from other countries encourages companies to sell internationally to find more customers and earn higher profits.

Example: Nigerian music (Afrobeats) is streamed worldwide, leading to concerts and merchandise sales in Europe and America.

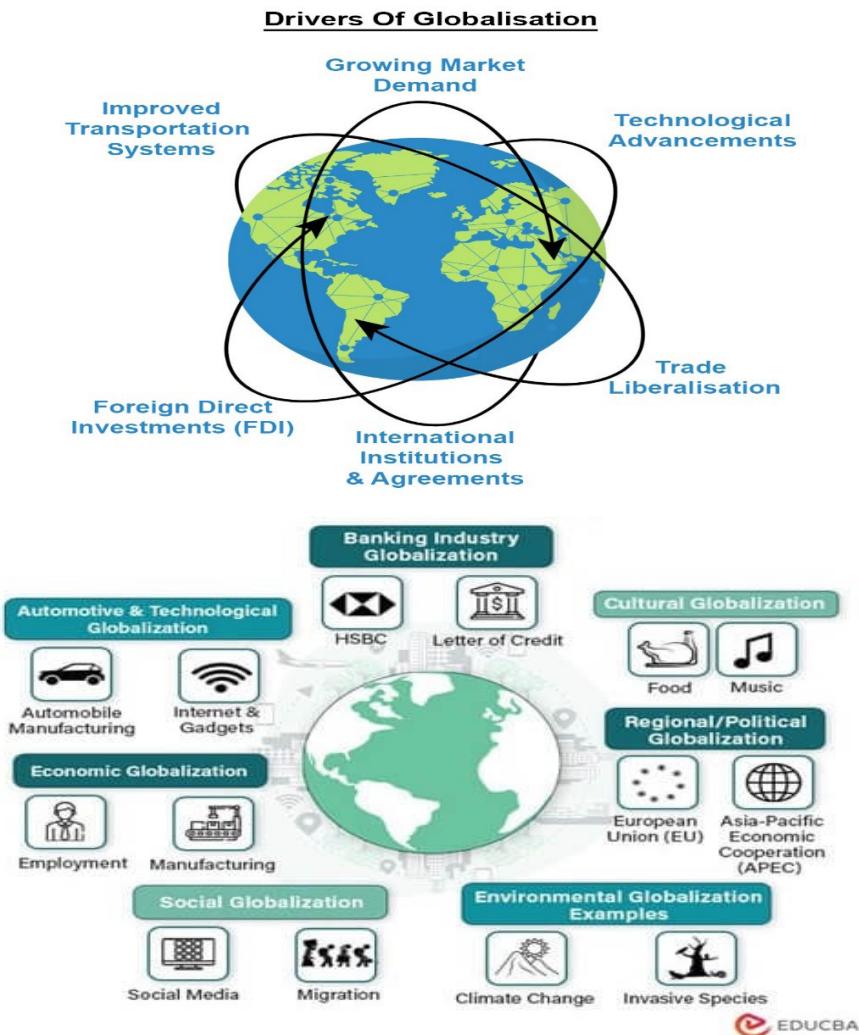


Figure 4.1: Real-life globalisation factors

Impact of Globalisation on Local Businesses

Globalisation affects local businesses in both positive and negative ways. Some of the main impacts are explained below:

1. Increased Competition

International companies often have bigger budgets, better technology, or stronger brands, making it hard for small local businesses to compete.

Example: A local electronics shop may lose customers to big global brands like Samsung or Apple that offer more variety.

2. Access to Larger Markets

Local companies can now sell products abroad through online platforms and partnerships.

Example: A Ghanaian bead-maker can sell jewellery to customers in the USA via Etsy or Amazon.

3. Pressure to Innovate

To stay competitive, local businesses must improve products, services, and processes.

Example: A local bakery might start selling bread online with home delivery to compete with foreign bakery chains.

4. Cheaper Raw Materials and Inputs

Businesses can buy materials from countries where they are less expensive, lowering costs.

Example: A shoemaker in Kenya can import cheaper leather from Ethiopia instead of buying more costly local leather.

5. Risk of Losing Market Share

Foreign products may attract customers with better prices or branding, reducing sales for local firms.

Example: A local clothing store may lose customers to international fast-fashion brands like H&M or Zara.

6. Improved Skills and Knowledge

Exposure to global markets teaches businesses modern techniques and strategies.

Example: A local hotel may adopt international hospitality standards after working with a global travel agency.

7. Job Creation and Outsourcing

Foreign companies may employ local workers or partner with local suppliers.

Example: A global sportswear brand may hire a Ghanaian garment factory to produce T-shirts for export.

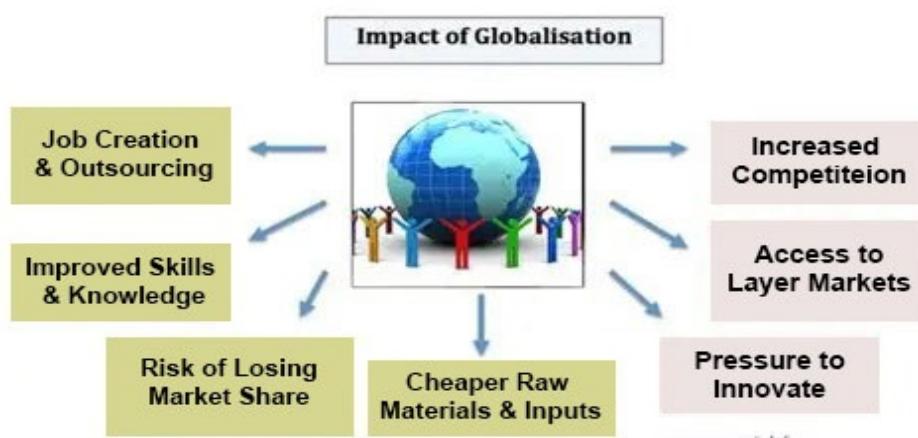


Figure 4.2: Impact of globalisation

Summary

1. Globalisation connects people, businesses, and cultures across the world.
2. It helps local businesses grow but also pushes them to work harder and improve.
3. It is important for local businesses to adapt, learn, and innovate to stay competitive in a global world.

Activity 4.1 Meaning and Drivers of Globalisation

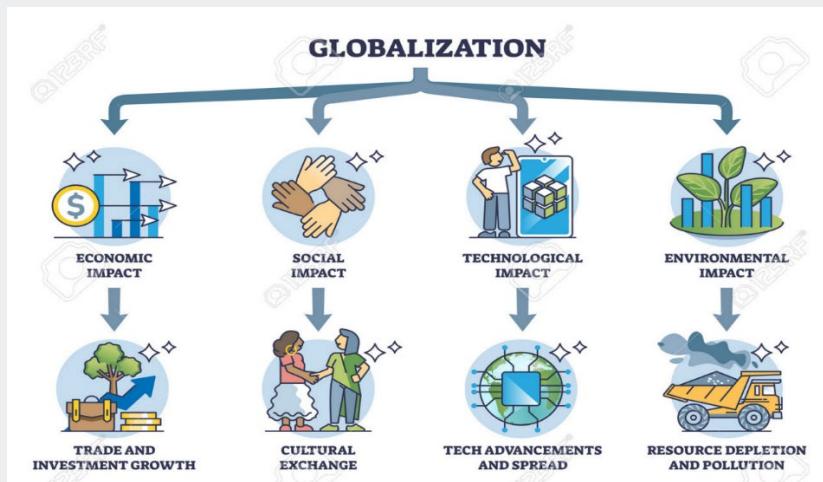
1. Use your digital device (e.g., Phone, tablet or computer) to search online for the meaning of and drivers of globalisation.
2. Write down the meaning of globalisation in your own words based on your research.

In my own words, globalisation is

3. Extend your research to identify four drivers of globalisation. Write your ideas in the table below

S/N	Drivers of globalisation	Explanation
1		
2		

4. Compare your findings with a partner or as part of a whole class discussion.
5. Review the similarities and differences in your research findings compared to those of your peers. Add any key points you have missed.
6. Using the picture below for reference, write a short paragraph in your workbooks summarising the concept of globalisation.



Activity 4.2 Impact of Globalisation on Local Businesses

1. Think and write four foreign products that are found on the Ghanaian market in your area.

2. Write the names of similar products that are made by local businesses.
3. Compare the prices of those foreign products with those of the local ones.
4. Write down your observations.
5. Do you think the local business are doing better than their foreign ones?
6. Share your thoughts with a classmate.
7. Complete the table below by examining the impact of globalisation on local businesses

SN	Impact of globalisation on local business
1	
2	

Extension Activity Globalisation and my Daily Life

1. List five items you use daily (e.g., phone, shoes, shirts, tv, iron, blender, etc.).
2. For each item,
 - a. Identify where it was **made or imported from** (check labels if possible).
 - b. Write how the listed items got to you (e.g. shipped from abroad, bought in a local shop).
 - c. Note whether it reflects any **cultural influence** (e.g. language on packaging).

SN	Items I use daily	Origin (Made in)	Reason for my choice?	Remark (local/foreign taste)
1				
2				

3. Give reasons why you are more inclined to local products or foreign products?
4. You could use a table such as the one above to record your answers to these questions.
5. Write a short paragraph about how **globalisation** impacts your daily life.

BENEFITS OF GLOBALISATION ON BUSINESSES

1. Access to Larger Markets

Globalisation allows businesses to sell products and services in many countries, not just their own. This increases sales, profits, and growth opportunities.

Example: A Ghanaian chocolate brand can export cocoa-based products to Europe, Asia, and America, reaching millions of new customers.

2. Increased Employment Opportunities

When companies set up new branches or factories abroad, they create jobs for local communities.

Example: When Samsung opened a manufacturing plant in Vietnam, thousands of local people were employed in production and administration.

3. Sharing of Knowledge and Technology

Countries and businesses can learn from each other by sharing new ideas, inventions, and modern equipment.

Example: Japanese car manufacturers share advanced manufacturing techniques with factories in Africa, improving production quality.

4. Lower Prices for Consumers

Producing goods in countries with lower costs can make products cheaper. Competition also pushes prices down.

Example: Clothing brands like H&M produce garments in Bangladesh, making them more affordable for global shoppers.

5. Improved Quality of Goods and Services

To compete globally, companies must improve their products and services.

Example: Apple invests heavily in product design and customer support to maintain its strong global market position.

6. Cultural Exchange

People share food, fashion, language, music, and traditions across countries.

Example: Sushi from Japan, Afrobeat music from West Africa, and Italian pizza are enjoyed worldwide.

7. Economic Growth

More trade and investment from globalisation boost national income and strengthens the economy.

Example: Singapore's rapid economic growth was driven by attracting foreign investment and becoming a global trade hub.

8. Lower Costs

Businesses can buy cheaper raw materials or hire affordable labour from other countries.

For example, a UK furniture company imports affordable wood from Malaysia to reduce production costs.

9. Brand Recognition

Operating internationally makes brands more well-known and trusted.

Example: Coca-Cola is sold in over 200 countries, making it one of the most recognised brands in the world.

Benefits of Globalisation on Businesses



Figure 4.3: Benefits of globalisation

Broader Challenges of Globalisation

1. Job Losses in Some Sectors

Companies may move production to countries with cheaper labour, leading to job losses in higher-cost countries. *For example*, many US textile factories closed when production shifted to China and Vietnam.

2. Widening Income Inequality

Globalisation can sometimes make the rich richer and the poor poorer. While some people benefit from new jobs and opportunities, others may struggle as their jobs are replaced by cheaper labour from abroad. *Example*, skilled tech workers in India see rising salaries, while unskilled factory workers in the US may face unemployment.

3. Cultural Erosion

Global culture can overshadow local traditions. *For example*, traditional African clothing styles may be replaced by Western fashion trends among younger generations.

4. Environmental Damage

Increased production and transport cause more pollution. *Example*, Fast fashion brands produce large amounts of clothing waste and contribute to water pollution.

5. Exploitation of Workers

Some global companies pay very low wages in developing countries. *For example*, reports of unsafe working conditions in garment factories in Bangladesh have sparked global protests.

6. Economic Dependence

Countries relying too heavily on global trade can be hit hard by economic crises elsewhere. *For instance*, during the 2008 global financial crisis, export-dependent economies like Iceland suffered severe recessions.



Figure 4.4: Broader challenges of globalisation

Challenges Specific to Local Businesses

Globalisation poses specific challenges to local businesses. If a business is considering expanding in a global market they would need to think about:

1. Legal and Regulatory Requirements

Complying with foreign laws can be complex and costly. *For example*, a Ghanaian food exporter must meet strict European Union health and safety standards before selling products there.

2. Cultural Differences

Businesses must adapt to local preferences and customs. *Example*, McDonald's changes its menu in India to include vegetarian options in line with local diets.

3. Managing Logistics

Shipping goods across borders can involve customs delays and transport challenges. *For example*, a Kenyan flower exporter may face flight delays that affect delivery freshness.

4. Communication Barriers

Different time zones and languages can slow down operations. *Example*, a Canadian company working with suppliers in China must manage a 12-hour time difference.

5. Loss of Market Share / Small Businesses Closing

Large global companies can outcompete local shops with lower prices or better products. *Example*, many small bookstores closed when Amazon expanded into their markets.

Challenges of Globalisation To Local Businesses



Figure 4.5: Challenges of globalisation to local businesses

Summary

Globalisation brings many opportunities for businesses to grow and succeed, like bigger markets, lower costs, and better technology. But it also brings challenges, especially for small or local businesses, such as tougher competition and cultural changes.

Activity 4.3 Benefits and Challenges Global Businesses Face (A)

1. Your teacher will arrange you in small groups of no more than five and ask you to research **either** the benefits **or** challenges of globalisation.
2. Working as a group, research your assigned brief, thinking about how companies operate in a global market and the impact on local economies.
3. Nominate representatives from your group to present your work to the class.
4. Listen to the presentations from other groups. Can you add to your own work based on the presentations of the groups working on the same brief?
5. Take notes from the presentations of those groups working on the alternative brief so that you have a record of these factors.

Activity 4.4 Benefits and Challenges Global Businesses Face (B)

1. Working in pairs or small groups, identify a company (e.g., clothing company, electronic company, or fast-food chain, etc.) planning to expand to a new country.
2. Give your company a name of your choice.
3. For your chosen company, brainstorm:
 - a. Four benefits your company will gain by expanding globally.
 - b. Four challenges the company will face.
 - c. Suggest how you will solve or manage each challenge.
4. Present your work as a mind map and show if and how your ideas might be connected.
5. Share mind map with another group members for feedback.

Extended Activity Debate

1. Form two groups with your classmates (group A and group B) to prepare for a debate on the pros and cons of globalisation
 - a. Team A argues that **globalisation is mostly beneficial**.
 - b. Team B argues that **globalisation has more challenges than benefits**.

2. Write down your arguments based on textbooks, online search etc.
3. Prepare your arguments and present the case for or against the motion in class. Be prepared to answer questions or justify your arguments.
4. After the debate, the class should vote on which group made the strongest case.

INTERNATIONAL BUSINESS

What is International Business?

International business means doing business with people or companies in other countries. It involves the buying and selling of goods and services, sharing knowledge, using technology and investing money across national borders.

In other words, it is when a company **imports, exports, or sets up business in another country** to make profit and grow.

Examples of International Business

Below are some real-life examples that show how international business works:

1. A Ghanaian company sells **cocoa beans** to the USA.
2. A Canadian company **buys wine from France** to sell at home.
3. **Tesla** builds car factories in China to sell cars to Chinese customers.
4. **Starbucks** opens coffee shops in Japan, the UK, and China.
5. **Unilever** sells soap, food, and drinks in over 100 countries.
6. **Microsoft** offers its software and services in many parts of the world.
7. A Ghanaian company hires people from India to handle managerial service.
8. European clothing brands get their clothes made in **Bangladesh or Vietnam**.
9. **Amazon** sells products online to customers in more than 200 countries.
10. **Deloitte** helps businesses around the world with auditing and financial advice.

Key Features of International Business

The key features that differentiate international business from local businesses include:

1. Cross-Border Transactions

International business means buying, selling, or exchanging goods and services between companies in different countries. These can be imports (buying from other countries) or exports (selling to other countries). Businesses must follow shipping rules and customs laws to keep things running smoothly. *For example*, a Ghanaian cocoa exporter sells cocoa beans to a chocolate manufacturer in Switzerland.

2. Global Market Expansion

Companies grow by entering markets in other countries. This gives them access to new customers and reduces the risk of depending on only one market. *Example*, Samsung sells its smartphones in over 100 countries, not just in South Korea.

3. Use of Foreign Currency

When trading internationally, businesses often have to use different currencies and deal with changes in exchange rates. *For instance*, a Kenyan flower exporter selling to the UK receives payment in British pounds but pays local suppliers in Kenyan shillings.

4. Cross-Cultural Understanding

International businesses need to respect differences in language, traditions, and ways of doing business to build good relationships. *For example*, McDonald's changes its menu in India to include vegetarian options, respecting cultural and dietary preferences.

5. Adherence to International Laws and Regulations

Companies must follow both their home country's laws and the laws of the countries they trade with. This includes taxes, trade limits, and safety standards. *A typical example is*, a car manufacturer in Japan exporting to the US must meet US vehicle safety and emission regulations.

6. High Risk and Uncertainty

Doing business across borders involves risks such as political problems, currency changes, and trade restrictions. Companies must plan carefully to reduce these risks. *For example*, a company in Europe trading with Russia may face sudden sanctions that affect its sales.

7. Large-Scale Operations

International businesses often operate in many countries, with large amounts of trade and complex operations. They must manage production, shipping, and sales across different locations. *For example*, Amazon has warehouses in multiple countries to deliver products quickly to customers worldwide.

8. Importing

An importer is a person or company that buys goods or services from another country and brings them into their own country to sell. *For instance*, a company in Ghana buys electronics from China and sells them in local markets.

9. Exporting

An exporter is a person or company that sells goods or services to customers in another country. *For example*, a coffee producer in Ethiopia sells coffee beans to buyers in Italy.



Figure 4.6: Key features of international business

Activity 4.5 Meaning and Key Features of International Business

1. Read the scenario below and answer the questions that follow:

Scenario: Elegance Wear's Global Reach

Elegance Wear is a Ghanaian fashion brand based in Accra. The company designs and produces stylish clothing that appeal to customers beyond Ghana's borders. To create its unique collections, Elegance Wear imports premium fabric from China. The finished clothes are sold not only in local markets but also shipped to customers in Nigeria. To expand its customer base, Elegance Wear advertises online in the United Kingdom, reaching fashion enthusiasts far from Africa.

Questions

- What activities in this case involve more than one country?
- How does Elegance Wear's business go beyond Ghana's local market?
- What do you think the term "international business" means based on this example?
- What are some key features of international business you can identify in the scenario?
- Why might a company like Elegance Wear choose to operate internationally rather than only locally?

2. In pairs, summarise your ideas and complete the following table

Meaning of international business with examples

International business means

Examples include:

Key features of international business

Extended Activity

The role of foreign currencies and exchange rates in international business

Part 1

1. The items on the table below are in an online store.
2. How much in Ghana Cedis will you use to buy each one based on the exchange rates.
3. Write the country of origin of the various currencies.

International Business and Currency Challenges

Products	Prices	Country of currency	Exchange rate	Equivalent Prices in GHS
Jeans trousers	US\$150.00		US\$1=GHS10.00	
Shoes	£400.00		£1 = GHS14.00	
Smartphones	€25,000.00		€1=GHS15.00	
Laptop	¥ 25, 000.00		¥1=GHS7.00	
Bose Speaker	KSh50, 000.00		KSh10=GHS1.00	
Wrist watch	C\$250.00		C\$1= GHS 5.00	

Part 2

1. Form small groups of no more than five to prepare and perform a short role play based on a scenario showing an aspect of international business, for example a Ghanaian cocoa producer arranging to export their goods to a chocolate company in Germany.
2. Assign roles among yourselves:
 - a. Exporter (e.g., cocoa farmer in Ghana)
 - b. Importer (e.g., chocolate company in Germany)
 - c. Shipping company
 - d. Government (customs & regulations)
 - e. Currency exchanger (forex bureau)
 - f. Marketing team (selling the product globally)
3. Each person should prepare his/her part of a simple business deal. Example:
 - a. Exporter sells product.
 - b. Importer buys but must pay in different currency.
 - c. Government checks trade laws and regulations.
 - d. Marketing group decides how to sell in a new market.
4. Act out the roles in a mini business negotiation in class.

REASONS FOR INTERNATIONAL BUSINESS

Why Businesses Trade with Other Countries

International business means selling or buying goods and services across borders. But why do businesses want to do that? Ten reasons are summarised below:

1. Market Expansion

Businesses enter foreign markets to reach new customers, earn more income, and avoid depending only on their local market. This helps them meet global demand for their products or services. *Example:* Samsung sells smartphones not only in South Korea but also in Africa, Europe, and the Americas to grow its customer base.

2. Diversification

Operating in different markets allows companies to spread their risk. If one market faces economic problems, they can still earn income from others. *Example:* Coca-Cola sells drinks worldwide, so if sales drop in one country, they can rely on sales from others.

3. Cost Efficiency

Some companies move production to countries with cheaper labour or production costs to save money and offer competitive prices. *Example:* Many clothing brands manufacture in Bangladesh to reduce production expenses.

4. Access to Resources

International trade allows companies to get resources or skills not available in their home country. *Example:* Japan imports oil from the Middle East because it has very few natural oil reserves.

5. Technological Advancements

Working internationally can expose companies to advanced technologies and better business practices. *Example:* An African agricultural company may adopt modern farming machinery from Europe to increase productivity.

6. Economies of Scale

Producing and selling in larger quantities across countries can lower costs per unit and increase profits. *Example:* Toyota manufactures cars on a large scale, reducing production costs and making their cars more affordable.

7. Global Competition

To stay ahead and keep up with rivals, companies may expand into international markets. *Example:* Apple sells its products worldwide to compete with global brands like Samsung and Huawei.

8. Brand Recognition

Expanding internationally makes a company's brand known globally, which builds trust and attracts more customers. *Example:* Nike is recognised in almost every country, which boosts its sales and brand value.

9. Government Incentives

Some countries encourage foreign businesses by offering tax breaks, subsidies, or trade benefits. *Example:* The United Arab Emirates offers tax-free zones to attract international companies.

10. Strategic Alliances and Partnerships

International expansion can lead to partnerships with local companies, making market entry easier. *Example:* Starbucks partners with local businesses in different countries to adapt its menu and expand successfully.



Summary

International business helps companies to:

1. grow and reach new markets
2. take advantage of economies of scale
3. get useful resources
4. learn from others
5. compete globally

Activity 4.6 Reasons for International Business

Part 1

1. Working in small groups of no more than five:
 - a. List ten items that are used and made in Ghana.
 - b. List ten items that are used but **not** made in Ghana.
 - c. Explain how Ghanaians get hold of products they use but which are not produced in Ghana.
 - d. Why does Ghana not produce those foreign products that her citizens need?
2. Write down the reasons why the following companies are doing business in Ghana. In your groups, discuss at least three benefits that Ghana derives from each of these foreign businesses.

SN	Foreign Companies in Ghana	Reasons for doing business in Ghana	Benefits Ghana gets from them
1	MTN		
2	UNILEVER GH		
3	Access Bank		

- Based on your discussions in the above activities, explain the reasons for international business.

Part 2

- Your teacher will assign your group a number of reasons for international business.
- Based on your discussions in part 1 and further research, prepare a short presentation on each of your assigned reasons, linking these to the features of international business and citing examples.
- You could prepare your presentation on flip chart paper or as a poster or digital presentation.
- Be prepared to answer questions from your peers or teacher on your presentation.

Extended Activity

Case study: Choco-Sweet – A Journey Across Borders

Choco-Sweet is a small chocolate company based in Ghana. It started as a local business producing delicious chocolates using high-quality Ghanaian cocoa beans. For years, Choco-Sweet sold its products in Accra and nearby towns. As the company grew, the owner, Akosua Mensah, started thinking about expanding beyond Ghana. She noticed that people in other countries loved African cocoa and were becoming more interested in natural, handmade chocolates. After doing some research, she decided to take her business international — starting with the UK, South Africa, and the United States.

Choco-Sweet wanted to reach more people. Ghana's population is limited, but the UK and the USA have millions of chocolate lovers. Selling abroad could increase the company's profits. By entering international markets, Choco-Sweet hoped to make its brand more popular worldwide and promote Ghanaian cocoa as a global treasure. Akosua wanted to protect her business. If something went wrong in Ghana (like an economic crisis), she could still earn money from customers in other countries.

- Answer the following questions based on the case study:
 - Beyond the main reasons Choco-Sweet expanded to other countries, state other possible two reasons why that could have pushed the company abroad.
 - Do you think Akosua made a good decision? Justify your answer.
 - If you owned a small business in Ghana, what country would you expand to, and why? Give your reasons.
 - Can you think of another example of a local product that could be successful internationally?
- Record your answers in the form of a short report and share with your teacher for feedback.

BENEFITS AND CHALLENGES OF INTERNATIONAL BUSINESS

Benefits of International Business

Opting to expand internationally offers many advantages to businesses. These include:

1. Profitability and Growth

Expanding to other countries gives businesses more chances to earn higher profits and grow over time. *Example:* A Ghanaian cocoa company selling chocolate in Europe and Asia can earn more money than selling only in Ghana.

2. Competitive Advantage

Working in international markets can give a business an edge by offering products or services that competitors at home cannot match, using cheaper production, or gaining access to new technology. *Example:* A Kenyan clothing brand using Italian fabric may offer better quality than local competitors.

3. Market Expansion

Selling in foreign markets allows businesses to reach more customers beyond their home country. *Example:* An Indian mobile phone company selling in Africa reaches millions of new buyers.

4. Diversification and Risk Reduction

Operating in several countries helps spread risk so the business is not fully affected if one market struggles. *Example:* A US car manufacturer selling in both America and Asia can still earn money even if sales in the US drop.

5. Access to Resources and Talent

International business lets companies use resources or skilled workers found in other countries. *Example:* A Japanese electronics company hiring engineers from Germany to improve product design.

6. Cultural Exchange and Understanding

International trade encourages people from different cultures to work together and learn from one another. *Example:* A Nigerian fashion brand collaborating with designers from France creates unique designs blending both cultures.



Figure 4.7: Benefits of international business

Challenges of International Businesses

Conversely, expansion is not without risk. Some of the challenges of expanding internally include:

1. Different Market Rules

Governments can change trade policies, add taxes, or limit imports, which can disrupt business. *Example:* A UK food company faces higher costs after a foreign country raises import taxes on packaged goods.

2. Legal Differences

Every country has its own laws on taxes, labour rights, and the environment, and companies must follow them. *Example:* A South African mining company must meet stricter environmental rules in Canada than at home.

3. Cultural Barriers

Business customs and communication styles vary between countries, and misunderstanding them can hurt relationships. *Example:* A US company loses a deal in Japan because it ignored local traditions of formal greetings and gift-giving.

4. Logistics and Operations

Shipping goods internationally can be slowed by customs checks, poor infrastructure, or transport strikes. *Example:* A clothing shipment from China to Brazil is delayed for weeks due to port congestion.

5. Money and Currency Issues

Exchange rates change daily, which can affect profits, and banking systems differ between countries. *Example:* A European exporter earns less when the local currency weakens against the US dollar.

6. Political Problems

Unrest, protests, or government changes can disrupt business activities. *Example:* A French oil company halts operations in a country experiencing political violence.

7. Ethical Expectations

Global customers expect fair treatment of workers, environmental care, and honesty. Breaking these standards can harm a company's image. *Example:* A clothing brand faces boycotts after reports of using child labour in another country.



Figure 4.8: Challenges of international business

Activity 4.7 Benefits and Challenges of International Business

1. Your teacher will split the class into two groups – group A and group B. Each group will be tasked to analyse the benefits or challenges of international business.
 - a. **Group A:** Analyse the **benefits** of international business
 - b. **Group B:** Analyses the **challenges** of international business
2. Your group should prepare a short presentation to the other half of the class on their assigned subject.
3. Be prepared to answer questions from your peers and justify the reasoning behind the reasons benefits or challenges you have presented.
4. Group A should take notes of Groups B's presentation and vice versa in order to understand the other group's assignment.
5. Read the case below and answer the questions that follow

Extended Activity

Case Study: AfroFashion

AfroFashion is a clothing company based in Enchi, Ghana. It produces stylish, modern clothes using African prints and designs. The business became very popular locally, especially among young people. After seeing demand on social media from people in Europe and North America, the owner, Yayra, decided to expand the business internationally. She opened an online store and started shipping clothes to countries like the UK, the USA, and Germany.

After reading the case study, answer the following questions.

1. What are the top three benefits AfroFashion is likely to gain from doing business internationally?
2. Write three biggest challenges AfroFashion will face? Why?
3. If you were Yayra, how would you solve the problems faced?
4. Would you advise a small business in your community to go global? Explain your answer.
5. Write your answers as a short report and share this with your teacher for feedback.

Extended Activity

Selling Online Internationally and Going Abroad to Open a Shop

Read the two scenarios below and answer the questions that follow.

Soboat runs a Ghanaian food business and considering two different options to expand his business.

Option 1: Selling Online Internationally

Soboat is planning a creating an online store where customers around the world can order Ghanaian food products. He will use social media to promote his products and ship directly from Ghana to customers in the US, UK, and Canada.

Option 2: Opening a Physical Store Abroad

Soboat also considers opening a small Ghanaian food shop in London, where there's a large African and Caribbean community. He will partner with a local investor and hire staff to run the store.

Thinking critically, complete the table below to help Soboat make an informed decision on the best option for expansion.

Feature	Online Store	Physical Store Abroad
Cost		
Reach (market share)		
Speed to Start		
Customer Experience		
Risk Level		
Personal Presence Needed		
Trust Building		

Answer the following questions based on the case study:

1. Which business model would you choose if you were Soboat? Why?
2. What advice would you give Soboat to succeed in each option?
3. How does technology make international business easier today?

MEANING OF MULTINATIONAL CORPORATION AND ITS FEATURES

Multinational Corporation

A **Multinational Corporation** (MNC) is a large company that does business in many different countries.

It usually has its main office (headquarters) in one country (called the home country) but owns factories, stores, or offices in other countries (called host countries). These companies don't just sell products—they also produce goods, conduct research, advertise, and invest in countries all over the world.

Examples of Multinational Corporations

1. Coca-Cola – Headquartered in the USA but sold in over 200 countries.
2. Samsung – Based in South Korea, with factories and offices across the globe.
3. Unilever – Makes soap, food, and beauty products, and operates in more than 100 countries.
4. MTN- Headquartered in South Africa, and with presence in many African countries, the Middle East and beyond.

Key Features of Multinational Corporations (MNCs)

Multinational corporations have special characteristics that make them different from businesses that only operate domestically. These include:

1. Global Presence

MNCs have offices, factories, or branches in different countries.

Example: Coca-Cola operates in over 200 countries, producing and selling beverages globally.

2. Diverse Markets

They sell products or services in different countries, adjusting them to meet local tastes. *Example:* McDonald's offers the McAloo Tikki burger in India to match local vegetarian preferences.

3. Cross-Border Trade and Investment

They trade goods and services between countries and invest money to set up operations abroad. *Example:* Toyota exports cars from Japan to the U.S. and invests in manufacturing plants in the U.K. and Thailand.

4. Transfer of Resources and Technology

They move money, skills, and technology between their headquarters and foreign branches. *Example:* Microsoft shares its software technology and management expertise with offices worldwide.

5. Complex Organisational Structure

MNCs have a main parent company that controls various subsidiaries in different countries. *Example:* Unilever is headquartered in the U.K. and the Netherlands, managing subsidiaries in Africa, Asia, and the Americas.

6. Global Workforce

They employ people from many countries with different skills and cultural backgrounds.

Example: Google's workforce includes employees from over 150 nationalities.

7. Economies of Scale

They produce in large quantities across multiple locations, lowering costs and offering competitive prices. *Example:* Apple mass-produces iPhones in China, reducing production costs while maintaining high quality.

8. Brand Recognition

Their products and services are well-known around the world. *Example:* Nike's "swoosh" logo is recognised in almost every country.

9. Risk Diversification

By operating in multiple countries, they avoid relying too much on one market. *Example:* Nestlé sells food products worldwide, so if sales drop in one country, it can rely on others.

10. Innovation and Research

They invest in new ideas and technology in different countries to stay competitive.

Example: Samsung runs research centres in South Korea, the U.S., and India to develop new electronics.

11. Global Supply Chains

They get materials and parts from different countries to make production more efficient. *Example:* Apple sources chips from Taiwan, screens from South Korea, and assembles iPhones in China.



Figure 4.9: Key features of MNCs

Summary

Multinational corporations (MNCs) use their worldwide presence, resources, and networks to grow, stay competitive, and contribute to the global economy.

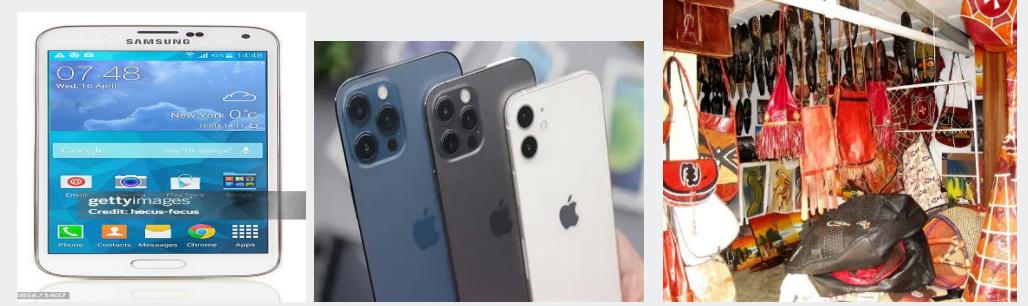
Multinational corporations are **large global companies** that:

1. Work in many countries
2. Sell products worldwide
3. Share knowledge and money between branches
4. Help grow the global economy
5. Face complex challenges due to different rules, cultures, and markets

Activity 4.8 Exploring Multinational Corporations (MNC)

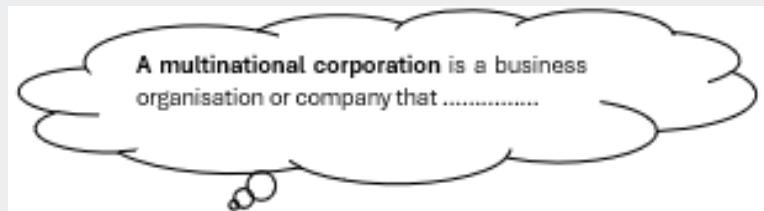
1. Observe the pictures below carefully and answer the questions that follow.





- a. Identify the products by their name and brand.
- b. Which of these products are made in Ghana?
- c. Which of the products are **not** made in Ghana?
- d. Why do we have products from other countries in our shop?
- e. Why do you think one company would be in many countries?
- f. Match these products against their country of origin

2. Record your answers to these questions in your workbook and be prepared to share them as part of a class wide discussion.
3. From your discussion, explain what is meant by a multinational corporation and share your definition with a classmate for feedback.



Learn more about examples of multiple national corporations through the part two of this activity:

4. Pair with a colleague and complete the table below to give a summary profile of five MNCs. You may use digital devices and research examples on the internet to support this activity. The first example has been given as a guide.

SN	Names of Corporation	Products	Two countries the MNC is found	Headquarters
1	MTN	Internet, Momo, etc.	Ghana, Nigeria	South Africa
2				
3				

Be prepared to share your profiles as part of a class wide discussion.

5. Working with your partner, complete the table below to identify the examples of MNCs based on the logos provided. Include the industry in which each MNC operates.

Name of Corporation	Industry	Logo
	Beverages	
MTN Group	Telecommunications	
		
	Oil & Gas	
		
		
		
	Electronics	
		
	Automobile	

Activity 4.9 Key Features of Multinational Corporations (MNC)

1. Working in small groups, discuss the key features of multinational corporations. Use the table below to organise your ideas.

Feature of MNC	Explanation of the feature

- Share your ideas as part of a class wide discussion on the features of MNCs. Were there features you hadn't identified? Add to your list as needed.

FACTORS DRIVING COMPANIES TO BECOME MULTINATIONAL CORPORATIONS

Recap: A **multinational corporation (MNC)** is a large company that operates in more than one country. But the question is, “What factors or drivers would motivate a company to want to spread across the world?”

Let us take a look at some simple reasons!

1. To Reach More Customers (Market Expansion)

Companies want to sell their products in more countries to make more money.

Example: KFC started in the USA, but now you can find it in over 150 countries like China, India, and South Africa because people in those countries also love fried chicken!

2. To Get Important Resources

Some companies go international to find things they need—like oil, skilled workers, or advanced machines—that they cannot find in their home country.

Example: TotalEnergies, a company from France, works in Nigeria to extract oil, which it uses to make fuel and energy.

3. Save Money (Cost Reduction)

Businesses sometimes move their factories to countries where it's cheaper to produce goods (maybe because workers are paid less or taxes are lower).

Example: Nike makes most of its shoes in countries like Vietnam because it's cheaper to make them there than in the USA.

4. To Reduce Risk (Diversification of Risk)

If a company only sells in one country, problems like war or economic collapse can destroy it. But if it operates in many countries, it reduces their reliance on a single market.

Example: Toyota sells cars all over the world. So, if people stop buying in Japan, it can still make money from sales in Europe or the USA.

5. To Compete Better (Competitive Advantage):

Being global helps companies stay ahead of their rivals and build a strong brand worldwide.

Example: Apple is known all over the world for its phones and computers. This helps it stay ahead of other brands like Huawei and Samsung in many places.

6. To Benefit from Friendly Government Rules

Some countries make it easy for foreign businesses to come in by offering tax cuts or fewer rules.

Example: Volkswagen built factories in Mexico because the government made it attractive for foreign investors through trade deals and tax savings.

7. Improved Infrastructure and Technology

Modern technology like the internet, software, and faster transport make it easier for companies to run businesses across the globe.

Example: Amazon uses tools like Zoom and cloud computing to manage workers and warehouses all over the world.

8. Globalisation and Trade Agreements

As countries work more closely together and reduce taxes or trade barriers, it becomes easier for companies to do business internationally.

Example: Nestlé can sell its products easily across Europe thanks to the European Union's rules that let goods move freely between countries.



Figure 4.10: Factors driving companies to become MNCs

Activity 4.10 Factors Driving Companies Become MNCs

Part 1

1. Your teacher will arrange you in small groups to research one or more of the factors that drive companies to become multinational.
2. You will need to prepare to teach the rest of the class about your allocated driver/s.
3. To do this, you will need to research and be able to:
 - a. Explain the factor/driver you have been assigned
 - b. Identify the key points in how it influences international business
 - c. Give examples from real life companies
4. Think about how you will present and teach your work to the rest of the class. You could prepare a short presentation, posters or visual aids like pictures or short videos.
5. Be prepared to answer questions from your peers.
6. After your presentation, listen carefully to the other presentations to learn about the other factors driving companies to become multinational companies.
7. Create a mind map linking the factors presented during the lesson.

Part 2

1. Choose one multinational company (e.g., MTN, Apple, Nestlé, Toyota).
2. Use the internet or textbooks to research the company.
3. Find answers to the following questions:
 - a. Which country is the company from?
 - b. In which countries does it now operate and their name down?
 - c. What motivated the company to expand internationally?
 - d. What benefit has the company gained by going multinational?
4. Write a short report (one page max) explaining your findings.
5. Complete the table below using the first example.

Factor Driving MNC	Example or Explanation
Market Expansion	MTN expanded from the South Africa to countries like Ghana, Nigeria, Cote d'Ivoire, etc to provide telecommunication services to new customers and increase its sales and profits.
Access to Resources	
Cost Reduction	
Diversification of Risk	
Competitive Advantage	
Favourable Government Policies	
Technology Improvements	
Trade Agreements	

Extended Activity**Think Critically and Apply Knowledge**

1. Imagine you are the CEO of a successful Ghanaian business (e.g., a local chocolate company).
2. You want to expand to other countries and become a multinational company.
3. Think critically and answer the following questions (write not more than one page):
 - a. Which country would you like to expand to first?
 - b. What are three reasons for wanting to go international?
 - c. What benefits do you expect to get?
 - d. What challenges might you face?
4. Share your report with your teacher for feedback.

BENEFITS AND CHALLENGES OF MULTINATIONAL CORPORATIONS

Multinational Corporations are large companies that operate in many countries around the world. Examples include MTN, Unilever, TotalEnergies, and Coca-Cola.

Benefits of Multinational Corporations MNCs)

Multinational corporations (MNCs) are very important to Ghana and other countries because they contribute greatly to economic growth and development.

Here are some main benefits of MNCs operating in Ghana:

1. Foreign Direct Investment (FDI)

MNCs invest large amounts of money in the countries where they operate. This money supports new businesses, infrastructure, and technology. *Example:* When Toyota set up an assembly plant in South Africa, it brought millions in investment, boosting the local economy.

2. Job Creation

MNCs create jobs for both skilled and unskilled workers in the countries they operate in. *Example:* Nestlé employs thousands of people in Ghana in factories, offices, and distribution.

3. Technology Transfer

MNCs share new technologies and management skills with local companies, helping them grow and improve. *Example:* Vodafone introduced advanced mobile technology in Ghana, which was later adopted by local telecom companies.

4. Market Access

MNCs help local products reach global markets through their networks. *Example:* Cocoa produced in Ghana is exported globally through companies like Cadbury and Mars.

5. Infrastructure Development

Some MNCs build infrastructure like roads, ports, and power plants to support their work, which also benefits the country. *Example:* Mining companies in Ghana have built roads and schools for local communities.

6. Increased Competitiveness

MNCs encourage local companies to improve quality and efficiency to compete. *Example:* The entry of Shoprite in Ghana pushed local supermarkets to upgrade their services and facilities.

7. Global Networks

Local suppliers working with MNCs can sell to customers in other countries. *Example:* Ghanaian shea butter producers partnered with The Body Shop now supply to markets in Europe and America.

8. Corporate Social Responsibility (CSR)

MNCs often support social projects in the countries they operate in. *Example:* MTN Ghana funds education programs, scholarships, and health facilities.

9. Government Revenue

MNCs pay taxes, import duties, and other fees that help fund public services. *Example:* Mining companies in Ghana contribute millions in taxes, helping finance infrastructure projects.

Benefits of Multinational Corporations

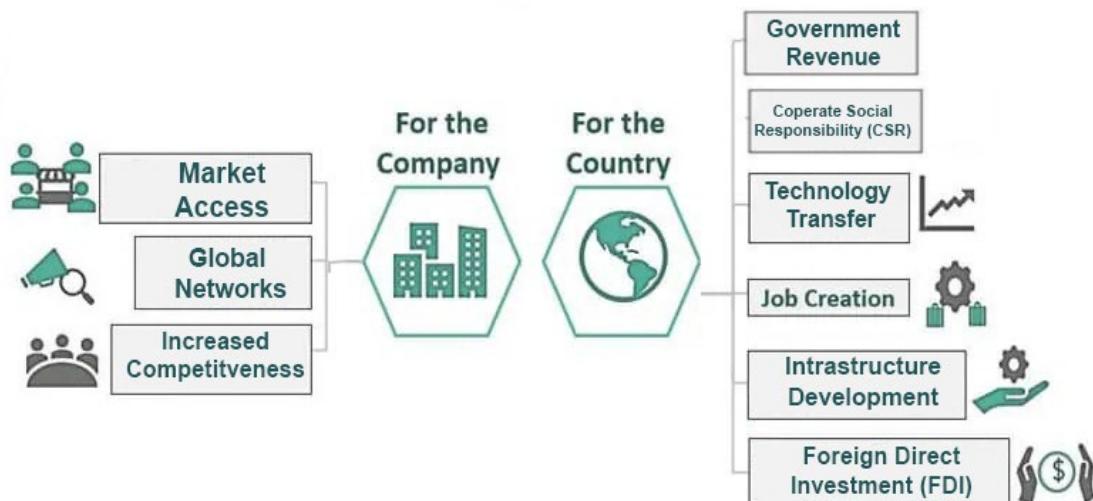


Figure 4.11: Benefits of MNCs

Challenges of Multinational Corporations

Operating across different countries comes with difficulties. Some of the main challenges are:

1. Cultural Differences

Not understanding local customs can harm relationships with staff and customers. *Example:* A foreign restaurant chain in Ghana failed because it didn't adapt its menu to local tastes.

2. Legal and Regulatory Compliance

Different countries have different laws. Breaking them can lead to fines or damage to reputation. *Example:* A multinational oil company was fined in Nigeria for violating environmental laws.

3. Political Risks

Government changes or new laws can disrupt business. *Example:* In Zimbabwe, sudden government land reforms forced many companies to shut down.

4. Currency Fluctuations

Changes in exchange rates can reduce profits. *Example:* When the Ghana cedi lost value, imported goods became more expensive for multinational retailers.

5. Economic Variability

Recessions or inflation can affect sales. *Example:* During Ghana's 2022 inflation spike, foreign companies selling luxury goods saw a drop in demand.

6. Supply Chain Complexity

Problems in one country can affect production everywhere. *Example:* COVID-19 lockdowns in China delayed shipments for companies worldwide.

7. Ethical and Social Issues

Poor labour practices or environmental harm can damage a company's image. *Example:* Fashion brands faced backlash for using factories with unsafe working conditions in Bangladesh.

8. Talent Management

Finding and keeping skilled workers in different countries can be hard. *Example:* Many foreign tech companies in Ghana struggle to keep software developers from moving abroad.

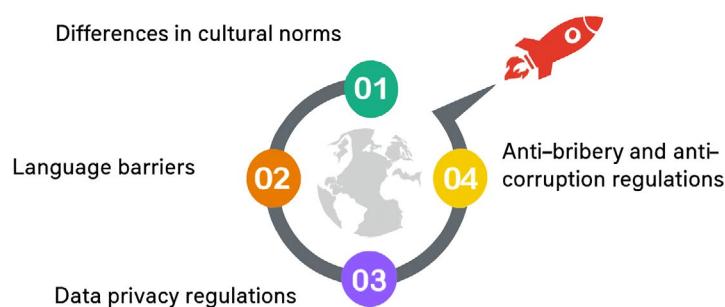
9. Communication Barriers

Different time zones and languages make coordination difficult. *Example:* A European company in Ghana had project delays because of misunderstandings between teams in different countries.

Summary

Multinational Corporations are important for global trade and development. They bring money, jobs, skills, and opportunities, but they also face big challenges when working in different countries. Understanding both sides helps us see how they shape the world economy.

Compliance Challenges in Multinational Companies



Activity 4.11 Reflection on Multinational Corporation

Think about the products you use every day (e.g., your phone, food, clothes, shampoo). Write a short paragraph in your notebook answering:

1. What products do you use that come from multinational companies?

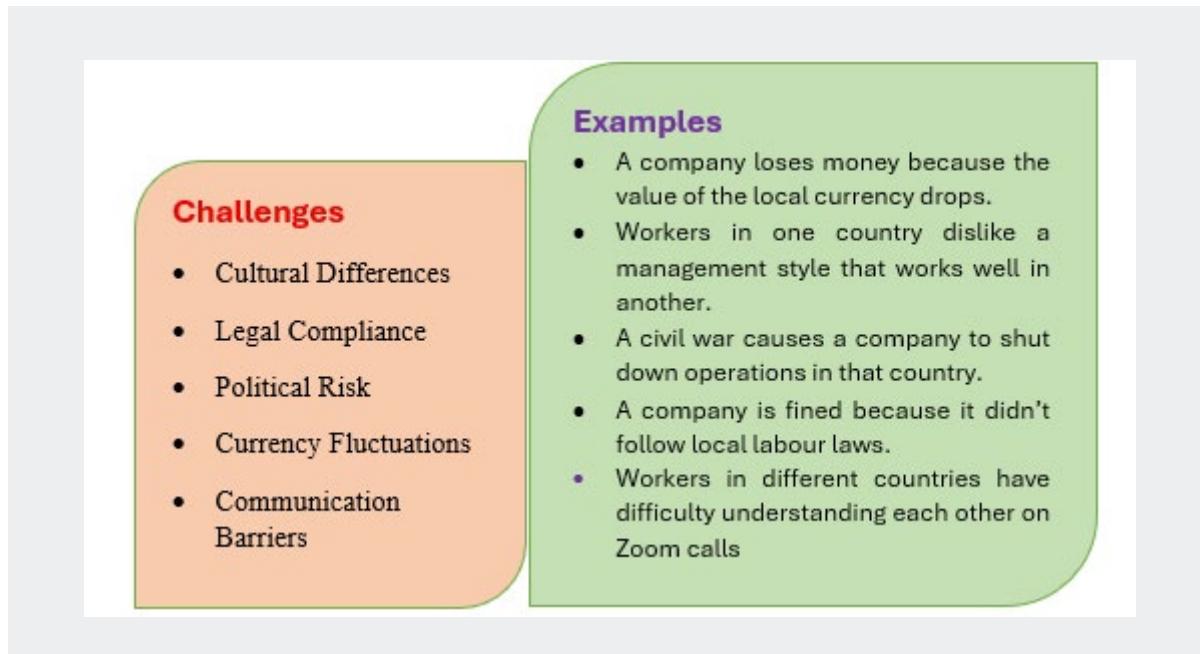
2. How do these products help make your life easier or better?
3. What would your day be like without them?

Activity 4.12 Benefits and Challenges of Multinational Companies

1. Your teacher will split the class into two groups – group A and group B. Each group will be tasked to analyse the benefits or challenges of multinational companies (MNCs).
 - a. **Group A:** Analyse the **benefits** of MNCs
 - b. **Group B:** Analyse the **challenges** of MNCs
2. List your ideas on flip chart paper
3. Come together with all of the other groups who have been assigned the same task and compare your work. Can you expand your own group's list?
4. Exchange your work with a group working on the other assignment (benefits or challenges) and review each other's work, providing constructive feedback.
5. Join together with the whole class to discuss the exercise. Be prepared to answer questions and provide examples to summarise the main benefits and challenges of MNCs.

Extended Activity

1. Research how **MTN Ghana**, a multinational company, has helped improve communication, money transfer and employment in the country. Then, write a short report summarising what you found out. You may include the following:
 - a. Number of jobs created
 - b. Support for education or health
 - c. How it has improved communication
2. Create a simple, colourful poster that shows at least five benefits of multinational corporations.
 - a. Use drawings, symbols, or magazine cutouts to make it creative.
 - b. Label each part of your poster clearly.
 - c. Present your poster to your colleague or teacher for feedback.
3. Copy and match each challenge of multinational corporations to the correct example using arrow.



INDIGENOUS GHANAIAN BUSINESSES

This lesson will help you understand what indigenous Ghanaian businesses are, how they work, and why they are important to Ghana. As you go through the lesson, try to think of examples from your area or ones you've seen in the news or online.

What Are Indigenous Ghanaian Businesses?

Indigenous Ghanaian businesses are those that are started, owned, and run by Ghanaians. These businesses often use local materials, reflect Ghanaian culture, and focus on serving people in Ghana. They help create jobs, grow the economy, and preserve our way of life.

Examples of Indigenous Ghanaian Businesses

1. Kasapreko Company Limited: Makes drinks like Alomo Bitters and Storm Energy Drink using local herbs. Competes with big international brands.
2. Kantanka Group: Makes Ghana-made cars and electronics. Promotes African inventions.
3. Pizzaman-Chickenman: Fast food company started by young Ghanaians. Adds Ghanaian taste to popular food.
4. Ernest Chemists: Produces and sells affordable medicine for Ghanaians.
5. Despite Group of Companies: Owns Peace FM, UTV and processes food like Neat Fufu. Very influential in media and business.
6. Sava Shea Company: Makes and exports shea butter products. Mostly led by women in Northern Ghana.
7. Atibire Farms: Rears guinea fowls and processes them. Based in Bolgatanga.

Key Features of Indigenous Ghanaian Businesses

1. Ghanaian Ownership: They are owned and controlled by Ghanaians.
2. Local Management: Ghanaians run and make decisions for these businesses.

3. Cultural Relevance: They use Ghanaian customs, language, and values in how they work.
4. Supports the Local Economy: They create jobs and help the country grow.
5. Serve Local Markets: Their focus is the Ghanaian market, though some also sell outside the country.
6. Use of Local Resources: They use Ghana's natural products like cocoa, cassava, herbs, and labour.

Importance of Indigenous Ghanaian Businesses

1. Job Creation

Indigenous Ghanaian businesses provide many job opportunities for local people. This helps reduce unemployment, especially among young people and women, by offering work in areas like farming, trading, manufacturing, and services. *Example:* A local cocoa processing company in Kumasi employs over 200 workers, most of whom are from nearby communities.

2. Economic Growth

These businesses boost Ghana's economy by producing goods and services locally. Because they are owned by Ghanaians, most of the profits remain in the country and help improve the national economy. *Example:* A Ghanaian-owned construction company reinvests its profits into building more projects in Accra and other regions, creating more income and jobs.

3. Promotion of Local Culture and Products

Many indigenous businesses use Ghanaian culture, languages, and traditions in their products and branding. This helps preserve the country's identity and encourages pride in local goods and services. *Example:* A fashion brand in Accra designs clothes using Kente and Batik fabrics, promoting Ghana's cultural heritage.

4. Support for Rural and Community Development

Indigenous businesses often operate in rural areas, where they provide jobs and support community development. They may help build schools, clinics, or sponsor local events, improving the quality of life. *Example:* A shea butter cooperative in Northern Ghana helps fund a local clinic and provides school supplies for children.

5. Utilisation of Local Resources

These businesses make effective use of Ghana's natural resources such as cocoa, shea nuts, cassava, and timber. This reduces the need for imports and helps the country become more self-sufficient. *Example:* A cassava processing factory in the Eastern Region produces gari and starch for both local and export markets.

6. Encouragement of Entrepreneurship

Seeing successful Ghanaian-owned businesses inspires others to start their own. This builds confidence and encourages innovation, especially among young people. *Example:* A young entrepreneur starts a fruit juice company after being inspired by a locally owned beverage brand.

7. Contribution to Government Revenue

Indigenous businesses pay taxes to the government, which are used to build roads, schools, hospitals, and other essential services. *Example:* A locally owned transport company pays annual taxes that help fund public road repairs in its operating regions.

8. Resilience and Adaptability

Because indigenous businesses understand the local market, they can adapt quickly to changes in the economy. They often have loyal customers and community trust, which helps them survive during hard times. *Example:* A local grocery store adjusts its stock and prices during an economic downturn to keep serving its customers affordably.

Activity 4.13 Indigenous Ghanaian Business and Their Key Features

1. In pairs, identify businesses you know that are solely owned by Ghanaians
2. Which of the businesses you identified is focused on the Ghanaian market and uses the local resources for production?
3. Come up with the draft meaning of indigenous Ghanaian businesses with examples

Indigenous Ghanaian businesses are
Examples include:

4. In your pair, discuss the key features of an indigenous Ghanaian business and share with other pairs for feedback.

Activity 4.14 Importance of Indigenous Ghanaian Businesses

Part 1

1. With a partner, discuss the importance of indigenous Ghanaian businesses. Answer the following questions as part of your discussion:
 - a. Why are indigenous businesses important to Ghana's economy?
 - b. What the benefits of local businesses growing and thriving?
2. Share the outcomes of your discussion with the class.

Part 2

1. For each of the indigenous business scenarios listed on the left, match the corresponding benefit/s.
2. Share your answers with a colleague and justify your choices.

TRANSFORMING GHANAIAN COMPANIES INTO MULTINATIONAL CORPORATIONS

You will now look at the steps and strategies indigenous businesses might take to become multinational.

Steps for Ghanaian Companies to Become Multinational Corporations

1. Conduct Market Research and Analysis (study how that business is done in other countries). Before entering a new country, a business must learn:
 - a. what people in that country need or want
 - b. what the laws are
 - c. who their competitors are
 - d. if people will want to buy their product

This helps them choose the right country to do business in.
2. Develop an International Business Plan. Once a country is chosen, the company needs a good plan. This plan should explain:
 - a. what they want to achieve
 - b. how they will sell and price their products
 - c. how they will advertise
 - d. how many people they will hire
 - e. where the money will come from
3. Choose a method of entry. There are different ways to start a business in another country. Among them are:
 - a. exporting: Selling your products from Ghana to the new country.
 - b. licensing/Franchising: Let someone else in the new country use your brand or product.
 - c. joint Venture: Work together with a business in the new country.
 - d. subsidiary: Open a branch or office in the new country that you fully own.
4. Register and follow local laws. The company must register with the government in the new country. They must follow all business, tax, and legal rules. This helps them stay out of trouble and build trust.
5. Hire and train workers. Multinational companies usually hire people from both Ghana and the new country. They must train them so everyone understands how the company works and what it stands for.
6. Change products to fit local needs. To be successful, a business may need to:
 - a. change how the product looks or tastes.
 - b. translate labels or advertisements.
 - c. adjust the service to match the local culture.
7. Build good partnership and networks. The company must work well with:

- local suppliers
- the government
- the community

This helps them grow and earn respect.

8. Continuously innovate and adapt. The company must keep learning, improving, and adapting. They should stay updated with new technology and market trends to remain successful.

Strategies for Ghanaian Companies to Become Multinational Corporations

Before making the move to operate over multiple countries, companies should ensure they:

1. Build a Strong Local Business First: Start strong in Ghana first. Before going global, a company must:
 - a. offer quality products.
 - b. build a strong brand.
 - c. manage their business well.

Success at home is the first step to success abroad.
2. Think Globally: The company must:
 - a. think beyond Ghana
 - b. learn about other countries and cultures.
 - c. be open to change and new ideas.
 - d. respect diverse ways of doing business.
3. Improve Branding and Packaging: Products must look attractive and professional. Attractive packaging helps gain customer trust in other countries.
4. Utilise technology and e-commerce: Businesses can sell products online through:
 - a. websites
 - b. social media
 - c. e-commerce platforms like Jumia or Amazon

This helps them reach international customers without opening a shop abroad.

5. Get Help from Government Agencies: Groups like GEPA (Ghana Export Promotion Authority) and GIPC (Ghana Investment Promotion Centre) can help with training, money, and advice for doing business in other countries.
6. Use the AfCFTA Agreement: The African Continental Free Trade Area (AfCFTA) makes it easier and cheaper to trade across Africa. This helps Ghanaian businesses grow across the continent.
7. Form Partnerships: Working with businesses in other countries helps Ghanaian companies:
 - Sharing ideas and costs
 - Learn more about the new market.
 - Grow faster.

8. Adjust Products for Different Countries: Companies must understand foreign customers and make changes when needed. For example, a food business may change ingredients or labels to fit the local taste or law.

Activity 4.15 A Case Study of Kasapreko

Introduction: What is Kasapreko?

Kasapreko Company Limited is a Ghanaian-owned beverage company. It started in 1989 in Accra. The company is best known for making drinks like Alomo Bitters, a herbal alcoholic drink. Today, Kasapreko is one of the leading drink manufacturers in Africa and sells its products in over 15 countries including Nigeria, South Africa, UK, and the USA.

Steps Kasapreko Took to Become a Multinational Corporation

1. Built a Strong Local Business First: Kasapreko started small and focused on producing quality herbal drinks using local herbs and ingredients. It became popular in Ghana because its products matched local taste and preferences. They built trust and a strong brand in the local market.
2. Studied Other Markets: Before entering new countries, Kasapreko researched customer tastes, cultural habits, and alcohol laws in those countries. They found out that many people in West Africa liked herbal-based drinks for health reasons.
3. Created an International Business Plan: Kasapreko planned how to reach customers in other countries. The plan included pricing, distribution, advertising, and partnerships. They started by exporting their drinks to nearby African countries.
4. Chose Different Market Entry Methods:

Exporting: Kasapreko started by shipping its products to other African countries.

Joint Ventures: In Nigeria, they partnered with local companies to distribute drinks.

Subsidiaries: Later, they set up offices and plants in some countries to handle their own operations.

5. Registered and Followed Local Laws: The company made sure to register legally and follow alcohol regulations and health standards in each country.
6. Adapted Products to Suit Local Preferences: In some countries, they changed the packaging or made non-alcoholic versions of their drinks to suit the market. They also designed labels in local languages to connect with customers.
7. Hired and Trained Local Workers: Kasapreko hired both Ghanaian and local staff in the countries where they expanded. They trained all workers to understand the company's values and way of doing business.
8. Used Technology and Innovation: Kasapreko invested in modern equipment and production technology to increase quality and output. They built a large modern factory in Ghana to serve both local and foreign markets.

9. Promoted Their Brand Globally: Kasapreko used social media, TV ads, and cultural events to promote its drinks internationally. They took part in international trade shows to attract new customers and partners.

Strategies Kasapreko used to go global

Strategy	What They Did
Strong Local Base	Became successful in Ghana first
Global Mindset	Studied other countries' needs and cultures
Attractive Branding	Improved labels and bottles to appeal internationally
Online Marketing	Used the internet and trade shows to market globally
Government Support	Worked with export and trade agencies for support
Partnerships	Partnered with local businesses in foreign markets
Adapted Products	Adjusted drinks and packaging to meet local tastes and laws

Engage in a discussion with your peers to answer the following questions:

1. What are three key steps Kasapreko took to become a multinational company?
2. Which two strategies helped Kasapreko succeed in foreign countries? Explain why.
3. Imagine you own a Ghanaian shea butter company. What steps would you take to sell your product in South Africa?

Activity 4.16 From Local to Global

1. Your teacher will arrange you in small groups of no more than five to work on a mini project entitled “From local to global: the case of Ghanaian business”.
2. As a group, identify a real or fictional Ghanaian business (e.g a shea butter company looking to sell their products in South Africa).
3. Describe your company’s current operations, its strengths and the challenges it faces
4. Propose clear steps the company could take to become multinational
5. Outline strategies the company could adopt to succeed globally.
6. Prepare a presentation on your case study and share it with the wider class for discussion and feedback.

EXTENDED READING

Any approved Business Management Book by NaCCA can be used as further reading material

REVIEW QUESTIONS

1. Describe how improved transportation and advanced technology can drive globalisation.
2. Explain three reasons why businesses choose to operate in international markets.
3. Explain four features of multinational companies.

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GLOSSARY

Company	A legal entity or organisation formed by individuals, known as shareholders or members, to conduct business activities.
Consideration	The price given in return for goods or services. For example, the investments given as money or promises of other resources in exchange for shares in a company.
Dissolution	The term used to describe the ending of a partnership.
Entrepreneur	An individual who sets up a business.
Ghanaian Indigenous Businesses	Locally owned and operated, often using local resources and reflecting Ghanaian culture. Typically small or medium-sized and family-run, they focus on local markets and support the economy.
Globalisation	Connects people, businesses, and cultures worldwide. Offers opportunities like larger markets and better technology, but also challenges such as competition and cultural changes.
Goods	Tangible items that can be used or stored, such as food, clothing, or computers. Businesses sell these goods to customers, who then own the items.
Incorporation	The term used to describe the formal registration of a company.
International Business	Involves trade, investment, and operations across national borders, including goods, services, technology, and capital exchange.
Multinational Corporations (MNCs)	Large companies operating in multiple countries. They sell globally, share resources across branches, and contribute to economic growth.
Partnership	A type of business where a minimum of two and a maximum of twenty establish and operate business. Individuals agree to share ownership, responsibilities, and profits or losses.
Partnership Agreement	A legally binding contract or document that outlines the terms and conditions governing the establishment, operation, and dissolution of a partnership.
Services	Intangible and cannot be stored. Businesses provide services to customers who then access them for a period of time, e.g. hairdressing, security.
Sole Proprietorship	A type of business entity that is owned, managed, and controlled by a single owner.
State-owned Enterprise	A business entity in which the government or state has a significant ownership stake or control.

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This book is intended to be used for the Year One Business Management Senior High School (SHS) Curriculum. It contains information and activities to support teachers to deliver the curriculum in the classroom as well as additional exercises to support learners' self-study and revision. Learners can use the review questions to assess their understanding and explore concepts and additional content in their own time using the extended reading list provided.

All materials can be accessed electronically from the Ministry of Education's Curriculum Microsite.



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