

What is a Functional Area?

A Functional Area is a 'department' within a business. Each department has its own specialisms and responsibilities, known as their functional activities. Functional Areas will often work together, communicating to ensure the business runs smoothly.

Cambridge National in Enterprise & Marketing
R064 Learning Outcome 6 Knowledge Organiser

Functional Areas / Activities

Human Resources

Description...

The Human Resources Functional Area deals with the business's employees.

If you think that this function deals with the PEOPLE, then it should be easy to remember by relating the word HUMAN to PEOPLE within the business.

Main Activities/Responsibilities...

- Recruiting employees
- Ensuring the right number of people are working within the business (no shortages, not too many employees)
- Training employees
- Performance management (giving employees targets and checking on how well they're working)
- Health and Safety within the workplace
- Ensuring the business keeps to all laws relating to employment and employees

Marketing

Description...

The Marketing Functional Area is responsible for identifying what customers wants and needs are.

This Functional Area is then responsible for developing products that meet these wants and needs.

Main Activities/Responsibilities...

- Carrying out Market Research
- Finding out customers' opinions
- Gathering feedback from customers
- Developing a marketing mix for the products the business offers.
- The Marketing Mix involves the 4 P's... PRODUCT, PRICE, PLACE and PROMOTION. The marketing function focus on getting this mix right so the product has more chance of success.

Operations

Description...

Sometimes referred to as the 'Production Department', this Functional Area is responsible for the process that turns inputs (raw materials) into outputs (finish goods) that can be sold to customers.

Main Activities/Responsibilities...

- Planning how products will be manufactured
- Producing the product or service
- Quality control
- Stock control
- Ordering stock
- Logistics (delivery of stock / finish products)

Finance

Description...

This Functional Area is responsible for everything to do with money in the business. They also organise the financial performance reports on an annual basis.

Main Activities/Responsibilities...

- Budgets
- Organising resources
- Ordering
- Preparing financial statements which will be submitted to HMRC (HMRC is the Government department that deals with tax).
- Reporting on financial performance; if it's a company, these reports will be available for all to see.

What is the difference between function activities in a small start-up business and a large company?

In a small business start-up, all of the above functional activities are likely to be carried out by the same person (if it's a sole trader business) or a handful of people (in a partnership). There won't be dedicated teams of people to do all of the different activities required.

In larger firms, Functional Areas will have big teams of people all working together on specific tasks within the same department. The departments will still communicate with one another, but there is less likely to be shared responsibilities.

Summary of some main activities...

Checking Quality of Products

Operations

Manufacturing Products

Operations

Organising delivery of parts

Operations

Advertising Products

Marketing

Carrying out Market Research

Marketing

Paying employees' wages

Finance

Health and Safety

Human Resources

Posting adverts for a job

Human Resources