

In a large business, there are likely to be dedicated departments all with specific roles/tasks to complete. Each department will have specialist staff trained to focus on one particular area of the business. The finance function, for example, will have trained accountants.

Functional activities are the roles/tasks that are carried out by different functional areas or departments.

A **Functional Area** is the name given to a **department** within a business.

Human Resources ensure the business meets employment laws (minimum wage etc.).

Human Resources ensure that all employees are performing well by monitoring targets.

Human Resources deal with training employees.

Human Resources deals with **recruitment** and **selection** of employees. This means employing the right people for the jobs they have available.

Human Resources are responsible for the **Health and Safety** of the workplace.

Human Resources is the functional area that is responsible for the **people** within the business (the employees/workers)



Marketing is the functional area that is responsible for ensuring the business makes products people want and that potential customers know about these products.

The **Marketing** function is responsible for carrying out **Market Research**.

The **Marketing** function is responsible for managing the business's promotions and advertising.

The **Marketing** function will need to communicate with operations to ensure the business is producing products that people want.

Marketing focuses on the **4 P's** (the **Marketing Mix**)... Product, Price, Place and Promotion. They make sure the business is selling and promoting the right products at the right price and available in the right places.

Finance is the functional area responsible for the money within the business.

The **Finance** function monitors the business's **cash flow** ... this is the money coming into and out of the business.



Finance give other functional areas **budgets** to stick to. This helps to ensure the business makes a profit.

The **Finance** function is responsible for producing all financial documentation required (for tax purposes etc.).

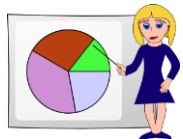
Operations turns **inputs** (raw materials) into **outputs** (final products for sale).



Operations is the functional area that is responsible for producing the products the business makes.

The **Operations** function is responsible for monitoring and managing the **quality** of the products they produce.

Logistics is a responsibility of the **Operations** function. This means ensuring raw materials, and eventually final goods, are where they are supposed to be and that they are there on time.



In a small business, it is unlikely that they will have different departments. Some, or even all, of the functional activities will be carried out by the same person. For a new business start-up (especially a sole trader), this will almost certainly be the case.

