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Notes Overview

Business Management 1A Unit 6

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ONLINE CHAPTER 6

The reason for the establishment of a business is to achieve objectives that would be too difficult for individuals to achieve on their own. If you could manufacture a product on your own, you would have no need to establish an organisation

[Management tasks](#)

1. Direct the organisation towards its objectives
2. Set and keep the operations of the organisation on a balanced course
3. Keep the organisation in equilibrium with its environment
4. Attain its goals synergistically and productively

Main causes of business failure:

1. Bad management/ managerial incompetence
2. Lack of managerial experience
3. Lack of clear objectives
4. Poor business planning
5. Poor cash flow management
6. Over expansion
7. Poor marketing
8. Poor business location
9. Economic conditions
10. Failure to adapt to a changing environment
11. Inadequate pricing
12. Poor human resource relations

Management: the process followed by managers to accomplish a business's goals and objectives. It is a process of activities that are carried out in order to enable a business to accomplish its goals by employing human, financial and physical resources for that purpose.

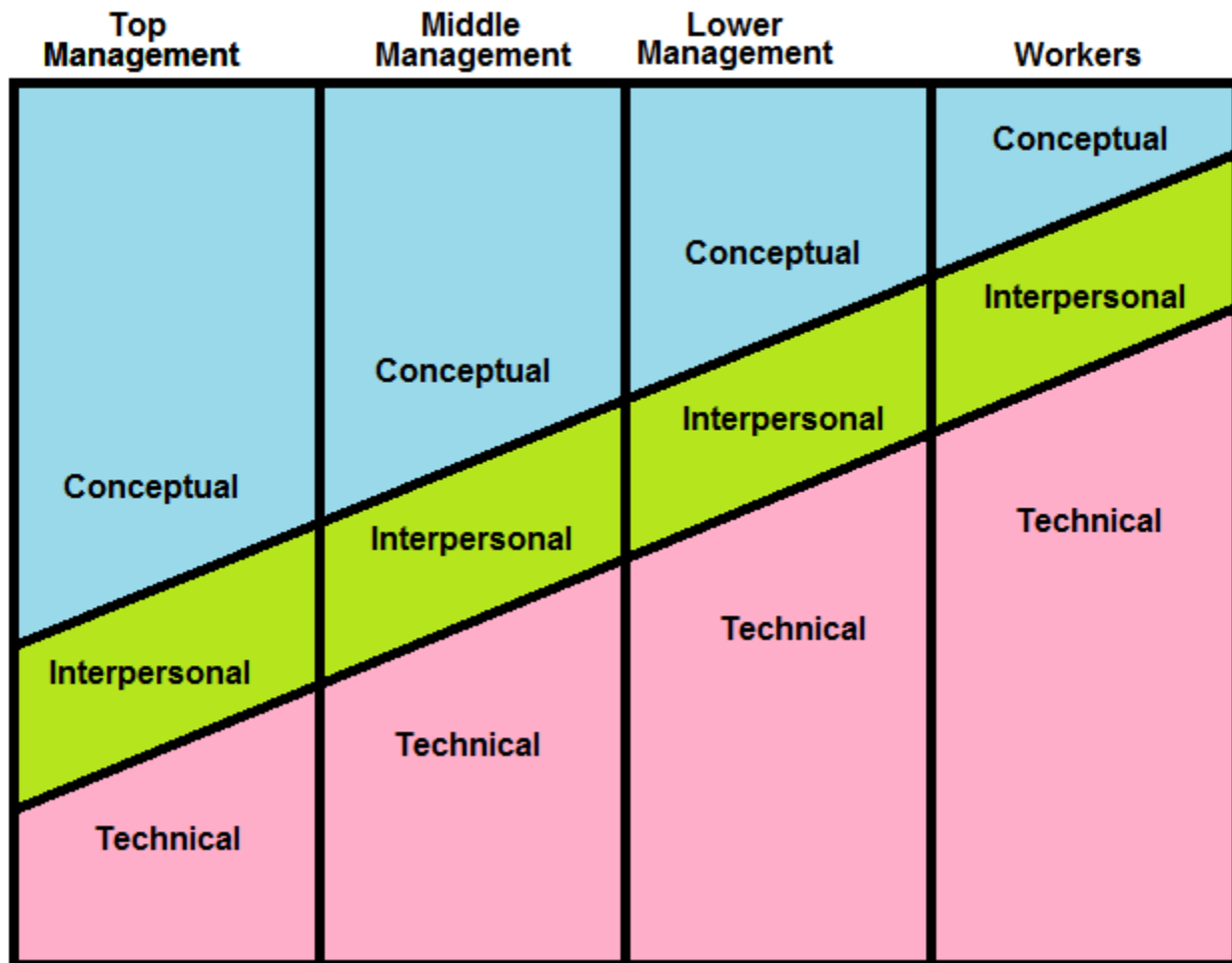
Three levels of management:

1. Top management such as the CEO of the company
2. Middle management (e.g. responsible for the human resource function of the organisation)
3. Lower management (e.g. managers at supervisory level in a factory)

Types of management:

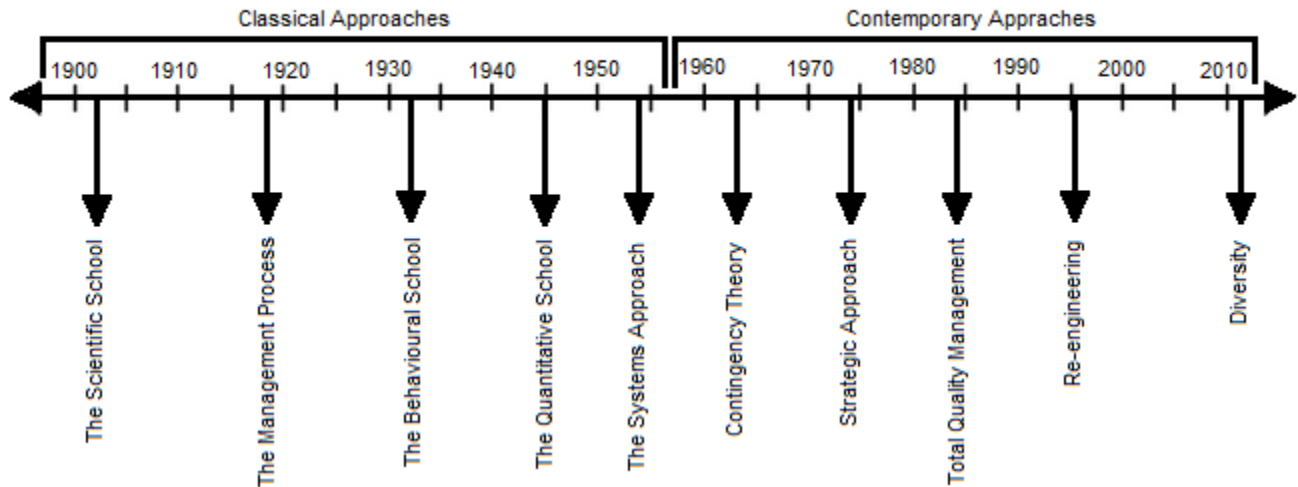
1. General management: general management differs from other functions because every manager, regardless of the specialised function in which he or she operates, exercises it.
2. Marketing management
3. Financial management
4. Production and operations management
5. Purchasing management
6. Human resource management
7. Public relations management

Skills needed at various management levels:



Managerial problems: Since government has made it a priority to promote economic empowerment among disadvantaged entrepreneurs, it is crucial to focus on assisting black-owned businesses. Although these businesses are potentially a strong vehicle for increasing employment and contributing to economic growth, many are in trouble because of a lack of business training. In order to effectively contribute to the promotion of economic empowerment, a priority should be to

The evolution of management theory:



improve the basic administrative and managerial capabilities of black-owned businesses

Scientific school: tends to view workers rather like machines, who would all respond in the same way if they were ``tuned'' correctly. For example, Taylor believed that an ``expert'' should work out the best way to perform a task, and workers should then be taught and supervised to ensure that they work in the prescribed manner. There are many enterprises in South Africa where employees are still managed along these lines.

Management process school: identifies the most important functional areas in the organisation such as the production/operations function, the marketing function, the financial function and so on.

Behavioural/ Human relations school: workers are people who needed to be ``treated'' properly, that is with respect and consideration. The assumption made by this school of thought is that when workers are treated well and made to feel happy, they will give of their best.

Quantitative school: sees the main function of management as using a system of mathematical models and processes. One such example is in the field of marketing where marketers would like to know the differences between different groups of people (target markets). This information can be gained by doing discriminant analysis, which uses some aspects of mathematics and statistics. Management is however much more than that and at most quantitative techniques are no more than an aid to management.

Systems approach: sees the organisation as a system of many parts that must be managed in an integrated manner. All the functional areas in the organisation must work together to attain the objectives of the organisation.

Contingency approach: suggests that it depends on the nature of the worker. Some employees will be productive if their work procedures are clearly laid out for them; others will give of their best if they are treated like human beings; and others again will perform well when they are given the opportunity to prove how good they are. According to this approach, managers have to adapt their management style to the particular characteristics of individual employees.

Strategic management: management focus on the threats and opportunities in the business environment and evaluates the organisation's strengths and weaknesses in order to overcome the threats and exploit the opportunities.

Top quality management: quality products and services can be manufactured only if the entire business contributes to the achievement of such an objective

The learning organisation and the re-engineering:

1. **Learning organisation:** a management approach that requires learning individuals. The inability to learn can cripple an organisation.
2. **Re-engineering:** a management approach that forces the organisation to focus on its core business and to outsource those activities that do not relate to the core business.

Diversity management: a management approach that focuses on the needs and cultural diversity of an organisation