

Contributor's Name

Unknown

Notes Overview

Business Management 1A Unit 1

Email

info@gimmenotes.co.za

School

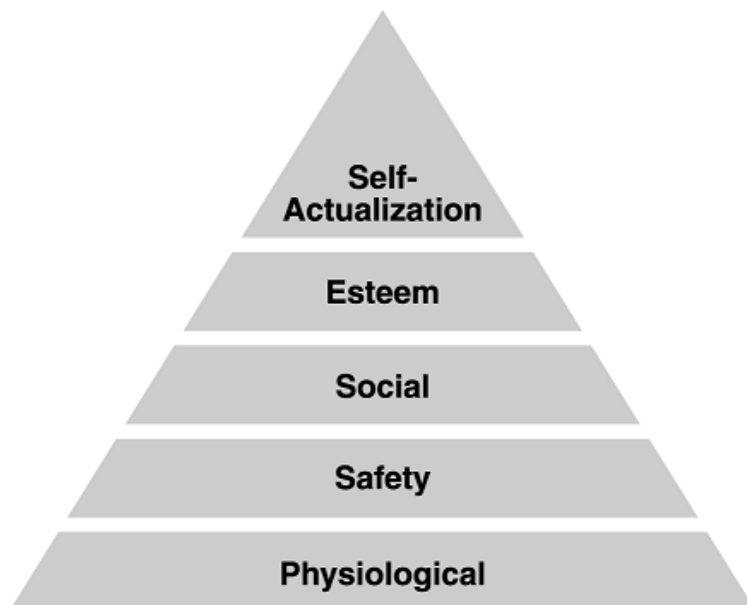
University of South Africa
(UNISA)

CHAPTER 1

Four production factors:

1. Entrepreneurship
2. Capital
3. Natural resources
4. Human resources

Maslow's hierarchy of needs:



Free-market economy:

1. Aka capitalism
2. Each individual in society is free to choose his/her own economic activity
3. Private individuals mostly own society's resources
4. They are free to utilise those resources in whatever way they wish
5. Everyone is free to choose a career

Command economy:

1. Aka communism
2. The state (government) owns almost all of the country's resources and they decide what should be manufactured/ provided, who should be employed where, what each person should earn etc.

Socialism:

1. Individuals may own private property and choose their own form of economic activity, however, the state also owns many of the country's resources and plays a far greater economic role than in a free-market system. Many of the large corporations are owned by the state.

Mixed economy:

1. Includes a mix of both public and government control (capitalism and communism)
2. A degree of private economic freedom
3. Centralised economic planning and government regulation

SA economic system:

1. Often classified as a socialistic economic system
2. The three economic systems very rarely occur in a pure form
3. SA is a mixture of the free-market system and the socialist system
4. It is moving towards a market-oriented economy, yet has a high degree of government participation and control within the economy.

	Market economy	Socialism	Command economy
Main characteristics	Private ownership of the factors of production Freedom of choice	Basic industries are owned by the state Freedom of choice	State owns and controls all industries and agriculture
Markets	Free competition exists	Limited competition as a result of state industries	No competition exists
Driving force	Profit and reward are achieved according to individual ability	Profit motive is recognised Employee's pay in state owned concerns is based on worker's needs	Profit is not allowed Workers are urged to work for the glory of the state
Management	Private businesses create management environment Managers are free to make decisions People are free to choose their careers	Management environment comprises state owned and private businesses Decisions are restricted in state owned organisations (policy)	State creates management environment No freedom of decision Managers are also party members

Labour	Workers are independent and free to choose a career They are free to join a union and strike	Workers are free to choose a career Limited right to strike in state organisations	Limited choice of careers Unions are controlled by the state
Consumers	Freedom of choice Spending is only limited by income	Freedom of choice, except in respect to the products of the state organisations, the price of which have to be accepted	Rationing of products Very limited choice Prices of products and income levels are set by the state
Advantages	Private initiative occurs Economic freedom	Possibility of full employment State stabilises economic fluctuations	State can concentrate resources towards particular ends
Disadvantages	Unstable environment Cyclical fluctuations High social costs	Little incentive in state organisations State organisations can be unproductive	Low productivity Low standard of living Planning is difficult or impossible

Business organisations:

1. Profit seeking businesses – aim is to conduct their business in such a way that it will lead to a profit for the owners
2. Mostly privately owned
3. State owned business organisations are called public corporations

Government organisations

1. Do not operate on a profit-seeking basis
2. Referred to as government departments
3. Provide a service to the community and obtain funds from Treasury (taxpayers' money)

Non-profit seeking businesses:

1. Privately owned
2. Seek to obtain just sufficient income to cover their costs

Business management as a subject entails the study of how to manage a business as productively as possible.

Economic principle: business must strive to attain the highest income with the lowest cost with the difference between income and cost being the profit

Functional areas of a business:



	General Management	Marketing Management	Financial Management	P/O Management	Purchasing Management	HR Management
Anthropology	Cultural relationships and	Cultural determinants of demand				Em be M of

	organisational behaviour Management of diversity	Behavioural structures				
Economics	Environmental scanning	Market analysis of for example consumer expenditure	Influence of financial strategy Behaviour of financial markets	Location problems	Market analysis of availability and stockpiling Evaluation of competition in the market	La ma an Re str
Engineering		Product development		Erection of factories Factory outlay	Value analysis	Sam
Law (esp. mercantile law)	Format of an organisation	Misleading practices Product safety Packaging	Takeovers Mergers	Pollution by factories	Representation Law of contracts	Co em Ne wi La La inf sys La res
Computer science	Information management Planning models	Market research E-marketing	Financial models	Optimal outlays	Materials requirement planning Manufacturing-resource planning	La inf sys La res
Accounting	Control systems Budgets	Marketing audit Sales and cost analyses	Interpretation of financial statements	Cost analysis	valuation of inventory Cost analysis	Hu acc
Psychology	Leadership Motivation Negotiation	Consumer behaviour Communication			Negotiation	Te Pe an Or be
Sociology	Organisational behaviour Interface between the organisation and the environment	Socio-demographic classification Group influences			Business ethics	
Math's and statistics	Decision models Planning models	Market research Market forecasting Market measuring	Financial models Deviations		Inventory forecasting	HF me