

Contributer's Name

Unknown

Notes Overview

Business Management 1 A

Email

info@gimmenotes.co.z

a

School

University of South
Africa (UNISA)

MNB1501

STUDY UNIT 1: THE BUSINESS WORLD AND BUSINESS MANAGEMENT

Primary task of business management:

- Determine how an enterprise can achieve the highest possible output with the least possible input, or
- An examination of factors methods and principles that enable a business to efficiently and productively maximize profits

Needs order

- Self-Realisation
- Esteem Needs
- Social Needs
- Security Needs
- Physiological needs

Overlap

Physical and Psychological needs may overlap

The need for self-esteem affects people who has already satisfied their lower order needs

Limited Resources

- Natural
- Human
- Capital
- Entrepreneurship Management

The economic principle

A business's effort to provide the greatest possible need satisfaction with limited available resources

Main Economic Systems

- Free-Market Economy
 - Within the **free-market** economy **free competition** and **high social costs** is true.
 - State interfere minimum
 - Main driving force is profit generation
- Command Economy
 - Centrally Directed economic system – State owns and controls the communities resources or factors of production
- Socialism
 - socialistic system the state does own and control many of the country's principle industries such as transportation, health services and energy

Non-Profit

The **economic principle** applies to non-profit seeking business as it does to profit seeking business.

STUDY UNIT 2: ENTREPRENEURSHIP

Entrepreneur's traits

- Achievement motivation
 - Actions of intense, prolonged and repeated effort to accomplish something that is different
 - Work single minded towards goal
- Internal locus of control
 - A persons need to be in charge of his/her destiny
 - can persuade and motivate other people
- Innovation and creativity
 - Conceive and create new and unique products
- Risk Taking
 - Taking risks in one way or another

The Entrepreneurial Process

The entrepreneurial process involves the following phases:

- Abilities and skills:
 - Before entering the business world, any potential entrepreneur should first clarify whether he or she has the abilities and skills to do so.
- Access to resources:
 - Access to Capital, time, energy and other resources to launch
- Opportunity:
 - It is also important to assess the opportunity that the entrepreneur is pursuing.
- Feasibility:
 - Feasibility Study: Once the opportunity has been identified and defined, the entrepreneur needs to find out if it can be turned into a successful venture. After the opportunity was identified,
- Business plan:
 - Once the entrepreneur has some certainty about the feasibility of the venture, he or she needs to compile a business plan.
- Manage the business:

- Once feasibility has been established and resources have been acquired, the entrepreneur launches and manages the new business.

Skills required for entrepreneurship

- Strategy Skill
 - Consider a business as a whole and to understand how it fits within its marketplace
- Planning Skill
 - Ability to consider what the future may offer
- Marketing Skill
 - Evaluate offerings of business and features with customer needs and wants
 - Pricing, Promotion, distribution of products and services
- Financial Skill
 - Manage Money
- Human Relations Skill
 - Leadership, people, motivational and communication

Help Naledi to match the management skills in column A with the correct description in column B.

Column A Managerial skills	Column B Description
a. Strategy skill	i. Determining the needs of the day-care facilities, how to satisfy their needs and building a relationship with each day-care facility.
b. Planning skill	ii. The ability to organise, set specific goals and draw schedules to ensure that the fresh produce is available at the right place and the right time.
c. Marketing skill	iii. The ability to keep track of expenditure, monitor cash flow and assess investments.
d. Project management skill	iv. The ability to consider what the future might offer Mama's Kitchen and what needs to be done now to prepare for it.
	v. The ability to deal with people, leadership and motivation.
	vi. The ability to consider Mama's Kitchen as a whole and to understand how it fits within the market place.

1. a (i) b(ii) c(v) d(iv)
2. a (ii) b(iv) c(v) d(iii)
3. a (v) b(ii) c(iii) d(i)
4. **a (vi) b(iv) c(i) d(ii)**

Put the following steps of the **entrepreneurial process** in the correct order for Nathan's Cat hotel.

- a Nathan had to assess the opportunity of the Cat hotel and determine whether it was a feasible idea.
- b Nathan had to compile a business plan in order to obtain finance from the bank.
- c Nathan had to launch the Cat hotel and manage the new business.
- d Nathan had to clarify whether he and his wife have all the abilities and skills it takes to start the Cat hotel.
- e Beside capital, Nathan had to determine whether they have time, energy and other resources in order to launch the Cat hotel.

1. a b c d e
2. b c d e a
3. e c d b a
4. **d e a b c**

Which of the following is an advantage of purchasing an existing business?

1. **Customers are familiar with the location of the business.**
2. The image of the existing business might be difficult to change.
3. Potential liability for past business contracts.
4. Possible obsolete inventory and equipment.

STUDY UNIT 3: ESTABLISHING A BUSINESS

Forms of Ownership

- **Sole Proprietorship**
 - Owned and managed by one individual
 - No separate legal personality
 - Life span of the business is linked to that of the owner
 - No complicated legal prescriptions
 - Profit taxable as owners income
 - Owner personally liable for all debts and claims
 - Easy transfer of ownership
- **Partnership**
 - Contractual agreement between two or more parties
 - Not a Taxpayer: Profit taxable as owners income
 - Established by concluding a contract
 - No separate legal personality
 - Partners are jointly and severally personally liable for all debts and claims
 - Partners have joint control over the business
 - Easy transfer of ownership
 - Life span of the business is linked to that of the owner
- **Close Corporation**
 - Members own and control business
 - Has own rights, assets and liabilities
 - Created by Registration of a Founding Statement
 - A separate legal personality, registered with CIPRO
 - 1 –10 members, each acquire a members interest, all together totalling 100%
 - Members own and control the business
 - Association agreement regulates internal matters
 - Life span of the business is not linked to that of the owner
 - Taxed as a company
- **Company**
 - Separate Ownership and Control
 - Only exists for purpose it was formed
 - Shares
 - Register a Constitution
 - A separate legal personality, registered with CIPRO
 - Subject to many legal prescriptions, especially in terms of registration
 - Governed through the general meeting of members and Board of Directors
 - Many requirements in terms of accounting, auditing, financial reporting, minutes, registers etc...
 - Companies are taxed at fixed tariffs on income

Objective of Business Plan

- This document should identify and describe the nature of the business opportunity or new venture
- How do I plan to exploit the opportunity
- Evaluation of the venture's chance of success
- Identifies critical success factors and variables
- Blueprint for managing the business
- Main tool for attracting money and investors

Reasons for Business Plan

- To sell the business
- To obtain bank financing
- Obtain investment Funds
- Arrange strategic Alliances
- Obtain Large Contracts
- Attract key Employees
- Complete mergers and Acquisitions
- Motivate and focus the management team

Overview of Business Plan

- Executive summary
- Company profile
- Products and services
- Marketing plan
- Management plan
- Operating plan
- Financial plan

Location of Business

- Resources of RAW material
- Avail ability of Labour
- Near Market
- Costs and Transport
- Power and Water
- Capital
- Etc.

Bank use Four C's to approve loan

- Capital
- Collateral
- Character
- Conditions

Match the items in the business plan, in Column A with the description in Column B

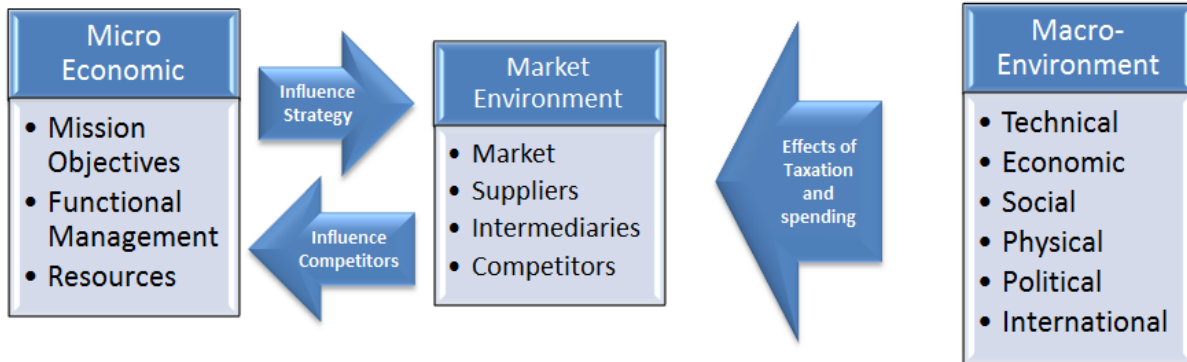
Column A: Business plan Item	Column B: Description
a. Marketing plan	i. Gives an overview of the business plan. Highlights the significant points of the entire business plan.
b. General company description	ii. Describes the facilities and the labour to be used, raw materials and processing requirements.
c. Operating plan	iii. Identifies the customers and the competitors.
d. Products and services plan	iv. Explains the history of the company, the type of business and legal organisation.
	v. Determines the key players in the business such as investors and the management team. It also states their experience and competencies.
	vi. Describes the product and services points and their unique features . It also explains why people will buy the product.

1. a(i) b(ii) c(iii) d(iv)
2. **a(iii) b(iv) c(ii) d(vi)**
3. a(ii) b(i) c(iii) d(v)
4. a(iv) b(iii) c(ii) d(i)

STUDY UNIT 4: THE BUSINESS ENVIRONMENT

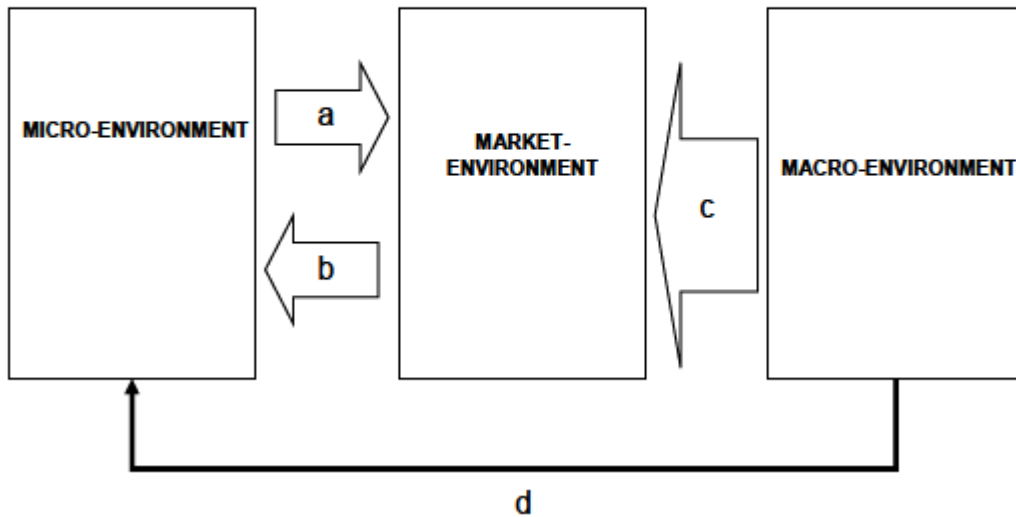
Sub-Environments

- Microenvironment
 - Business Itself including: Vision, Business Function and Resources
 - set a clear objective and vision
- Market Environment
 - Market – Suppliers, Intermediaries, Competitors
- Macro Environment
 - Technical Environment, Economic Environment, Social Environment
 - Physical Environment, Institutional Environment, Political and International



Consider the diagram below and then answer question 19 that follows.

Consider the diagram below and then answer question 19 that follows.



The various sub-environments within the management environment influence each other in different ways. In the diagram above, (b) represents **Direct influence by competitors** while (d) represents **indirect influence through factors such as interest rates or legislation**

3. **Direct influence by competitors; indirect influence through factors such as interest rates or legislation**

Match Column A with Column B

Column A: Macro variables	Column B: Description
a. Technological environment	i. More and more organisations are looking for alternative energy sources such as solar power.
b. Economic environment	ii. South Africa's inflation rate is steady at 4.6% at July 2010.
c. Social environment	iii. The effect HIV/Aids has on a labour intensive industry such as mining.
d. Physical environment	iv. The pressure of the UN (United Nations) on Zimbabwe.
	v. Results in the development of new machinery, products, approaches to management and higher productivity.
	vi. The non-smoking health regulation as put forward by the health ministry.

1. a (i) b(ii) c(v) d(iv)
2. a (ii) b(iv) c(v) d(iii)
3. **a (v) b(ii) c(iii) d(i)**
4. a (vi) b(iv) c(i) d(ii)

Physical: Implementing Green Strategies

Which of the following statements are **incorrect** concerning the Business Environment

- a) Management have limited control over microenvironment**
- b) The market environment includes both suppliers and competitors
- c) The market environment exerts an indirect influence on the microenvironment**
- d) A business mission and goals are variables within the microenvironment

Nature and intensity of Competitive Forces

- New Entrants
- Bargaining power of clients and consumers
- Bargaining power of suppliers
- Availability of substitute products
- Number of existing competitors

The most elementary form of environmental scanning involves **the collection and updating of secondary information..**

Environmental Scanning: The most basic form of environmental scanning is to study and analyse existing sources of information and publications. Only if these sources are insufficient and prove to be unsatisfactory, would the business engage in more complicated and sophisticated forms of environmental scanning. **the collection and updating of secondary information.**

Environmental Scanning

- Keep abreast of change
- Which factors pose threats to goals
- Factors represent opportunities
- Guaranteed success

STUDY UNIT 5: CORPORATE SOCIAL RESPONSIBILITY

Triple Bottom Line

The approach that measures financial, social and environmental impacts is referred to as the “triple bottom line”

Shell understands that they need to consider the social, environmental as well as the economic impacts the company has. This approach is known as.....

1. **the triple bottom line (TBL).**
2. the stakeholder engagement process.
3. corporate social investment (CSI).
4. corporate governance.

Balancing the needs of all stakeholders is particularly important for large energy companies like Shell. Some are internal to the business and others are external. The **external stakeholders** of Shell are

.....

- a **customers.**
 - b employees.
 - c **local community.**
 - d **shareholders.**
1. a b c
 2. **a c d**
 3. a b d
 4. b c d

The **internal stakeholders** of Shell are

- a customers.
 - b **employees.**
 - c **executive board members.**
 - d shareholders.
1. a b
 2. c d
 3. a d
 4. **b c**

Which statements about the **stakeholder engagement process** are correct?

The stakeholder process

- a allows stakeholders to determine what they want from the company.
 - b involves mapping only the internal stakeholders.
 - c involves defining the role and impact the stakeholders have in the organisation.
 - d involves using methods such as questionnaires, focus groups and market research to engage with stakeholders.
1. a c
 2. a b c
 3. **a c d**
 4. a b c d

Corporate social responsibility **is about proactive efforts by companies to make a positive contribution to society.**

Match the term in Column A to the description in Column B.

Column A: <u>Term</u>	Column B: <u>Description</u>
a Sustainable development	(i) Refers to the increasing expectations for companies to publicly report not just on financial matters, but also on social and environmental issues.
b Corporate social investment (CSI)	(ii) Refers to how a company's objectives and strategy and decision-making structures are developed, implemented and monitored.
c Sustainability reporting	(iii) Refers to the need to improve the lives of poor people and to protect the natural environment.
d Corporate governance	(iv) Refers to a company's philanthropic initiatives, such as sponsorships for students.

1. a (iii) b (iv) c (i) d (ii)
2. a (iv) b (iii) c (ii) d (i)
3. a (i) b (iii) c (ii) d (iv)
4. a (ii) b (i) c (iv) d (iii)

Sustainable development refers to the need to improve the lives of poor people and to protect the natural environment. Therefore a is linked to (iii)

Corporate social investment refers to companies' philanthropic initiatives, such as sponsorships for students. Therefore b is linked to (iv).

Sustainability reporting refers to the increasing expectations for companies to publicly, report not just on financial matters, but also on social and environmental issues. Therefore, c is linked to (i).

Corporate governance refers to how a company's objectives, strategy, and decision-making structures are developed, implemented and monitored. Therefore, d is linked to (ii).

STUDY UNIT 6: PLANNING

Planning gives direction to a company

Importance and Benefits of planning

- Provides direction
- Reduces the impact of change
- Ensures Cohesion
- Facilitates Control
- compels managers to look to the future

Tasks of a Manager

- Planning
- Organising
- Leadership
- Control

Importance of Goals

- Direction
- Resource Deployment
- Motivate
- Control
- Success

Effective Goals

- Specific
- Attainable
- Relevant
- Time Bound

Setting Sound Objectives

- Measurable
- Consistent
- Integrated into remuneration
- Employees accept

Three Types of Goals

- Strategic
- Functional
- Operational

Alternative plans of action

- External Factors
- Strengths and weaknesses

Management by Objectives: Managers and Employees define goals for every department, project and person and use them to monitor performance.
Managers and employees agree upon goals.

Planning Process

- Goal Setting
- Developing Plans
- Implementation

Management Levels

- **Top Level**
 - **Strategic**
 - Long Term Strategic Goals and Strategic Plans
 - Responsible
 - Board of Directors
 - CEO
 - Future Orientated
 - Focused on Organisation as a whole
 - Three to ten years
- **Middle Level**
 - **Functional or Tactical Goals**
 - Tactical Plans
 - Responsible
 - Line/Functional Managers
- **Lower Level**
 - **Operational**
 - Responsible
 - Managers of day to day functions

Corporate Strategies

- Market Development
 - Develop existing markets for present Products
- Product Development
 - New Products for existing markets
- Concentration growth Strategy
 - All efforts into new products
- Innovation
 - Improving Products
- Horizontal integration
 - Taking over similar
 - is a long-term growth strategy whereby similar businesses are taken over. On the one hand, this strategy gives access to new markets and, on the other hand, gets rid of competition.
- Vertical Integration
 - Ensuring Supply
- Joint Venture
 - Two or more firms
- Diversification
 - New Activities
- Turn Around
 - Improving business
- Divestiture
 - Selling a business
- Liquidation
 - Stop business

Match the corporate strategy in Column A with the correct description in Column B.

Column A	Column B
a Market development strategy	i An organisation constantly improving products to take advantage of the initial high profitability of a better product.
b Product-development strategy	ii A business that directs all its resources and skills to the profitable growth of a single product in a single market.
c Concentration-growth strategy	iii An organisation develops new products for existing markets.
	iv The organisation plans to develop existing markets for its present products more intensively.
	v Two or more firms embark on some project that is too big for one to tackle on its own.

1. a (iv) b (ii) c (iii)
2. **a (iv) b (iii) c (ii)**
3. a (ii) b (iv) c (i)
4. a (ii) b (i) c (v)

Which two of the following are **meaningful annual objectives** for a sales manager of a large business?

- a To increase sales by 15% by December 2012.
- b To limit bad debts to a minimum.
- c To maintain a gross profit margin of 38% per annum.
- d To motivate sales representatives.

1. a b
2. **a c**
3. b d
4. c d

Which of the following are **requirements** for setting sound **objectives**?

- a Objectives have to be measurable.
- b Objectives should be set consistently.
- c Goal setting should be integrated into the remuneration system of an organisation.
- d Management must ensure that employees accept the objectives.

1. a b c
2. a b d
3. a c d
4. **a b c d**

Requirement Objectives

To the management of an organisation, objectives are the starting point of the management process, and represent the guidelines for developing plans; the organising required implementing those plans, and the guidance that the objectives have to offer. It is therefore important for the objectives to be clearly set out. To achieve this, certain requirements must be met.

One requirement is that objectives should be measurable so that managers can check whether the objectives are being attained by comparing performance results with the predetermined objectives. So, statement (a) is correct.

Objectives should be set consistently, that is, they must not be in conflict with one another. In order to achieve this, there must be either horizontal consistency or vertical consistency. When objectives are consistently set, management will have a clear view of the way ahead. So, statement (b) is correct.

Goal setting ought to be integrated with the remuneration system of the organisation in order to provide subordinates with a means of realising the organisational goals as well as their own. Statement (c) is also correct.

Management must ensure that subordinates accept the objectives and are willing to cooperate in achieving them. One way of doing this is to allow subordinates to participate in setting the organisation's goals. Statement (d) is thus correct.

STUDY UNIT 7: ORGANISING

Organising Fundamentals

- **Designing Jobs**
 - Specialisation, broken down into smaller manageable tasks
- **Grouping Jobs: Departmentalisation**
 - Functional Departmentalisation
 - Activities belonging to each management function grouped together (e.g. production)
 - Product Departmentalisation
 - All activities for product grouped together
 - Location Departmentalisation
 - Different Geographical Regions
 - Customer Departmentalisation
 - Specific market or customers
 - Matrix Departmentalisation
 - Interlink functions

Authority

- **Line Authority**
 - Authority delegated through line of command
- **Staff Authority**
 - Special Knowledge of a particular field
 - The marketing research department makes recommendations to the marketing manager based on research
 - Indirect Authority
- **Responsibility**
 - The employees must account for the work they have done

Match the term in Column A to the description in Column B.

Column A: Term	Column B: Description
a Responsibility	(i) The manager has twenty employees who report directly to him/her.
b Line authority	(ii) The employees must be able to account for the work they have done.
c Staff authority	(iii) The marketing research department makes recommendations to the marketing manager, based on research results.
d Span of management	(iv) The managing director instructs the marketing manager on goals to be achieved, while the marketing manager tells the advertising manager what to do to achieve these goals.

1. a (i) b (ii) c (iii) d (iv)
2. a (ii) b (iv) c (iii) d (i)
3. a (iii) b (iv) c (i) d (ii)
4. a (ii) b (iii) c (iv) d (i)

The process of linking the activities of the various departments in an organisation into a single integrated unit is known as

1. chain of command.
2. span of management.
- 3. coordination.**
4. planning.

The chain of command: refers to the establishment of reporting lines in order to determine who reports to whom.

Span of management is the number of subordinates who report directly to a manager..

Coordination is the process of linking the activities of the various departments in the organisation in order to form a single integrated unit.

Planning involves those activities by management that determine the mission and goals of an organisation; the ways in which these are to be accomplished; and the deployment of the necessary resources to bring them to realisation

Which one of the following is **not** a basic form of departmentalisation?

1. According to product.
2. According to location.
3. According to customers.
- 4. According to resources.**

Organisational Structures

- **Narrow/Tall/High Organisation Structure**
 - Few subordinates per manager
 - Managers underutilized
 - Excessive Control over subordinates
- **Broad**
 - Many subordinates per Manager
 - Difficult to control tasks
 - Less intensive supervision of subordinates
 - Greater span of Management

STUDY UNIT 8: LEADING

Importance and Benefits of planning

- Provides direction
- Reduces the impact of change
- Ensures Cohesion
- Facilitates Control
- compels managers to look to the future

Components of Leadership

- Authority
 - Right of manager to give commands
- Power
 - Influence
- Responsibility
 - For results
- Delegation
 - Assign to somebody else
- Accountability
 - How well individuals perform

Contingency Theory: Best Leadership for given situation

Match the **correct description** in Column B to the **leadership component** in Column A.

Column A	Column B
a Authority	i Temba instructs her secretary to design invitations for their launch as she is too busy to design them herself.
b Power	ii Paul, as the manager of a fast food restaurant, is accountable for ensuring the restaurant's profitability.
c Responsibility	iii As the manager, Chloe can order her sale staff to increase their sales.
d Delegation	iv Jonas has the power to fire any employee as he wishes.
	v Kim has the remarkable ability to persuade her employees in such a way that her company reaches its objectives.

1. a(ii); b(iv); c(i); d(iii)
2. a(i); b(ii); c(iii); d(v)
3. **a(iii); b(v); c(ii); d(i)**
4. a(iii); b(i); c(iv); d(ii)

Power

- Coercive
 - Enforce through Fear
- Reward
 - Reward for good
- **Legitimate**
 - **it refers to the power that an organisation assigns to a particular position**
- Referent
 - Personal Power or charisma
- Expert
 - knowledge

Match the **type of power** in Column A with the examples of people who possess that type of power in Column B.

Column A: Type of power	Column B: Example
a Legitimate power	(i) A group of gangsters
b Referent power	(ii) Bill Gates
c Coercive power	(iii) Nelson Mandela
d Expert power	(iv) The CEO of a company

1. a (i) b (ii) c (iii) d (iv)
2. a (i) b (iii) c (iv) d (ii)
3. a (iv) b (ii) c (i) d (iii)
4. **a (iv) b (iii) c (i) d (ii)**

Social Loafing: The tendency of individuals to put in less effort when they work in a group than when they work individually

Five Dimensions of Trust

- Integrity
- Competence
- Consistency
- Loyalty
- Openness

Groups

- Informal Groups
 - Interest Groups
 - Share Common interest
 - Campaign for better facilities
 - Friendship Groups
 - Satisfy social needs
- Formal Groups
 - Command Groups
 - Appear on organisational chart
 - Task Groups
 - Complete specific Task

Ntombi appoints a committee comprising of employees from the marketing department to investigate what cosmetic products men would be interested in. The group will then disband after completion of the task. This is a type of _____ group known as a _____ group.

1. formal/command
2. **formal/task**
3. informal/command
4. informal/task

The motivation process moves in a certain sequence. The correct order of the motivation model is:

- internal needs, motives or drives
- behaviour or action
- purpose or goals
- satisfaction
- reinforcement

Motivation is the willingness of an employee to achieve the organisation goals

Variables that determine work performance

- Motivation
- Ability (training, knowledge and skills)
- Opportunity to perform (Resources)

STUDY UNIT 9: CONTROLLING THE MANAGEMENT PROCESS

Control ensures organisations goals and objectives are reached

Control Process

- Establish Standards
- Measure Actual Performance
- Evaluating Deviations
- Rectifying Deviations

Key Areas of Control focal points of control

- Physical Resources
- Human Resources
- Information Sources
- Financial Resources
 - **Control of Financial Resources**
 - Budget
 - Ratio Analysis

Control Systems

- Control Inventory as a physical resource
- Inventory
 - Economic Ordering Quantity (EOQ)
 - Replenishing inventory levels by ordering the most economic quantity
 - Materials Requirements Planning (MRP)
 - Order based on Estimate
 - Just in Time (JIT)
 - Estimate and demand
- Total Quality Management (TQM)

Sophie has a manufacturing company. Sophie wants to keep inventory costs as low as possible provided the method she uses does not cause shortages or delay the manufacturing process. Which of the following control systems can she make use of in order to control her inventory?

- a EOQ (Economic ordering quantity)
 - b Ratio analysis
 - c Performance measurement
 - d Just-in-time
1. a b
 2. c d
 3. a d
 4. b c

Ratio analysis and performance measurement are instruments that are used in controlling an organisation's human resources and not in controlling its inventory

The following are characteristics of an effective control system are:

- integration
 - Integrated into Planning
- flexibility
 - Accommodate Change
- accuracy
 - Complete
- timeliness
 - Appropriate Moment
- simplicity
 - Easy and accepted

Quinn has her own medical practice and has appointed an additional four physicians to look after patients. Quinn decides to implement a new control system that monitors physicians' hygiene levels rigorously. In order for her system to be effective, which characteristics are required?

1. Complexity and flexibility
2. Creativity and integration
3. Creativity and complexity
4. **Integration and flexibility**

Control of Quality (TQM) Total Quality Management

Thabo is the CEO of Computers Ltd, an IT company in Pretoria. Thabo uses certain control procedures to ensure that the company is progressing towards their goals and that the company's resources are being used properly and productively. He does this by means of the control process, which consists of four steps. Arrange the statements below in the correct order according to the four steps of the control process.

- a Thabo revises some of the company's strategies in an attempt to accomplish the standards that were not met.
- b Thabo establishes certain performance standards related to profitability, market share, productivity and staff development. These performance standards enable Thabo to monitor the company's strategies and goals.
- c Thabo is concerned to see that sales are 10% lower than the previous year and decides to investigate why there was a deviation between the previous year and the current year.
- d Thabo measures the actual performance of the company to indicate whether there are disparities between performance standards and actual performance of the company.

1. **b d c a**
2. d c a b
3. c a b d
4. a c d b

Control Process

- Setting of standards,
- Measure the company's actual performance in order to indicate whether there are any disparities between the performance standards and the company's actual performance,
- Evaluate any deviations,
- Take corrective action.

In terms of Maslow's Hierarchy of Needs the provision of things such as a salary, rest rooms, a cafeteria, heating and adequate lighting will go a long way towards satisfying _____ **needs** of the employees?

1. **physiological**
2. security
3. social
4. esteem

Which of the following factors make control in the present day business important?

- a The rapidity of change in the business environment.
- b The increasing size of the organisation.
- c The delegation of tasks to subordinates.
- d The possibility of managers and subordinates making poor decisions and committing errors.
- e The organising of subordinates.

1. a b c d

2. b d

3. a c d e

4. c d

Control

Control is intimately linked to planning, organising and leading.

Planning is therefore the first step in control, and without control, planning is pointless.

With a constantly and rapidly changing environment, it becomes vital for careful control to be exercised to ensure that the business's performance results remain as close as possible to the planned results. If strict control is not exercised, the business could experience serious problems, especially in a rapidly changing environment. Statement a is therefore correct.

As a business grows, more staff will be employed, for example, and the activities of the organisation will expand into other regions. Over time, the organisation will become an extensive network of activities in all its functional areas, for example, in production and financing. Without an effective system of control, it would be very difficult to detect weaknesses in this complicated network. As the business grows in size, so the role of control will become increasingly important. And so statement b is correct.

Subordinates are human beings, and human beings tend to make mistakes. In order to prevent mistakes and possible poor decisions, there must be an effective control system in operation. If this is not done, such mistakes could become hazardous to the business. So, statements c and d are correct.

Subordinates are led and not organised, but they may be placed into positions created by the organisational structure.

Which of the following statements concerning control are correct?

- a Control means applying strict discipline to subordinates.
- b Control means getting planning and performance to coincide.
- c Control is the last fundamental task of the management process.
- d Control is a continuous process.

1. a b

2. b d

3. b c d

4. a c d

Addendum

Which of the following statements on the **state and economic systems** are correct?

- a State intervention to solve an economic problem in a market economy indicates a move towards a command or centrally controlled economy
- b Government intervention in the economic system aims at encouraging economic growth and stability
- c Control of strategic organisations cannot be left to profit-seeking entrepreneurs
- d An expanding entrepreneurial role by the state eventually leads to a democracy

- 1 a c
- 2 b c
- 3 a b d
- 4 a b c d

State and Economic Systems:

- Government intervention in the economic system aims at encouraging economic growth and stability
- Control of Strategic organisations cannot be left to profit seeking entrepreneurs