



BUSINESS MANAGEMENT – PAPER 9

OVERALL AIM

To enable the learner understand business, its environment and the influence of the environment on the structure and functions of an organisation

LEARNING OUTCOMES

On completion of this course, the learner should be able to:

1. Describe the environment within which businesses operate
2. Define the objectives of businesses
3. Detail the principles of management
4. Explain the functional areas of management

LEVEL OF ASSESSMENT

The examinations will assess the learners' knowledge, comprehension and application of principles and theories of management

EXAMINATIONS STRUCTURE

There will be a three hour examination of six questions each of 20 marks of which the candidate will be required to attempt any five

A. THE BUSINESS ENVIRONMENT

1. The interaction between the business environment and the activities of business
2. The micro and macro environments

B. OBJECTIVES OF BUSINESS

1. Primary Objectives
 - (a) Wealth maximisation
 - (b) Growth
 - (c) Profit maximisation

- (d) Survival
- 2. Secondary Objectives
 - (a) Market standing and share
 - (b) Innovation, productivity, and added value
 - (c) Acquisition and application of physical resources and technology
 - (d) Profitability in terms of return on capital employed (ROCE)
 - (e) Employees and management
 - (f) Financial resources and social responsibility

C. STAKEHOLDER ANALYSIS

- 1. Stakeholders:
 - (a) Meaning
 - (b) Types
 - (c) Needs and expectations
- 2. Stakeholder conflicts and how they arise
- 3. Stakeholders mapping:
 - (a) Levels of power and interest
 - (b) Dealing with stakeholder groups
 - (c) How stakeholder groups can increase their power and influence

D. BUSINESS ETHICS AND ETHICAL BEHAVIOUR

- 1. Meaning of ethics and business ethics
- 2. The three areas/branches of ethics
- 3. Importance of ethics to organisations and individuals
- 4. Ethical Issues
 - (a) Arising from the nature of markets
 - (b) Arising from the responsibility of business to society
 - (c) Arising from the internal and industry practices of business

E. PRINCIPLES OF MANAGEMENT

- 1. Planning:
 - (a) Meaning
 - (b) Types of plans:
 - (i) Strategic plans
 - (ii) Operational plans
 - (iii) Contingency plans
 - (c) Management by objectives
 - (d) Planning time horizons

2. Controlling
 - (a) Meaning of the term control
 - (b) Steps in the traditional control process:
 - (i) Establishment of standards of performance
 - (ii) Measurement of actual performance
 - (iii) Comparison of actual performance with standards
 - (iv) Feedback
 - (v) Corrective action
 - (c) Bureaucratic control versus decentralised control

3. Co-ordination
 - (a) Meaning
 - (b) Structure of the organisation (functional, divisional, matrix)
 - (c) Co-ordination: the need to keep departments working together

4. Leadership and Delegation
 - (a) Meaning of 'leader' and 'leadership'
 - (b) Types of leaders
 - (c) Power:
 - (i) Meaning
 - (ii) Sources
 - (d) Theories of leadership approaches
 - (i) Trait theories
 - (ii) Action-centered approach
 - (iii) Contingency approach (Fiedler)
 - (iv) Transformational leadership
 - (e) Leadership styles:
 - (i) The Blake and Mouton's managerial grid; benefits and drawbacks of the grid
 - (ii) Autocratic versus democratic leaders; the leadership continuum (Tannenbaum & Schmidt)
 - (iii) Contingency approaches developing towards situational theory

5. Decision Making
 - (a) Importance of effective decision making
 - (b) Types of decisions:
 - (i) Programmed
 - (ii) Non-programmed decisions
 - (c) Decision making models:
 - (i) Classical

- (ii) Administrative
- (d) Decision making steps:
 - (i) Recognition of decision requirement
 - (ii) Diagnosis and analysis of causes
 - (iii) Development of alternatives
 - (iv) Selection of desired alternative
 - (v) Implementation of chosen alternative
 - (vi) Evaluation and feedback

6. Communication

- (a) Meaning and importance
- (b) Forms
- (c) The communication process
- (d) Methods of communication
- (e) Patterns of communication
- (f) Effective communication
 - (i) Attributes
 - (ii) Barriers and how to overcome them

F. FUNCTIONAL AREAS OF MANAGEMENT

1. Finance

- (a) Areas of expertise:
 - (i) Reporting
 - (ii) Managing
 - (iii) Auditing
 - (iv) Advising on financial performance
- (b) Types of accounting:
 - (i) Financial accounting
 - (ii) Management accounting
 - (iii) Auditing
 - (iv) Specialist accounting (consultancy)
- (c) Analysis of financial statements:
 - (i) Trends and ratios
 - (ii) Comparison of financial performance between companies

2. Marketing

- (a) Meaning
- (b) Managing the marketing mix:
 - (i) Product: the product life cycle, the need for new product development
 - (ii) Price: competitors' prices, customer expectations

- (iii) Place: chain of distribution
 - (iv) Promotion: advertising, sales promotions, public relations, direct selling
3. Operations Management
 - (a) Purchasing and inbound logistics
 - (b) Manufacturing process
 - (c) Distribution and outbound logistics
 4. Human Resource Management
 - (a) Stages in the selection and recruitment process:
 - (i) Job description and person specification
 - (ii) Induction
 - (iii) Training
 - (iv) Development
 - (b) Motivation:
 - (i) Maslow's hierarchy of needs
 - (ii) Herzberg's motivation (hygiene) theory
 - (iii) McGregor's (X/Y) theory
 - (iv) Victor Vroom's Valence (expectancy) theory
 - (c) Rewards and Incentives
 - (i) Rewards versus incentives
 - (ii) Types of rewards and incentive schemes
 - (iii) Objectives of a successful reward system

G. Board of Directors

1. Membership and roles:
 - (a) Chairman
 - (b) Chief executive officer
 - (c) Executive and non-executive directors
 - (d) Company secretary
2. Corporate governance and the code of best practice

REFERENCES

1. Cole G. A. (1997) Management: Theory & Practice, Cengage learning EMEA. Hampshire
2. 7th Edition.
3. Gilbert D.R, Freeman & Stoner J. A. F (2005), Management, Prentice Hall.6th Edition.
4. DuBrin J Andrew (2009) Essential of Management, Cengage learning EMEA. 8th Edition,