Cambridge
International College
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MODERN MANAGEMENT/ADMINISTRATION

STUDY GUIDE FOR MODULE ONE

(A full 'Study & Training Guide' will accompany the Study or Training Manual(s) you will receive by airmail post).

This Study Guide - like all our Training Materials - has been written by professionals; experts in the Training of well over three million ambitious men and women in countries all over the world. It is therefore essential that you:-

- Read this **Study Guide** **carefully** and **thoroughly** BEFORE you start to read and study Module One of this Study & Training Manual.

- Follow the **Study Guide** **exactly**, stage by stage and step by step - if you fail to do so, you might not succeed in your Training or pass the Examination for the CIC Diploma.

STAGE ONE

Learning how to **really STUDY** the College's Study or Training Manual(s) provided - including THOROUGHLY READING this Study Guide, and the full **'Study & Training Guide'** which you will soon receive by airmail post.

STAGE TWO

Studying in accordance with the professional advice and instructions given.

STAGE THREE

Answering Self-Assessment Test Questions/Exercises.

STAGE FOUR

Assessing - or having someone assess for you - the standard of your answers to the Self-Assessment Test/Exercises.

STAGE FIVE

Preparing for your Final Examination.

STAGE SIX

Sitting the Final Examination.

Remember: your Program has been **planned** by experts. To be certain of gaining the greatest benefit from the Program, it is **essential** that you follow precisely each one of the **SIX stages** in the Program, as described above.

STAGE ONE is your **thorough reading of this 'Study Guide'**

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ABOUT CIC STUDY & TRAINING MANUALS

A CIC Study & Training Manual (which comprises 4 or 6 Modules - the first of which follows) supplied by the College as part of your Course or Program is **NOT** simply a text book. It must therefore **not** be read simply from cover to cover like a text book or another publication. It MUST be **studied**, Module by Module, exactly as explained in the following pages. Each CIC Study & Training Manual has been designed and written by specialists, with wide experience of teaching people in countries all over the world to become managers, administrators, supervisors, sales and accounting personnel, business-people, and professionals in many other fields.

Therefore, it is in **your own best interests** that you use the Study & Training Manuals in the way CIC's experts recommend. By doing so, you should be able to learn easily and enjoyably, and master the contents of the Manuals in a relatively short period of time - and then sit the Final Examination with confidence. Each Study & Training Manual is written in clear and easy to understand English, and the meanings of any "uncommon" words, with which you might not be familiar, are fully explained; so you should not encounter any problems in your Studies and Training.

But should you fail to fully grasp anything - after making a thorough and genuine attempt to understand the text - you will be welcome to write to the College for assistance. You must state the **exact** page number(s) in the Study or Training Manual, the paragraph(s) and line(s) which you do not understand. If you do not give full details of a problem, our Tutors will be unable to assist you, and your Training will be delayed unnecessarily.

Start now by reading **carefully** the following pages about Stages Two, Three and Four. Do **NOT**, however, start studying the first Study & Training Manual until you are **certain** you understand **how** you are to do so.

STAGE TWO - STUDYING A CIC MODULE

STEP 1

Once you have read page 1 of this document fully and carefully, turn to the first ***study section*** - called **Module One** - of ***Study & Training Manual One***.

Read the whole of Module One at your normal reading pace, without trying to memorise every topic covered or fact stated, but trying to get "the feel" of what is dealt with in the Module as a whole.

STEP 2

Start reading the Module again from the beginning, this time reading more slowly, paragraph by paragraph and section by section. Make brief notes of any points, sentences, paragraphs or sections which you feel need your further study, consideration or thought. Try to absorb and memorise all the important topics covered in the Module.

STEP 3

Start reading the Module again from its start, this time paying particular attention to - and if necessary studying more thoroughly - those parts which were the subject of your earlier notes. It is best that you do **not** pass on to other parts or topics until you are **certain** you fully understand and remember those parts you earlier noted as requiring your special attention. Try to fix everything taught firmly in your mind.

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Note: You may not wish to, or be able to, carry out Steps 1, 2 and 3 one after the other. You could, for instance, carry out Steps 1 and 2 and then take Step 3 after a break.

STAGE THREE - ANSWERING SELF-ASSESSMENT TESTS

STEP 4

When you feel that you have **fully understood and learned everything** taught in the whole Module (and if necessary after a further careful read through it) turn to the Self-Assessment Test set at the end of it, and read the Questions/Exercises in it carefully. You do not have to attempt to answer any or all of the Questions/Exercises in the Test, but it is **best** that you do so, to the best of your abilities. The reasons for this are:-

- By comparing your answers with the Recommended Answers printed in the Appendix at the end of the Module, you will be able to assess whether you **really have** mastered everything taught in the Module, or whether you need to study again any part or parts of it.

- By answering Questions/Exercises and then comparing your attempts with the Recommended Answers, you will gain experience - and confidence - in attempting Test and Final Examination Questions/Exercises in the future. Treat the Self-Assessment Tests as being *"Past Examination Papers".*

Professional Advice on Answering Self-Assessment Test (and Examination) Questions and Exercises

1. You may answer the Questions/Exercises in a Self-Assessment Test in any order you like, but it is best that you attempt **all** of them.

2. Read very carefully the first Question/Exercise you select, to be quite **certain** that you really **understand** it and what it requires **you to do**, because:

   - some Questions/Exercises might require you to give full "written" answers;
   - some Questions/Exercises (e.g. in English) might require you to fill in blank spaces in sentences;
   - some Questions/Exercises (e.g. in bookkeeping) might require you to provide "worked" solutions;
   - some Questions/Exercises (called "multiple-choice questions") might require you only to place ticks in boxes ☑ against correct/incorrect statements.

   In your Final Examination you could **lose marks** if you attempt a Question/Exercise in the wrong way, or if you misread and/or misunderstand a Question/Exercise and write about something which is not relevant or required. Pay particular attention to instructions in Questions/Exercises such as "Explain", "Describe", "Analyse", and do as they require.

3. Try to answer the Question/Exercise under ***'true Test or Examination conditions',*** by that we mean **WITHOUT** referring back to the relevant section or pages of the Module or to any notes you have made - and certainly **WITHOUT** referring to the Recommended Answers. Try to limit to about two hours the time you spend on answering a set of Questions/Exercises; in your Final Examination you will have **only two hours**.

4. Although you are going to check your Self-Assessment Test answers yourself (or have a friend, relative or colleague assess them for you) practise writing "written" answers:-

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✶ in clear, easy-to-read handwriting;

and

✶ in good, grammatical language.

The Examiner who assesses your Final Examination answers will take into account that English might not be your national or main language. Nevertheless, to be able to assess whether you really **have** learned what we have taught you, he or she will need to be able to read and understand what you have written. You could lose marks if the Examiner cannot read or understand easily what you have written.

5. Pay particular attention to neatness and to layout, to spelling and to punctuation.

6. When "written" answers are required, make sure what you write is **relevant** to the Question/ Exercise, and concentrate on **quality** - demonstrating your knowledge and understanding of facts, techniques, theories, etc. - rather than on quantity alone. Write fully and clearly, but **to the point**. If you write long, rambling Final Examination answers, you will waste time, and the Examiner will become deduct marks; so practise the **right** way!

7. When you have finished writing your answer, read through what you have written to see whether you have left out anything, and whether you can spot - and correct - any errors or omissions you might have made.
   Warning: some Questions/Exercises comprise two or more parts; make **certain** you have answered **all** parts.

8. Attempt the next Question/Exercise in the Self-Assessment Test in the same manner as we have explained in 1 to 7 above, and so on until all the Questions/Exercises in the Test have been attempted.

Note: There is no limit on how much time you spend on studying a Module before answering the Self-Assessment Test set on it, and some Modules are, of course, longer than others. You will, however, need to spend between twelve and fifteen hours on the thorough study of each Module - and that time may be spread over a number of days if necessary - plus approximately two hours on answering the Self-Assessment Test on each Module.

STAGE FOUR - ASSESSING YOUR ANSWERS

STEP 5

When you have answered all the Questions/Exercises set in Self-Assessment Test One to the best of your ability, compare them (or ask a friend, relative or a colleague/senior at work to compare them) with the Recommended Answers to that Test, printed in the Appendix at the end of the Module. In any case, you should thoroughly study the Recommended Answers because:-

✶ As already explained, they will help you to assess whether you have really understood everything taught in the Module;

and

✶ They will teach you how the Questions/Exercises in subsequent Self-Assessment Tests and in your Final Examination **should** be answered: clearly, accurately and factually (with suitable examples when necessary), and how they should be laid out for maximum effect and marks.

MARKS AND AWARDS

To assist in the assessment and grading of your answers, the **maximum number of marks** which can be earned for each answer to a Self-Assessment Test Question/Exercise is stated in brackets at the **end of each one**.

The maximum number of marks for any one Test is 100.

Your answers should be assessed fairly and critically. Marks should be awarded for **facts** included in your answer to a Question/Exercise, for presentation and for neatness. It is **not**, of course, to be expected that your answers will be identical to all those in the Appendix. However, your answers should contain the **same facts**, although they might be given in a different order or sequence - and any examples you give should be as appropriate to the Questions/Exercises as those given in the relevant "Recommended" Answers.

Add together the marks awarded for all your answers to the Questions/Exercises in a Self-Assessment Test, and enter the total (out of 100) in the *"Award"* column in the ***Progress Chart*** in the the full ***'Study & Training Guide'*** when you receive it. Also enter in the *"Matters Requiring Further Study"* column the number(s) of any Question(s)/Exercise(s) for which you did not achieve high marks.

GRADES

Here is a guide to the grade your Self-Assessment Test Work has achieved, based on the number of marks awarded for it:

50% to 59%	PASS	60% to 64%	HIGH PASS
65% to 74%	MERIT	75% to 84%	HIGH MERIT
85% to 94%	DISTINCTION	95% to 100%	HIGH DISTINCTION

STEP 6

Study again **thoroughly** the section(s) of the Module relating to the Question(s)/Exercise(s) to which your answers did not merit high marks. It is important that you understand where or why you went wrong, so that you will not make the same mistake(s) again.

STEP 7

When you receive the complete Study or Training Manual One** from the College by airmail post, **'revise'** - study again - Module One printed in it, and then turn to **Module Two** and proceed to **study it thoroughly** in exactly the same way as explained in Steps 1, 2 and 3 in this ***'Study Guide'.***

When you have completed your **thorough study**, follow steps 4, 5 and 6 for the **Self-Assessment Test on Module 2**.

Continue in the **same way with each of Modules 3, 4, 5 and 6** until you have attempted and assessed your work to Self-Assessment Test 6, and have completed the study of Study or Training Manual One. But - and this is **important -** study the Modules **one by one**; complete Steps 1 to 6 on **each** Module **before** you proceed to the next one (unless during the course of your reading you are referred to another Module).

****Note:** When you receive Study or Training Manual One by airmail post, it will be accompanied by a 20-page **'Study & Training Guide'** (containing a **'Progress Chart'**) which you **MUST read very carefully** before starting your study of Module Two.

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TRAINING ON

MODERN MANAGEMENT/ ADMINISTRATION

Module One

CONTENTS

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THE MEANING OF MANAGEMENT

Learning Outcomes

This Module covers a wide range of important topics, which are summarised for your ease of reference on page 6. Having studied this Module thoroughly in accordance with our "Study & Training Guide", it is expected that you should be able to utilise the knowledge you have gained in a variety of situations, as well as being able to:

- Define management, understand the two different aspects with which the tasks of any manager will be concerned, and why skilled managers are so important in any enterprise.
- Describe the broad composition of the modern commercial environment, the main types of commercial organizations, the main duties and responsibilities of a board of directors, executive and non-executive directors.

Introduction

It is most important that any person who is embarking on a career in supervision and management - as well as any person who is considering making such an important career decision - clearly understands what the word ***'management'*** really means.

The terms *"management"* or *"the management"* are commonly used to refer to a group of people who hold senior - or executive - positions in an enterprise. But the **activity** of ***'management'*** is that aspect of the **work** of such people which is concerned primarily:

with the efforts of the employees of an enterprise

Although new and modern methods of management have had to be evolved to meet the challenge of today's demands on government, commerce and industry, management in one form or another has been practised since the very beginnings of human society. Since early times men have banded together and increased their effectiveness by working as a group in hunting and in growing food, and in other activities aimed at a common purpose. To be effective, such groups needed **leaders** - people whose tasks were to plan what was to be done and how, and to direct and control the efforts of others.

Those leaders - whether they were the heads of families or chiefs appointed to lead tribes - were therefore the first "managers", as such.

In many cases the early leaders held their positions and retained their control by brute strength, **forcing** others to obey their commands. Indeed, in many instances work was performed by slaves controlled by overseers armed with whips, who beat the slaves if they so much as looked up from their work.

Today, modern management is - or should be - conducted in a far more humane and understanding manner. It is recognised today that if employees are to give of their best, they are more likely to do so willingly, rather than under duress; they must still be actively encouraged - or ***'motivated'*** - to do their best, but **not** by force or by the use of threats.

Management Today

Management in the 21st century - ***'modern management'*** - is **an art**. Just as the basic material with which an artist works might be his paints, and the potter's basic material is his clay, so does the manager have his or her much more complex basic material: **human beings**, men and women. You should remember always that the first syllable of management is **man**.

Management is thus:

the art of managing the activities of other people.

This is **no** exaggeration, and a manager's measure of success, or otherwise, depends upon his or her skill in dealing effectively with other people.

What Management Involves

What then is management? What is its purpose? What does it seek to achieve?

To put it simply we can say that:

"Management involves ensuring that a group of people work together in the most effective and efficient manner to achieve a stated goal in the best and most economical way."

Management is a **job** of work. But it is a job which is that much more difficult because it involves dealing **not** with "inanimate", unfeeling objects, services or theories, but with unpredictable men and women - each of whom has a different and complex character.

Management not only involves providing **leadership** for the group of people - the **'workgroup'** - but also involves other matters of great importance, because:-

- The group of people need adequate **training** so that each person in the workgroup will be able to perform the work (for which he or she is paid salaries or wages) well to the standard required of them.
- The group of people need **advice** and **guidance** and **assistance**.
- The group of people need to be **motivated** to work well and willingly.
- The efforts of the group of people needs to be **supervised**, and they need to be **controlled**.

AND if the stated goal or objective of the enterprise is to be achieved:

- The work performed by each of the different people making up the workgroup must be **organised** and **co-ordinated** so that they all work together as a **TEAM**.

Practical Example

We have used the words "goal" and "team", so let us now examine further the aims or objectives of management as an activity, using an example with which most people are likely to be familiar - a football (soccer) team.

A football team comprises eleven different people. But they do **not** simply walk on to the football field or pitch, stand wherever they feel like and start kicking the ball in any directions at random - if they did that, they would stand little chance of beating the opposing side!

NO - ***under the direction*** of the ***'team captain',*** who is one of the eleven players, and the ***'team manager'*** (who might not necessarily be one of the players, and who might remain off the pitch):-

★ Each team member takes up a **predetermined position**.

★ Where possible that position will be the one which, from prior observation, has been found to be **most suitable** for the particular person's abilities.

★ From prior **training**, each player will have been encouraged to **improve his playing skills**.

★ Each player will know what his **'role'** is - what he **has to do** - in the team, to be an attacker or a defender, for example.

★ Each player will know the **rules** of the game, that is, what **he can and cannot do**.

Whenever possible, the members of the team will try to play the game according to a **plan** or method laid down in advance by the team manager. And the efforts of the team members on the field will be **controlled** and **co-ordinated** by the team captain, who will give additional instructions and take on-the-spot decisions as necessary.

Because the eleven players are a **TEAM**, and not just eleven individuals playing separately with the same ball:-

* they will "pass" the ball to team-mates;

* they will try to create "scoring" opportunities for team-mates;

* and as a whole group they will play **together** in co-operation to achieve their objectives - in their case to score goals against the opposing team.

By giving guidance and encouragement, the team captain and the team manager will **motivate** all the team members to do their very best to win.

Team-Work in Business

Now let us relate the foregoing example of a football to a business, bearing in mind that many professional football teams are run on "business lines". In this case:-

✧ The team manager would be the owner of the business or a department or section manager, who might not actually perform the work concerned, but who must possess considerable knowledge of that work.

✧ The equivalent of the team captain will be a supervisor or a foreman or an assistant manager who, although subordinate (junior) to the manager, will work closely with him.

✧ The other players would be the members of staff (the other employees or personnel) of the enterprise or the section or department of it; they might be called a "workgroup".

✧ The objective of the enterprise, the section or the department might be the production of an item or the sale of an item or the provision of a service.

The manager and the supervisor must ensure that the members of the workgroup are so organised and controlled that they work together as a **TEAM** to achieve the stated objective.

❇ Each individual member of a workgroup must know what he (or she) has to do, when and how he is to do it and - whenever possible or feasible - he should be given the work to do which he is most suited to perform, and he should be adequately trained to perform that work.

❇ The work of all the personnel should be planned in advance and be organised so that one person is not idle whilst another is overloaded.

❇ The efforts of all personnel should be co-ordinated so that there will be no hold-ups or delays and so that, if it is necessary, work flows smoothly from one person (or section or department) to the next.

❇ And, of course, the manager and supervisor must be available and willing to teach or train, advise, guide, assist and encourage all the employees.

The Dual Aspects of Any Manager's Job

You will no doubt have noted our earlier statement that the manager **might** not actually perform the work on which his subordinates are engaged - exactly as the football team manager might not go onto the pitch or field and kick the ball during the game.

The modern "world of commerce" is very complex, and this very complexity has led to what is called *"specialisation"* and to the *"division of labour",* by which different people specialise in performing - and become specialists in - different types of work.

It follows, therefore, that the "technical" or "functional" - i.e. the specific - work of different managers can - and does - vary enormously. There are sales managers, production managers, office managers, hotel managers, stores managers, construction managers, transport managers, finance managers, and many more. Then, too, the technical or functional work of, say, a factory manager in one enterprise might well differ greatly in many respects from that of a factory manager in another enterprise.

Nevertheless, **all** those different types of managers, and all others, should have considerable knowledge of the technical aspects of their specific jobs **in addition** to being proficient "managers of people". It is, in any case, not easy to train, supervise and control the work of others without knowing what they are - or should be - doing.

So the duties of **any** manager or supervisor comprise two quite different aspects:-

- ***The technical or functional aspect* which is concerned with the work to be performed by his enterprise or department or section;**

and

- ***The managerial aspect* which is concerned with the people who are to perform the specified work in his enterprise or department or section or workgroup.**

A factory manager, for example, might spend all of his working hours on management and might take no part in the physical production of the item(s) manufactured in the factory. He might not, for instance, actually operate a machine - but he **must** know how those machines operate, how to train operators for them, what maintenance they require, their performance features and limitations, and much more.

Similarly, a sales manager **must** know everything about the products which are to be sold for his enterprise. He might spend most of his time training and controlling his sales force, organising market research, arranging advertising and publicity, etc. He might leave most of the actual physical "selling work" to his salesmen and saleswomen; but he will probably be called upon to help them with important or difficult customers or with complicated sales - and so at times he might be actively engaged in meeting customers, and thus in the actual work of selling.

Some estimates show that a managing director might spend between 80% and 90% of his working hours on managerial matters; whilst senior managers might spend approximately 50% of their work time on managerial activities; and supervisors and foremen might spend some 25% to 30% of their time at work on the supervision of their subordinates.

Management in Business

If we now return to our football team example, we can take it further by thinking of each team in the professional Football Association or League as a department of an enterprise, each having its own manager and supervisor (the team manager and captain, respectively). The governing body - the Committee or Council - of the Association, which exercises control over all the teams involved, defines the policy and lays down the rules of the game, and is equivalent to the top managerial strata of an enterprise, e.g. the *Board of Directors* of a company. Indeed, many large enterprises are organised in a very similar fashion.

Of course, in business a manager's team of subordinates might not actually confront an opposing - competitive - team on a playing field, as in our football example. But it is often vital that his or her subordinates "beat" a similar group employed by a competitive business - not by scoring goals against them, but perhaps by producing a better product or by producing the product more economically, or by providing a more efficient service, or by selling more.

Most businesses have competitors producing or providing similar goods or services to their own. And in most cases a particular business can prosper - and indeed survive - **only** by keeping abreast or **ahead** of the competition. And it can only expand - for the benefit of its owners and its employees alike - by doing **better** than its competitors.

Only a skilled manager can "weld" his or her subordinates into an efficient and co-ordinated team capable of achieving its objective in the **best and most economical way**. So you can now appreciate just **how essential** to any enterprise are

★ ***proficient managers*** and ★ ***effective management***

Here is a summary of what we have taught you in this first, introductory Section:-

* Management is the art of directing human effort, that is, getting a job done in the best and most economical way through the medium of human effort.

* Management is the activity which is involved in organising and controlling any enterprise or group of people, and comprises planning work, staffing the enterprise with competent and adequately trained personnel, directing and controlling the activities of subordinates, and frequently co-ordinating their various different activities to successfully achieve a predetermined objective.

* Although the term "the management" is often used to refer to a group of persons holding senior (executive) positions in an enterprise, the activity of "management" is that aspect of their jobs which is primarily concerned with the efforts of the employees of the enterprise.

THE PLACE OF MANAGEMENT IN THE MODERN WORLD OF COMMERCE

Introduction to Commerce

In order for you to be able to understand the work performed by managers and the importance of their work to **any** enterprise, an understanding of the environments in which they might be employed is necessary. And for that, an introduction to the subject called ***commerce*** is necessary.

Commerce is a subject about which all managers should have a basic working knowledge. It is concerned with the methods by which PRODUCTS, which comprise many different types of raw materials, components, goods and services, are transferred - bought and sold, that is, distributed - TO consumers (end-users) FROM the people and businesses who or which produce the raw materials or components or the goods, or provide the services.

Goods and Services

Raw and processed materials, and manufactured articles - which are often called ***'goods'*** - are **tangible** items, that is, they can be seen and touched, and some of them can be tasted and/or smelt.

The range of such **physical** items is vast; from such raw materials as iron ore and crude oil to manufactured articles of all shapes and sizes - from tiny computer microchips to huge oil rigs, ships and aircraft.

What are called ***'services'***, on the other hand, are **intangible**, that is, they cannot usually be seen, touched, tasted or smelt. They generally consist of some work performed, only the **results** of which might be seen or felt. Some examples of services include the work performed by accountants, lawyers, doctors, dentists, hoteliers, banks, financial institutions, insurance companies, transport organizations, engineers and mechanics, and many others.

The Public and Private Sectors

All the many and varied enterprises which make up the modern, complex world of commerce are established to produce or to provide raw materials, manufactured goods, or services of one kind or another. In most countries there are two distinct types of such enterprises.

✻ *The Public Sector*

First there are the enterprises controlled by the "State" - the government; such enterprises make up what is called the ***'public sector'***. Enterprises in the public sector are established and run primarily for the benefit of the population as a whole - such as a national health service, or to provide security for the nation and its citizens, such as the police force and the armed forces.

Some public sector enterprises are set up to provide services which might not have existed previously. Other public sector enterprises might have been established to take over, for a variety of reasons, by a process called "nationalisation", a number of existing similar enterprises and to combine them under one central authority.

✻ *The Private Sector*

The second type of enterprise makes up what is often called the ***'private sector'***. As the name implies, the enterprises are privately owned, either by individuals or by small or large groups of people. Whereas the enterprises in the public sector are run for the benefit of the community or the country as a whole, the enterprises in the private sector - which for convenience we shall refer to as ***'businesses'*** - are run with the aim of making a PROFIT (gaining money) for their owners.

For political, national or ideological reasons, some countries might restrict the sizes of their private sectors, or virtually abolish them, whilst other countries provide incentives to encourage their private sectors to expand. Whether an enterprise is in the public or the private sector, proficient management is **still vital** if that enterprise is to achieve its objective - which might be the production of raw materials or goods, the sale or distribution of them or the provision of an efficient service.

Despite the huge variety of their objectives, the many enterprises which collectively make up the modern commercial world can be broadly divided into three groups:-

Industrial Enterprises

Into this group fall enterprises like mines, which **extract** raw materials such as oil, coal, iron, etc, which are in general sold to other enterprises for use as power or for use in manufacture. Agriculture and fishing are also classified as extractive.

Other enterprises in this category are classified as **processing** or **refining** because they "process" the raw materials and, in so doing, alter their original form into more useful or saleable forms.

Still other industrial enterprises are involved in using the raw or processed materials in the **manufacture** - in factories or in workshops - of the wide range of products available on the market today, or in producing components which will form part of the final products of other manufacturers.

There are also industrial enterprises which are involved in **construction** and in allied fields.

Trading and Distributive Enterprises

The range of enterprises in this group is very wide, but the common activity is the **buying and selling** - that is, the **distribution** - of the raw materials, components and products produced by the industrial enterprises.

Enterprises involved in trading and distribution range from small one-man shops, stores and kiosks to huge supermarkets, to departmental stores, and to hypermarkets and shopping centres or malls. Some trading enterprises are involved in **wholesaling**; they purchase products from the producers of them in large quantities and then sell them in smaller quantities to **retail businesses**, who in turn sell them, generally in even smaller quantities, to their customers, who might or might not be the final **consumers**. Some larger trading and distributive concerns eliminate wholesalers - often called *"middlemen"* - and buy directly from the producers of the products in which they deal.

Service Enterprises

Frequently the services provided involve the **performance of some work**, only the **results** of which might be seen or felt; as we have mentioned already, examples include banking, finance, transport, the maintenance and repair of machinery, etc, and the provision of insurance cover.

Besides those already mentioned, services are provided by such diverse businesses as hotels, restaurants, estate agents, computer bureaux, travel agents, tailors, electricians, hair dressers and barbers, and many more. (Note that certain services are provided by persons who do not consider themselves to be "in business", e.g. accountants, doctors, lawyers, dentists, auditors, etc. They refer to themselves as being in "the professions", although their services are rarely provided without charge!)

There are also enterprises which provide specialised services which are often called **utilities**. These include enterprises - often fully or partly state owned and run - which provide electricity, water and gas supplies, as well as sewerage, communications, and similar services, often on a national or regional scale.

Multi-activity Enterprises

There are, of course, some enterprises which fall into more than one of the three major categories.

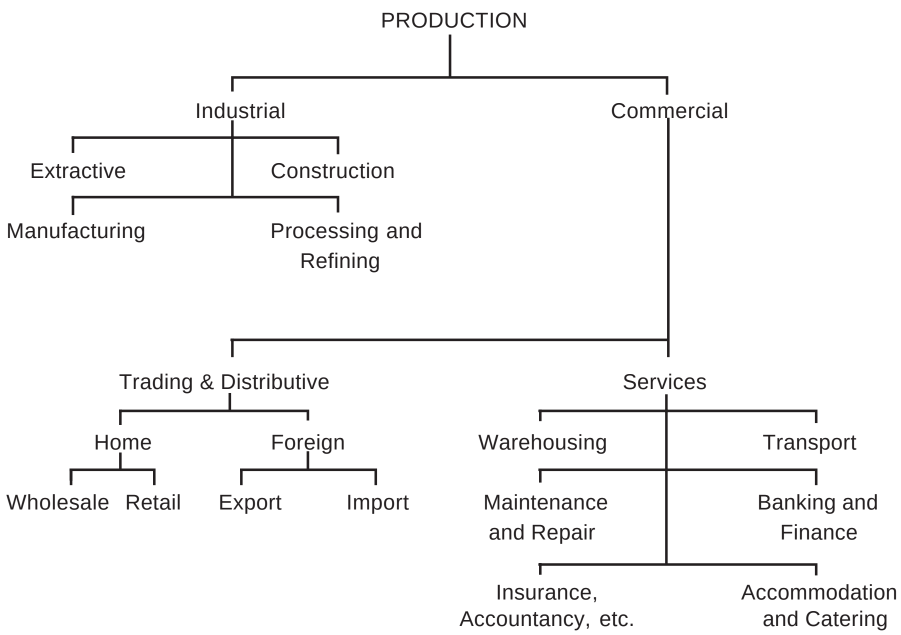
For example, a business might operate a factory, and then sell the products of its factory from its own shop(s) - and is thus involved in both industrial and trading activities. Another enterprise might sell, say, office machines and also provide a maintenance service for those machines, and so is involved in both trading and service-providing activities.

The Interdependence of Enterprises

All categories of enterprises are dependent upon each other. For instance:

- If there were no industrial enterprises there would be no raw materials available, and there would be few, if any, goods for the trading businesses to buy and sell.
- At the same time, most industrial enterprises depend on trading and distributive businesses to buy - and sell to consumers - the raw materials, the components or the manufactured goods which they produce.
- Few if any industrial enterprises could operate without services - particularly utilities - provided by service enterprises.
- Even most service enterprises require services provided by other service - and particularly utility - enterprises.
- And, of course, if there were no industrial enterprises or trading businesses there would be few, if any, customers for the many services provided by the service enterprises!

Fig.1/1. The modern world of commerce



Whether an enterprise is classified as being industrial, trading or service-providing (or a combination of two or more of them) a manager's job will **still** comprise the two aspects we have described:

- The "technical" or "functional", requiring a knowledge of the WORK of the enterprise or the department or the section of it in which he is employed.

  and

- The "human" aspect, concerned with THE PEOPLE through whom the objectives of the enterprise or department or section of it will be achieved.

Types of Business Units

In the private sector, the range and variety of a manager's work, duties and responsibilities might depend on the type, size and ownership of the business unit by which he is employed. The basic types of business units in the private sector are:

★ sole-owners (or sole-proprietors)
★ business partnership firms,
and
★ limited liability companies,
and we now briefly look at each type.

The Sole-Owner/Proprietor Business

As the name implies, the ownership of such a business is in the hands of just one person. Generally the day to day management of the business is performed by its owner, although some *"delegation of responsibility"* (which we discuss in Module 4) might be necessary, and in some cases the owner might employ a manager to run the business.

This type of business is usually fairly small, but is not always so. The range of activities of sole-proprietor businesses is wide:

- Many sole-owner business units are involved in trading and distribution, both in wholesaling and in retailing.
- Some sole-owner business units are engaged in relatively small-scale manufacturing or in farming, fishing, or other aspects of agriculture, etc.
- Many sole-owner business units are involved in technical or crafts fields, as motor mechanics, electricians, radio/TV or computer engineers, painters and decorators, gardeners, house or office cleaning, etc.
- Some sole-owner business units provide services, for example estate agents, insurance agents, travel agents, etc.
- Other sole-owner business units are concerned with the running of restaurants, guesthouses, small hotels, and similar "hospitality" activities.

The owner of a sole-proprietor business might be assisted by members of his family and/or by one or more employees - the number depending on the size of the particular business. The management of such a business is generally fairly simple as the owner or manager (frequently the same person, of course) will know personally each person working for the business, will generally be in close contact with each, and will be aware of the abilities, and possible short comings, of each person.

The owner-manager will normally have a good knowledge of the work performed by each person employed - and, indeed, might well actually have to perform that work in times of holidays, illness or other absences; although some "specialists" might have to be employed.

Other advantages of this form of ownership include rapid decision making, as the owner does not usually have to consult anybody else, coupled with ease of control and "personal" contact with customers or clients and suppliers. In addition, any net profit made by the business belongs solely to the owner.

There are, of course, possible disadvantages of sole-owner business units; these might include:-

- The indispensability of the owner, making it difficult for him or her to take holidays, and giving rise to loss of direction of the business in times of illness, etc.

- The fact that one person might not possess all the attributes necessary to run a business successfully, or have the time available to carry out all the vital managerial functions necessary in even a small business.

- A sole-proprietor might experience difficulty in raising not only the initial capital (finance) needed to start the business properly, but also funds for expansion or to see the business through "difficult times".

- The most serious disadvantage is that in the event of the business doing badly and becoming insolvent, the owner has **unlimited personal liability** for the **debts** of the business; that is, what it **owes** to other people and/or enterprises (called its "creditors"). This means that if a sole-owner has insufficient funds, his personal possessions - house, motor vehicle, furniture, etc - could be seized - through due process of law - and sold to raise money to pay what the business owes to its creditors.

Both good management and supervision **are essential** in a sole-owner business, as it is the owner's "pocket" which is affected financially by every "business" decision made and by every action taken!

Business Partnership Firms

In most countries the law defines a business partnership as:

"that relationship which subsists between two or more persons carrying on business in common with a view to profit."

There are many reasons why two or more persons might get together to start (or take over) a business. It might be done in order to "pool" skills, knowledge, experience, contacts, finance, assets, or a combination of any two or more of those factors. Such a business is called a **'partnership firm'**, or sometimes simply a **'partnership'** or a **'firm'**.

For example, one person might be a skilled computer technician and be skilled in computer system design and installation, websites, etc, whereas another person might have had experience in selling computer hardware and computer accessories, whilst a third person might possess organisational/ administrative ability. As individuals, they might not have sufficient knowledge, skill or finance to run a business; but by pooling their knowledge, talents and resources and by working as a partnership "team" they might well be able to run a successful business selling, designing and installing computer systems, websites, and related activities.

In some cases, one or more of the partners might provide the skill, or have experience or technical know-how, whilst one or more others might provide some or all the finance. Not all partners in a particular partnership firm necessarily work in, or are involved, in the management of the business. Some partners might provide all or part of the capital (finance), and leave the day to day running of the business to the "working" partner(s) or to non-partner managers; non-working partners are commonly called "sleeping" partners.

All the partners in a partnership firm share in any profits made by the partnership business, but not necessarily in the same proportions. Any losses made by the business are shared by all the partners, generally in the same proportion(s) as they would share profits. But the liability of **each** partner is **unlimited**, and in the event of insolvency an affluent partner could be called upon to meet personally any of the debts of the business which the other partner(s) cannot afford to meet.

Advantages of partnerships might include:-

- It might be possible to spread the workload and responsibilities, whilst at the same time often allowing for specialisation by different partners.

- The short absence of one partner due to holiday or illness might not be felt as seriously as in a one-man business. One partner might be able to "cover" for another when circumstances make that necessary.

- There might be merit in consultations and discussions before decisions are made, so long as that does not entail lengthy delays and/or inaction.

Efficient management is as important in a partnership as in any other business. In cases in which the partners do not have management skills, ability or training, or in which they wish to concentrate on their specialist functions, non-partner managers might be employed, and might be directly responsible to one or more of the partners.

The disadvantages of partnerships often concern the relationships which develop between the partners. Relations can become strained if the business is not doing well, or if there are personality clashes, if one partner is less honest or reliable or responsible or hard working than the other(s), or if one partner wishes to withdraw all or part of the capital he invested in the business. Problems can also arise if a partner wishes to retire from the business or to sell the"share" of it he owns, or when a partner dies.

For efficient management, it is important for partners to clearly define - usually in a written "Partnership Agreement" - their duties, and to keep to their areas of responsibility. Although that can frequently be done successfully, it is not always easy for a non-partner manager in a situation in which there is any friction between partners.

Limited Liability Companies

The capital and ownership of a limited company - commonly called simply a ***'company'*** - are divided into ***'shares'.*** The quantity and value of the shares in a particular company are generally a matter of convenience or commercial viability, and there is no fixed rule: for example, a company with a share capital of $50,000 could have 1,000 shares of $50 each; or 10,000 shares of $5 each; or 50,000 shares of $1 each; and there are other possibilities.

The people or organizations who or which purchase shares in - who **invest in** - a company are called ***'shareholders'***, because they own or "hold" shares in it. (In some countries they may be called *"stockholders"* or *"members".)* In general they **share** the profits made by the company - in the form of ***'dividends'*** - in proportion to the number and value of shares which each person or organization owns or "holds".

The shareholders **elect** a number of people as ***'directors'*** to form what is called a ***'board of directors'*** (often referred to simply as the ***'board'***) to run the business on their behalf and to protect their interests. In many cases, especially in small companies, the directors are themselves the shareholders.

We return to a consideration of the board of directors of a limited liability company later in this Module, but first we consider the advantages such a business unit has over the sole-owner and business partnership business units.

Before a new company can be formed, it must be registered with the appropriate authorities in the country concerned:-

- Once the company has been registered - or "incorporated" as the process may be called - it becomes a **separate and legal entity** and is quite distinct from its shareholders, its directors and its management, and it is permitted to buy and own property, to enter into contracts, and to take other actions in its own right.

- It might be easier (although not always) for a profitable and successful company to raise capital and/ or any additional finance, than it might be for a sole-owner or partners to do.

- The death or retirement of a shareholder does not affect the existence of a company as it does a sole-owner business or a partnership firm.

- The transfer of shares from one person to another does not necessarily affect the management of a company as it does a partnership firm.

Despite all the foregoing, the most **important advantage** of this type of business unit is that implied in its name: ***limited liability.***

The Meaning of 'Limited Liability'

Put simply, "limited liability" means that a person (or organization) who purchases shares - invests - in a company which does badly and fails, can **lose no more** than the amount of money which he paid, or agreed to pay, for those shares. His liability - that is, his obligation - for any debts of the failed company is **limited** to the amount which he invested in it; he cannot be called upon to pay any more.

On the other hand, as we have already explained, a sole-owner or the partners in a partnership firm have **un**limited liability for the debts of their respective business should it fail, and they can be called upon personally to meet those debts. (In practice - and despite the additional cost - sole-owners or business partners might decide to incorporate their respective businesses into limited companies to gain the important **protection** of "limited liability".)

The Effects of Limited Liability

The development of limited liability companies - often called *"joint-stock companies"* - had an important bearing on the need to develop effective management techniques, and to provide formal training for managers. Prior to the middle of the 19th century, most business undertakings were relatively small. The owner of a business provided the finance (capital) that was needed, and personally managed the people who worked for the business, in much the same way as the sole-proprietor operates today. The success or otherwise of the business depended to a great extent on the business abilities and managerial skills of the owner.

In a small business the owner was generally a member of the working team. In a larger business, the owner was normally present to oversee the work of his senior employees, but they in their turn supervised the work of the more junior employees in the way they had been taught - usually by example - by the owner. They received no formal supervisory or managerial training, whether or not they went by the title of "manager".

However, the discovery and use of steam power led to radical changes in many areas of business activity. In the first place, costly machinery was required in order to utilize the new source of power, and the owners of businesses frequently had to borrow money with which to purchase the machinery. And as those who lent money had an "interest" in the business, the owner was no longer accountable only to himself. Few people with money to lend to businesses were prepared to participate in running the businesses, and they were equally unprepared to put at risk their personal fortunes should the businesses in which they invested fail.

Without the advent of joint-stock companies and the evolution of limited liability, progress and technological advancement could have been retarded, and most businesses would have remained relatively small. Secondly, the necessity might not have arisen for better techniques and training to manage the larger labour forces required to operate and utilize the new machinery.

The obvious advantages to investors of limited liability led to the rapid development of joint-stock companies, with regulations to govern their operation. And that, coupled with the increasingly large investment necessary to keep abreast with, and competitive in the face of, continuing developments in machinery and equipment and new manufacturing techniques, eventually led to the situation where in many cases the actual owners of a business - the investors - were not involved in its management. They had to rely heavily on other people - **managers**.

As investors were then - as indeed they still are today - primarily interested in a “return” on the money they invested, either in the form of shares of profits or in capital appreciation (growth), they demanded efficient and effective management. That in turn necessitated the introduction of new techniques of management, and formal management training.

Today there are two forms which companies might take: -

❋ *Private Companies*

These are by far the most numerous, but many of them are relatively small concerns, frequently no larger in scope or activity than the sole-proprietor business or the business partnership firm. Indeed, as we mentioned earlier, many sole-owners and partners transform their businesses, by incorporation, into companies to give themselves the protection of limited liability.

In most countries a private company might be formed by just 2 or 3 people, and generally the maximum number of shareholders is limited. A private company might not invite the general public to purchase its shares, and there are generally restrictions on the right of shareholders to transfer or sell the shares which they own.

❋ *Public Companies*

There are fewer public companies than private companies, but they are generally far larger. The “public at large” might be invited to purchase shares in a public company and there is no restriction on the right to sell and transfer ownership of shares at will. There is often no legal restriction on the maximum number of persons or organizations who might own - and “hold” - shares in a public company.

There are other differences between private and public companies, but they belong to the study of company law. It is common in most countries for companies to have to include in their names the fact that they have limited liability. This is frequently done by adding the word “Limited” or the abbreviation “Ltd” at the end of a company's name, or words/abbreviations with similar meanings, depending on the country.

In some countries the fact that a company is “private” might have to be indicated by the inclusion of that word or an abbreviation such as “Pv” or “Pte.”, etc, or a local equivalent.

The inclusion of the abbreviation “Plc” (public limited company) or the equivalent in other countries, is also becoming common.

The Board of Directors

A company, whether it is a private or a public one, is governed by a ***board of directors*** - which is often referred to simply as ***‘the board’*** - which generally comprises between 2 and 12 directors. The directors are elected by the shareholders - the owners - of a business to run the business on their behalf in such a way that satisfactory profits are achieved by it.

In smaller businesses the directors might themselves own many or all of the shares and, although not as common as at one time, there are still some large companies in which the majority of shares are owned by members of one family. However, a large company might have hundreds or thousands of shareholders, and it would therefore be impracticable - if not impossible - to consult each one every time that a decision has to be taken; in any case, most shareholders have little interest in or knowledge of the day to day running of the company, and are mainly interested only in the profits it makes (in which they will share).

The main duties and responsibilities of a board of directors can be seen as being:-

- The board is the "watchdog" of the shareholders' interests; it is the trustee of the funds invested by them in the company and it is fully responsible for ensuring the proper "application" - spending - of those funds.

- The board is responsible for formulating the **policies** which will best enable the company to achieve its objectives (we consider objectives and policies in Module 2; we can explain simply now that objectives are **what** is to be achieved, whilst policies decide **how** to achieve the objectives), for ensuring that the laid down policies are implemented and put into practice, and are adhered to, and for making any amendments to the policies which might be necessary from time to time.

- The board must be kept informed of all **financial matters** which relate to the company; it must ensure that sufficient finance - called *"working capital"* - is available, and it must sanction or approve *"capital expenditure",* which usually involves large-scale spending for the purchase of land or buildings or machinery.

- The board is responsible for appointing top executives and for maintaining a suitable organisational structure and effective management, whilst also providing leadership for the company as a whole.

- The board is also responsible for ensuring that the company operates in accordance with all the legal and the statutory requirements of the country concerned.

The Managing Director

This official is both a director and the chief executive of the company; he (or she) has a "dual" role. As a director he is involved in the activities of the board, as listed above. Because he is also chief executive, and therefore involved in the day to day running of the company, his views carry weight at board meetings. As the chief executive he is the "bridge" between the board and the other members of the management team.

The managing director is therefore not only involved in the **formulation** of policy by the board, but he (or she) is also responsible for ensuring that the management team **implement** that policy. Similarly, whilst his views are - or should be - taken into consideration by the members of the board, it is the managing director who must interpret and put into effect decisions reached by the board - and must do so whether or not he agrees with those decisions.

At the same time the managing director is able to bring to the attention of the board problems or other matters about which he becomes aware during the course of his managerial duties.

In cases in which the chief executive of a company is not a director, he is frequently known as the ***general manager***.

Executive Directors

These executives work full-time for the company, and are therefore in day to day touch with the activities of their respective departments, in addition to being involved with the affairs of the board. Executive directors are subordinate to the managing director and, indeed, the majority of them are appointed to the board on the recommendation of the managing director. Nevertheless, as head of a department an executive director assumes personal responsibility for running his department and for implementing the policy and decisions of the board relating to it.

The advantages of having "specialist" executive directors readily available for discussion and consultation can be offset to a certain extent by the fact that they might be limited in their overall view or knowledge of the company. At the same time, an executive director has to work in conjunction with the managing director and his other managerial colleagues, and therefore - in order to avoid unpleasant repercussions - he might be somewhat wary of pursuing an independent line, or going against their views.

Non-Executive Directors

These officials are part-time directors who are usually able to take a more independent approach than can executive directors, as they are not involved in the running of the company. Often they are appointed for their expertise or knowledge, their interests or contacts; for example, accountants, lawyers, bankers, architects, politicians, ex-ministers, etc.

In some cases a non-executive director might have to be appointed to "watch over" the interests of another party; for example, a financial institution lending considerable funds to a company might wish to be represented on its board.

Fig.1/2. The structure of modern management in many companies

THE SHAREHOLDERS	they collectively own the company and provide its capital; elect directors but may not participate in management
THE BOARD OF DIRECTORS	appointed by the shareholders to represent their interests
CHIEF EXECUTIVE OFFICER	most often the managing director, but need not be a director
SENIOR EXECUTIVE OFFICERS	divisional or departmental managers, some of whom may be directors
MIDDLE MANAGEMENT	sectional or junior departmental managers, possibly including their deputies, assistants, etc.
SUPERVISORS	including foremen and junior managers

The Chairman

The chairman of the board is a director elected to the post, in theory by the other directors and not by the shareholders. In practice the chairman might be a principle shareholder or might have strong family shareholder connections or be elected because of his knowledge, his experience, natural leadership abilities, popularity, seniority or for some other special qualities. He (or she) might be a full-time director or be a non-executive director.

The chairman of the board of a large company might be called upon to "represent" the company in discussions, press conferences, etc. In smaller companies the chairman might very often also be the managing director. The primary function of the chairman of any company is to regulate and control the proceedings of board meetings; however, as "head" of the enterprise he should be able to lead the board members and the management team positively and to stimulate them.

SELF-ASSESSMENT TEST ONE

You will find **Recommended Answers** - against which you may assess and compare your own answers to the Questions in this Test - on pages 26 and 27. The maximum mark which may be awarded for a Question in this Test appears in brackets at the end of that Question. Do **NOT** send your answers to these Questions to the College for assessment.

No.1. (a) Briefly define "management". With what two different aspects will the tasks of any manager be concerned? (maximum 15 marks)

(b) Why are skilled managers so important in any enterprise? (maximum 10 marks)

No.2. (a) Describe briefly the three broad categories into which organizations making up the commercial world can be divided. (maximum 15 marks)

(b) Describe various circumstances in which business partnership firms might be formed. (maximum 10 marks)

(c) In your own words explain what you understand to be the main benefit of incorporation or the formation of a limited company. (maximum 10 marks)

No.3. (a) In your own words, describe the main duties and responsibilities of the board of directors of a limited company. (maximum 20 marks)

(b) Explain clearly the differences between executive directors and non-executive directors of a limited company. (maximum 10 marks)

No.4. Place a tick in the box ☑ against the **one correct** statement in each set.

(a) *The private sector refers to:*
1☐ all the businesses which are run to gain profits for their owners.
2☐ records and documents which must be kept confidential.
3☐ areas of the premises of a business restricted to employees only.
4☐ the offices of the managing director and other senior executives.

(b) *A business partnership firm consists of:*
1☐ a solid and long-established business organization.
2☐ two or more people in business together with the intention of making profits.
3☐ a business with two or more parts, sections or departments.
4☐ an organization in which all managers and staff play their full parts.

(c) *"Limited liability" in relation to a limited company means:*
1☐ its shareholders are not obligated to work for the company.
2☐ its management is not liable for any defects in its products.
3☐ its management is not responsible for debts incurred by it.
4☐ a shareholder's obligation is limited to the amount he invested in it.

(d) *The main activities of trading enterprises are:*
1☐ manufacturing products and components from raw materials.
2☐ buying and selling - distributing - raw materials, components and manufactured goods.
3☐ the maintenance and repair of machinery and equipment.
4☐ providing a range of services for manufacturing enterprises.

(e) *The term "shareholders" refers to:*
1☐ people and organizations owning shares in a limited company.
2☐ the people who share in the day to day work of a company.
3☐ the people who share in the day to day management of a company.
4☐ those who divide the work to be performed between the staff.

(2 marks for a statement correctly ticked - maximum 10 marks)

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RECOMMENDED ANSWERS TO SELF-ASSESSMENT TEST ONE

No.1. (a) Management is the art of managing the activities of other people, that is, getting them to work well and willingly, and directing their efforts towards a common objective. There will be two aspects to the work of any manager:-

* Firstly, a manger will be concerned with the "technical" or "functional" aspect of his job, that is, with the specific work to be performed by his section, department or enterprise as a whole.

* Secondly, he will be concerned with the "managerial" aspect, that is, with the people who will actually perform the work in his section, department or the entire enterprise.

(b) Only a skilled manager can forge his or her subordinates into an efficient team capable of achieving its set objective(s) in the best and most economical way. A manager needs to plan and organise the work of all his subordinates, train them to perform the work well and efficiently, co-ordinate the efforts of the different team members, and direct those efforts towards the achievement of a common objective, encourage the team of staff to work well, and control their activities.

No.2. (a) The many and varied enterprises making up the commercial world can broadly be grouped into:-

(i) Industrial enterprises, which might be engaged in activities which involve extraction or agriculture or forestry, processing or refining, manufacturing or construction.

(ii) Trading and distributive enterprises, whose activities involving buying and selling the products of industrial and service-providing enterprises.

(iii) Service-providing enterprises, which perform a wide range of services required by the industrial and trading/distributive enterprises, as well as other service-providing enterprises and consumers.

and there are also multi-activity enterprises.

(b) A business partnership firm might be formed because:

- The person(s) wishing to start or take over a business does/do not individually have sufficient finance (capital); one or more other people might be able to provide the additional finance required in return for a share of the profits made by the business.

- Two or more people might need to "pool" their resources in terms of finance, knowledge, talents, skills, experience, contacts, etc, in order to provide the necessary capital and expertise required for potential business success.

(c) There are a number of practical "business" benefits which can often be gained from incorporating a business into a limited company. But the most important advantage is what "limited liability" means: a person or organization who or which buys shares in a company which does badly and fails, cannot lose more financially than the amount of money which was paid, or agreed to be paid, for those shares. The person or organization's liability - obligation - for any debts of the failed company is limited to the amount invested in it; a shareholder cannot be called upon to pay any more.

No.3. (a) The main duty of the board of directors of a limited company is to run the business on behalf of its shareholders in such a way that satisfactory profits are made by it. The board must protect the shareholders' interests, and especially the capital invested by them in the company. The board is responsible for ensuring that any and all of the company's money is wisely and carefully spent, and for ensuring that full and accurate records of all money received and paid out by the company are kept, as well as records of all its assets (including money owed to it) and any liabilities it has. The board must approve or "sanction" any large expenditure, such as on buying machinery or equipment. The board must ensure that the company is operated by competent and well-led personnel, both managerial and nonmanagerial, and that its operations are carried out within the law and statutes of the country concerned.

(b) Executive directors are so called because they are responsible for the day to day running of the company, and for making decisions about its actions and activities. In larger organizations, executive directors will be in charge of the main functions and departments of the company, such as sales or production. In a small company there might be only one executive director - usually a major shareholder - who will be managing director.

One or more other directors might not work in or run the business; each may be called a "non-executive director". Often the non-working director(s) are appointed to the board to look after their investments. For example, a person who invested a large sum of money in the company, would want to sit on the board personally - or appoint a representative to be on the board - to be able to check that all money was properly and effectively used, or spent. And a bank or other financial institution lending money to the company might also want to be "represented" on its board, by appointing one of its officials to be elected a non-executive director.

Non-executive directors often have business experience and expertise, and useful business or political "contacts", and so can proffer valuable advice to executive directors.

No.4. The correct statement from each of the sets selected and ticked:

(a) 1☑ (b) 2☑ (c) 4☑ (d) 2☑ (e) 1☑

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WHAT YOU WILL LEARN IN MODULES 2 TO 12

OF THE

MODERN MANAGEMENT/ADMINISTRATION PROGRAM

Module 2 - The Functions of Management

Objectives of an enterprise
Policy formulation
The profit motive - defining and justifying profit
Planning - plans as routes to objectives
  strategic, tactical and operational planning
Organising: what is involved
Co-ordinating: sectional and corporate co-ordination
Motivating: the necessity for, methods and importance
  of the right motivation of employees
Controlling:
  supervising subordinates
  controlling output and equipment
  maintaining records of performance
Standards:
  quality and quantity standards
  why standards are set and used in management
  ideal and attainable standards
The functions of management in practice

Module 3 - The Responsibilities of Management

The meaning of responsibility
  in everyday life and in management
Responsibility and rewards:
  why seniority brings greater rewards
The meaning of authority:
  its relationship with responsibility
Responsibilities towards the employing enterprise:
  for subordinates
  for customer-satisfaction
  for security and confidentiality
  for improvements
  for harmonious management/employee relations
Responsibilities towards subordinates:
  for fair and honest treatment
  for good working conditions
  for safety and health
  for training and promotion
Responsibilities towards the community:
  differing ideologies
  striking the right balance

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Module 4 - The Delegation of Responsibility

The meaning of delegation
Why the need for delegation arises
Delegating in the right way:
  mistakes to avoid
Benefits arising from delegation

How Businesses are Organised

How businesses expand:
  the development of sections, departments
    and divisions
Planning the organisational structure
Spans of control
Types of organisational structure:
  line
  functional
  line & staff
Organization charts:
  purposes and uses, types - illustrations,
  benefits from their use
  dangers to avoid,
  the need for regular updating

Module 5 - Communication in Management

The meaning and importance of good communication
Advantages to management and workforce of
  effective internal communication
The need for a two-way flow of communications
The need for readily available and accurate information:
  dangers of the “grape vine”
Vertical communication
Horizontal communication
Communication with external sources
The principles of effective communication
Oral communication:
  circumstances in which it might be used,
  advantages and dangers
  emphasis, inflexion, tone, adaptability
Unspoken forms of communication
Written communications:
  business letters:
    features
    specimen examined
  memoranda:
    features
    specimen examined
  reports and report writing
  informal and formal meetings:
    notices
    agendas
    minutes
      specimens

forms:
purposes and uses
design or set up
copies
codes
serial numbers
Telecommunication:
telephones
fax transmission
uses of e-mail for internal and external communications

Module 6 - Planning and Forecasting

The meaning of forecasts and forecasting
The need for forecasts
Forecasting as the basis for planning
The use of forecast in practical management - practical example

Budgets, Budgeting and Budgetary Control

Meanings of the terms
The purpose of budgeting
Why budgeting is important to the success
of any enterprise
Benefits which can accrue to management from budgeting
Budget preparation
Limiting factors
Sales, production, and cash budgets - practical example
The master budget
The need for budgetary control:
budget review statements
investigations of variances
Dangers of inflexible budgetary control

Manpower Planning

Division or Specialisation of Labour

Specialisation and the division of labour
Organization & Method Studies
Work Studies:
motion studies and work measurement

Module 7 - The Management of Personnel (1)

Recruitment of personnel:
internal recruitment -
advantages, avoiding problems
external recruitment -
possible sources, dangers
job analysis
job descriptions - specimen
employee specifications

Attracting suitable applicants:
- advertisements

Employment application forms:
- contents and design
- logical sequence of information
- specimen form analysed

Attachments to application forms: the CV or resume

Selection:
- sorting applications
- employment interviews -
  - purposes and importance
  - preparation and planning, conducting
- selection tests

Appointment:
- letters of appointment
- terms and conditions of employment

Trial periods

Dealing with unsuccessful candidates

Module 8 - The Management of Personnel (2)

Induction:
- what might be involved
- the importance of a good induction process:
  - environment induction
  - job induction

Follow-up and establishing good relations

Training:
- advantages of training personnel
- on-the-job training
- craft, activity and professional training

Remuneration policy:
- problems in formulating an acceptable policy

Systems of remuneration:
- time rates, piece work rates, bonuses, commission

Personnel policy:
- principles of a good personnel policy
- application of the personnel policy

The personnel department:
- major responsibilities and sections
- personnel records
- the rate of labour turnover
- other personnel statistics

Module 9 - Industrial Relations ***52***

Trade unions:
- their main aims and activities
- advantages claimed by union recognition
- disadvantages claimed from union recognition
- the role of shop stewards:
  - their activities
- conveners

- shop stewards committees
- joint shop stewards committees

Industrial action:
- why it might be taken
- the different forms it might take

Collective bargaining:
- employers' associations,
- negotiating with more than one union

Joint consultation:
- aims
- ingredients for success

Staff associations and white collar unions
Redundancy and dismissals
Government participation and intervention

Module 10 - The Manager and His or Her Subordinates

Differences between a manager and subordinates
Attitudes necessary towards subordinates
The necessity for understanding by managers
The right approach to - and relationships with - subordinates
The importance of encouragement, praise
and appreciation
Building respect and loyalty
Setting good examples
Disciplinary action:
- the right approach and attitude
- procedures.

Employee counselling:
- what is involved
- approach
- solving problems
- benefits

Resignations:
- avoidable resignations
- unavoidable resignations
- exit interviews
- unintended resignations

Retirement:
- planning for and counselling

Module 11 - Styles of Leadership and Management

Workgroups and team building:
- definition of a "group"
- factors affecting workgroup behaviour:
  - group size, leadership, nature of the tasks,
  - working environment, individual roles
  - motivators, cohesiveness, group norms

Leadership and what is involved
- managers as leaders
- alternative styles:

- paternalistic
- autocratic
- democratic
- controller
- situational

adapting management style to the situation
Task-oriented (T/O) managers
Relationships-oriented (R/O) managers
Balancing between task needs and relationships needs:
  the "functionally competent" manager
Changes in management attitudes
Scientific management:
  assumptions and principles
Contemporary attitudes and principles
Contributors to contemporary attitudes:
  Elton Mayo - the Human Relations Movement
    the Hawthorne Experiment:
      conclusions
      practical applications
  Marslow - the Hierarchy of Human Needs:
    physiological needs
    safety/security needs
    social needs
    ego/esteem needs
    self-realisation needs
    lower order and higher order needs
  Herzberg - Motivation Hygiene Theory:
    motivators
    hygiene factors
    applications in modern management
  McGregor - Theory X and Theory Y:
    assumptions of the two management "modes"
    participative management
Job design and redesign:
  factors involved
  specialisation and discretion dimensions
  job rotation:
    what is involved
    possible benefits
    problems which can arise
  job enlargement:
    what is involved - "horizontal" expansion of tasks
    possible benefits and dangers
  job enrichment:
    the aims
    what is involved
    short-term and long-term effects
Rewards:
  extrinsic rewards
  intrinsic rewards

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Module 12 - The Manager

Mental attitudes desirable for success in management:
- clear, logical thinking
- decision-making ability
- initiative
- adaptability and flexibility
- emotional maturity
- stamina and concentration
- drive and determination

Leadership:
- what it means and what is involved

Preparing for a Career and Promotion in Management

Willingness to learn and to do more
Getting on well with people from other walks of life
Working without constant supervision
Ability to accept responsibility and authority
Trustworthiness, dependability, reliability and loyalty
Completing employment application forms for managerial posts
Preparation for and behaviour during interviews
Undertaking further studies/training