

Introduction to Business Management Coursepack

Chapter 1 Notes

Definition of Business: Profit seeking activities that provide goods and services to an economy.

Four Factors of production in Business

1. National Resources (rent)- access to land, natural state
2. Capital (interest)- includes machinery, money, technology
3. Human Resources (wages)- physical labor, creativity
4. Entrepreneurship (profit)- risk taking and innovation

Private Enterprise System: System that minimizes government interference in an economy

Four Basic Rights in Private Enterprise System

1. Right to own and receive profit from their activities
2. Right to use & consumer freedom of choice for their own employment, purchases & investments
3. Right to buy by setting rules for competitive activity
4. Right to sell

Six Eras of Business History

Colonial

Before the year 1776, consisted of agricultural business

Industrial Revolution

Began in the year 1760 and lasted until 1850. Consisted of the mass production of goods by machines and semi-skilled workers.

Age of Industrial Entrepreneurs

Started in the late 1800's. This era consisted of a number of advances in technology and an increased demand for manufactured goods. This increase in demand led to opportunities for the entrepreneurs.

Production Era

Lasted through the 1920's. This era emphasized the importance of producing goods quickly, which led to the assembly line.

Marketing Era

Began in the 1950's. This area focused on the importance of marketing and the understanding of needs and preferences of the consumer.

Relationship Era

This era recently began in the 90's. This era notes the benefits of maintaining ongoing links with customers, suppliers, and counterparts.

What's the difference between a transaction and a relationship?

Transaction- sales cover the costs and earn profit to sustain

Relationship- Higher revenues and lower costs

Technology in a business context

Technology is the application of knowledge based on scientific discoveries, inventions, and innovations. Technology can be interpreted as communication in managing customer relationships.

Aging Population's Affect on the Workforce

Employers have to deal with things like retirement, disability, insurance, all sorts of shit.

Recently, the trend has shown that teenagers have been entering the workforce at an earlier age and seniors have been staying in the workforce for longer.

Why is a Diverse Workforce a Good Thing?

A diverse team will be more effective and will develop better solutions than a homogenous group.

Employee-Employer Relationship

Firms recognize a partnership between employees that encourages creativity, efficiency, and innovation. Employees typically follow a personal agenda, and aren't entirely loyal to their employer.

External and Internal Forces That Require Manager to Lead Organizational Change

External- customer feedback, developments in international marketplace, economic trends, and technology.

Internal- new company goals, emerging employee needs, union demands, problems with production.

Chapter 3 Notes

Economics- Study of choices people and governments make when allocating resources.

Macroeconomics- Deals with the economy as a whole, economic policies of individual nations and ways their policies affect world economies.

Microeconomics- Economic activities of firms and households; purchasing decisions, gas, tuition.

Difference between demand and supply curve

Demand curve- graph of amount of product that buyers will purchase at prices

Supply curve- relationship between prices and quantities that sellers will offer for sale regardless of demand

Factors that cause demand curve to move to the right:

1. increase in customer preferences
2. increase in number of buyers
3. increase in buyers income
4. increase in price of substitute goods
5. decrease in price of complementary goods
6. optimistic expectations concerning the future

Factors that cause demand curve to move to the left:

1. increase in cost of inputs
2. increase in cost of technologies
3. increase in taxes
4. decrease in number of suppliers

How do supply and demand correct surplus or shortages?

If surplus is too high, prices will go up and when the price falls; more units will be purchased and fewer units will be produced to eliminate the surplus.

If prices are too low, shortage will cause prices to rise. Increase in price will cause fewer sales and more units produced to eliminate shortage.

Equilibrium price eliminates shortage and surplus

Four Economic Systems and Worker Incentives

1. Capitalism/Private Enterprise- Businesses meet demands and are rewarded by profit. They have incentives to motivate people.
2. Communism- All property shared equally under direction of central government. Few incentives for workers.
3. Socialism- Government owns and operates major industries. Incentives only present in private enterprises.
4. Mixed Economy- Capitalism incentives in private sector.

Chapter 4

Competing in World Markets

Economic Factors involved in decision to operate in other countries

- Availability
- Price and quality of labour
- National resources, capital, entrepreneurship
- Country's regulatory environment
- Business climate, population and rising income

Absolute Advantage and Comparative Advantage

Absolute advantage: country makes a product for which they have a monopoly over or can produce at a lower cost than a competitor. (Middle East over US in oil market)

Comparative Advantage: country supplies product more efficiently and at a lower price than it can supply other goods compared with outputs of other countries.

Obstacles in International Trade

- Cultural Barriers- language, religion, values, etc.
- Actual Physical Barriers- Location, distance, terrain, etc
- Tariffs- Taxes on imported goods
- Other trade restrictions- Quotas, exchange controls, etc.

Advantages and Disadvantages of Imposing Trade Restrictions

Advantages- Protect citizen's security, health and jobs.

Disadvantages- Limit consumer choices while increasing cost of foreign made products

Advantages of NAFTA

Eliminates trade barriers and investment restrictions between Canada, Mexico, and USA.

Opens up market of 450 M people and GDP of 15 trillion. Easier for business to operate as simplifies shipment of goods across borders.

Chapter 8: Human Resources

Human Resource Management: *Function of attracting, developing, and retaining qualified employees to perform activities necessary to accomplish organizational objectives. HR planning forecasts how many employees a firm will need and determines which skills are necessary to implement its plans.*

Responsibilities of HR management: *planning for staff needs, recruiting employees, training and evaluating performance, determining compensation, dealing with employee separation.*

Common methods of recruiting:

Traditional- college job fairs, personal referrals, want ads

Technological- websites, internet/social networking recruiting

Training Programs:

On the job training- perform task under guidance of experienced employee, apprenticeships and managing development.

Off the job training- classroom work, computer based training which has benefits of reduced travel costs, consistent presentations and learning at one's own pace.

360 Degree Performance Review

Gathers feedback from employees and customers, extensive work for employee and manager, anonymous design allows those "with an axe to grind" to even score.

HR Benefits Mandated by Law

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Pension contributions, payments to unemployment insurance, payments to workers compensation programs.

Flexible Benefit Plans

Offers range of options, different types of insurance and vacation packages, employees given the choice of how allocate benefit dollars, may include bank of time off days.

Downsizing and Outsourcing

*Downsizing- reducing employees by eliminating jobs. Causes anxiety, expensive, etc.
Outsourcing- contact outside firms to perform non-core jobs to downsize, saves expenses and remains flexible, looks good on paper.*

Maslow's Hierarchy of Needs

Motivated by unfulfilled, ascending needs. Must satisfy lower order needs before higher order needs.

1. Physiological- basic human needs
2. Safety Needs- physical and economic safety
3. Social- acceptance by family, friends, coworkers
4. Esteem Needs- people like to feel valued and recognized by others
5. Self Actualization- drive people to fulfillment of dreams and capabilities

Herzberg's Motivating and Hygiene Factors

Motivating Factors- relate to the job and include responsibilities, achievements, recognition, and opportunities for growth.

Hygiene Factors- aspects of work not directly related to a task, but to a job environment, pay, job security, conditions, status, relations and policies.

McGregor's Theories of X and Y

Theory X- assumes employees dislike work. Managers use fear, supervision, pay as tools to increase productivity.

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Theory Y- *assumes employees like work and will seek responsibilities. Managers make work more interesting and challenging for employees.*

Mandate of Labor Relations Board

Judicial Organization Responsible for: Overseeing workers' groups that apply to become a union. Activities that occur during labour dispute.

Tactics Used by Organized Labour When Dealing With Management

Chief tactics are strikes, picketing and boycotts. Number of strikes dropped recently as can damage entire industry.

Chapter 2 Notes

Defining Business Ethics: Standards of conduct and moral values that govern actions and decisions in a working environment.

Describe factors that influence business:

- Personal experiences shape responses to different situations
- Person's family, education, cultural, and religious backgrounds
- Ethical climate of company

When does conflict of interest pose an ethical challenge?

- When a situation has potential to harm another
- Involves someone's personal interests or someone affiliated
- Best to avoid or disclose any potential conflict of interest

Loyalty and Truth=Ethical Dilemma?

Sometimes, an individual must decide between loyalty to company and truthfulness in business relationships.

What is whistle blowing?

Whistle blowing is an employee's disclosure of illegal, immoral, or unethical behavior.

Why are codes of conduct important?

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Defines how organization expects employees to resolve ethical issues. Improves ethical awareness among employees, helps them identify ethical problems when they occur and provides guidance on how to respond.

How do organizations shape ethical conduct?

Ethical Awareness- foundation of ethical climate and formal statement

Ethical Reasoning Through Education- train to evaluate ethical dilemmas

Ethical Action- establish structures and procedures to enable employees to follow ethics

Ethical Leadership- demonstrate ethical behavior

Define Social Responsibility- Obligation to consider profit, consumer satisfaction, and societal well being of equal value in evaluating firm's performance.

Objectives of JFK's Consumer Movement: Businesses to consider consumer's needs
Four consumer rights: 1. Right to safety 2. Be informed 3. Right to choose 4. To be heard

Responsibilities a Business has to its workers

Provide safe environment, recognize quality of life issues, equal opportunity, no discrimination.

How does unethical behavior harm a company?

Goal is to make profit for shareholders-shareholders lose confidence in company and sell shares when there is unethical behavior.

Individual Assignment

Introduction to the company

Do executive summary last

Do extensive research on that company, half a dozen references at least

Looking for a professional project, in the business language (no 'I')

Must pick one of the provided companies

Make that shit look good, give it a cover page, student number, good format

Executive Summary says, "Summary of Findings"

Is it a socially responsible company, what do they do?

What are the employees contributions

Chapter 14- Using Technology to Manage Information

Difference between data and information:

Data is raw facts and figures and may not be relevant to business decision.
Information is knowledge gained from processing those facts and figures.
Data is useless unless it is relevant.

Role of CIO: manages information systems and computer operations. Expands as technology develops.

Difference between Hardware and Software?

Hardware- tangible elements of computer system (keyboards, printers, USBs, etc)
Software- Set of instructions that tell hardware what to do

How are computers classified?

Mainframe: biggest computer with most capabilities
Mid-Range: handle large scale processing needs
Personal: desktops and laptops
Hand Held Devices: smartphones

Widely used applications: word, spreadsheets, email, financial, presentation, planning, calendar, contacts.

Trends regarding information systems:

Distributed workforce, increased use of application service providers, on-demand computing, cloud and grid computing

Evolution of Management Theory

1890-1940: scientific management theory
1890-1980: Administrative management theory
1910-1980: Behavioural management theory
1940-1990: Management science theory
1960-2014: The systems approach

Precursor to management theories

Adam Smith and the Invisible Hand, mass production through the industrial revolution.

Modern Management Theories

Scientific management: Frederick Taylor described how applying the scientific method could be applied to improve performance.

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General Administrative Theory: Henri Fayol's theory of business administration and ownership of task to individual. Max Weber developed concept of bureaucracy, formal system of organization and administrations.

Quantitative- use of stats and models to improve decision making

Organizational Behaviour Approach- managing by working through people

Systems Ap`proach- planning, organizing, leading, controlling

Contingency Approach- no one set of principles to manage organizations

Maslow's Hierarchy- Basic, safety, belonging, esteem, self-satisfaction

Chapter 9: Top Performance Management

3 Ways employees can empower:

1. Sharing company business
2. Share decision making authority
3. Reward them based on performance

Five types of teams in a workplace:

1. Work teams- permanent groups of co-workers who perform day-to-day operational tasks
2. Problem Solving Teams- Temporary, to solve a problem
3. Self-Managed teams- Have authority to make decisions based on task completion
4. Cross Functional- Members from different functions (think matrix organization)
5. Virtual Team- Combination of telecomm. and infotech. to accomplish task

Ideal team size is 7

Large teams face high rate of disagreements and turnover. Smaller groups place less demand on leaders and favor informal interactions

Stages of team development: *Forming, storming, norming, performing, adjourning*