



“ From Learning to Earning: Boost Skills, Bridge Gap



Entrepreneurship Training Package

Module 3: Business Administration

EUROTraining Educational Organization (PP2)





Module learning objectives

After completing this module you will be able to:



- Demonstrate an understanding of the nature of management
- Identify and explain management functions, roles and responsibilities
- Explain the major concepts in the functional areas of accounting, finance, management, and management information systems.
- Understand key concepts related to decision making, risk management and quality
- Demonstrate responsible and effective workplace behaviour skills and traits in a professional business environment.



Entrepreneurship Training Package

Business policy & strategy

EUROTraining Educational Organization (PP2)





Business Policy

Discussion Point:

What do you think a business policy is?

What does it include?

Why is it important?

How is it connected to Strategic Planning?



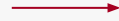


Business Policy



Business policies are the rules that a company develops to manage and plan its operations. They outline the parameters and scope of the decisions that must be taken by its employees. It enables lower level management to address problems and difficulties without constantly consulting high level management.





Business Policy



A policy is considered the general guideline for decision making. Policy was defined by Kalejaye, A. (1998) as the goals, the way of thinking, and the set of principles that underpin an organization's operations.





Business Policy



Business policy is a manual and road map that gives management of any organization awareness and direction. The rights and obligations of each rung of the ladder—horizontal and vertical—of various capital, such as the use of financial resources and human resources, are made public.





Business Policy



It guarantees that businesses produce superior final goods within a framework. It improves performance attainment in an organization and supports, promotes, and enhances it.





Business Policy



Business policy should be:

1. **Specific** instead of generalised, in order for all staff members to be able to implement it
2. **Clear** in order not to create any confusion and to be understandable by all.





Business Policy



3. **Reliable** without creating any doubts regarding its credibility and expected effectiveness
4. **Uniform** across all levels and people of the organisation
5. **Suitable** to confirm objectives and reflect the philosophy of the organisation





Business Policy



Business policy should be:

6. **Comprehensive** taking into consideration all guidelines and principles
7. **Flexible** to accommodate needed changes
8. **Stable** reflecting a long term plan





Strategy



The strategy is a master game plan designed for achieving the objectives of an organisation. It is a mix of competitive moves and actions made by the top level management for the accomplishment of goals successfully.



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Strategy



They are dynamic and flexible in nature. Strategies are based on practical experiences, not on theoretical knowledge, i.e. they are realistic and action-oriented activity.

Strategy is the **means** by which **objectives** are **deliberately** and **systematically** pursued and **achieved** over time.





Management: Roles & Functions



Management is a set of principles relating to the functions of planning, organizing, directing, and controlling, and the applications of these principles in harnessing physical, financial, human, and informational resources efficiently and effectively to achieve organisational goals.



→ Management: Roles & Functions



Management is essential for an organised life and necessary to run all types of organisations. Managing life means getting things done to achieve life's objectives and managing an organisation means getting things done with and through other people to achieve its objectives.





→ Five Functions of Management



1. **Planning** is future-oriented and determines an organization's direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future.





Five Functions of Management



2. **Organising** requires a formal structure of authority and the direction and flow of such authority through which work subdivisions are defined, arranged and coordinated so that each part relates to the other part in a united and coherent manner so as to attain the prescribed objectives.





→ Five Functions of Management



3. **Staffing** is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels. It involves the process of recruiting, training, developing, compensating and evaluating employees and maintaining this workforce with proper incentives and motivations. Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel.



Five Functions of Management



4. The **directing** function is concerned with leadership, communication, motivation, and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals. The leadership element involves issuing of instructions and guiding the subordinates about procedures and methods.



→ Five Functions of Management



5. The function of **control** consists of those activities that are undertaken to ensure that the events do not deviate from the pre-arranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any deviations.





→ Controlling Function



The controlling function involves:

1. Establishment of standard performance.
2. Measurement of actual performance.
3. Measuring actual performance with the pre-determined standard and finding out the deviations.
4. Taking corrective action.





Features of Successful Strategic Management



- Has support of organization's management
- Is user friendly
- Is participatory, not left to planners





Features of Successful Strategic Management



- Is flexible
- Leads to decisions related to resources
- Engages and motivates all staff
- Is fresh and continuous, not static and stale





Features of Successful Strategic Management



- Is Proactive
- Does not constitute a quick fix
- Integral part of Quality Management
- Payoffs increase over time

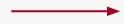




→ Strategic Planning



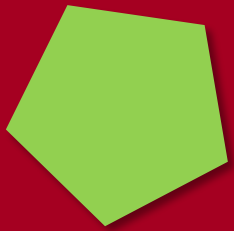
Strategic planning is the development of a competitive strategy or the planning that sets the long-term direction of the organization. Its purpose is to guide the organization to accomplish its mission and to organize the allocation of resources. Strategic planning seeks to maintain a viable fit between the organisation and its ever-changing environment.

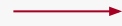


Strategic Planning



The objective of strategic planning is to continuously shape and adjust the organisation's business and outputs to ensure that they produce the desired return on invested capital.



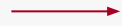


Strategic Planning-things to bear in mind



- Strategic planning takes time: although the original planning processes often take place over a period of several months, strategy execution is an ongoing process.





Strategic Planning-things to bear in mind



- Data analysis may be detrimental to the decision making process if not selected strategically.





→ Strategic Planning-things to bear in mind



- The development of a strategic plan, does not imply adoption and implementation on behalf of the team.





→ Strategy formulation



Entrepreneurship Training Package

Operations Management

EUROTraining Educational Organization (PP2)





→ Operations Management



Discussion point:

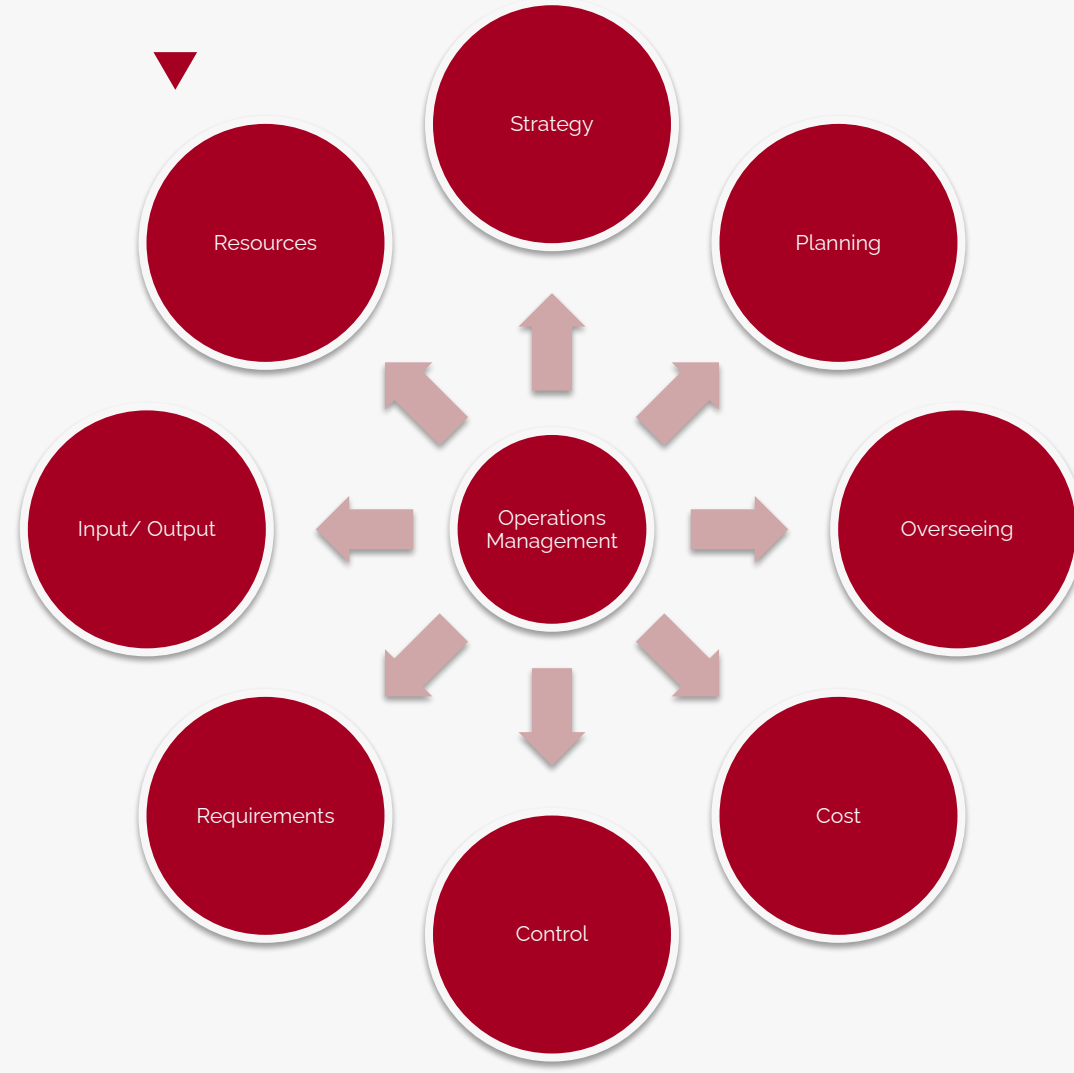
What do you understand by Operations Management?

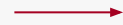
What would it include?

What would be the benefits of effective operations management?



→ Operations Management





Operations Strategy



The processes involved in running a business include purchasing materials, producing goods, managing inventories, making deliveries, etc. Therefore, operational strategy focuses on lowering process costs and raising overall profits.





Operations Strategy



Operational plans are centered on the main business operations, such as manufacturing, shipping, and supply chains. Additional factors like production facility capacity, location, product lines, procurement, etc. are also included in operational strategies.





Operations Strategy



As a result, different operational strategies may exist inside the same business, such as product development, market penetration, customer interaction, supply chain, etc.





Operations Management



Managing, monitoring and allocating the working hours of employees, supplies, equipment, and technology as resources is part of operations management. Depending on customer needs and the capabilities of the business, operations managers develop, produce, and distribute goods and/ or services to customers.





→ Operations Management



Operations management deals with a variety of strategic challenges, such as choosing the size of industrial facilities, project management techniques, and information technology network architecture. The management of inventory levels, including work-in-process levels and the procurement of raw materials, quality control, material handling, and maintenance rules are further operational concerns.





Operational Planning



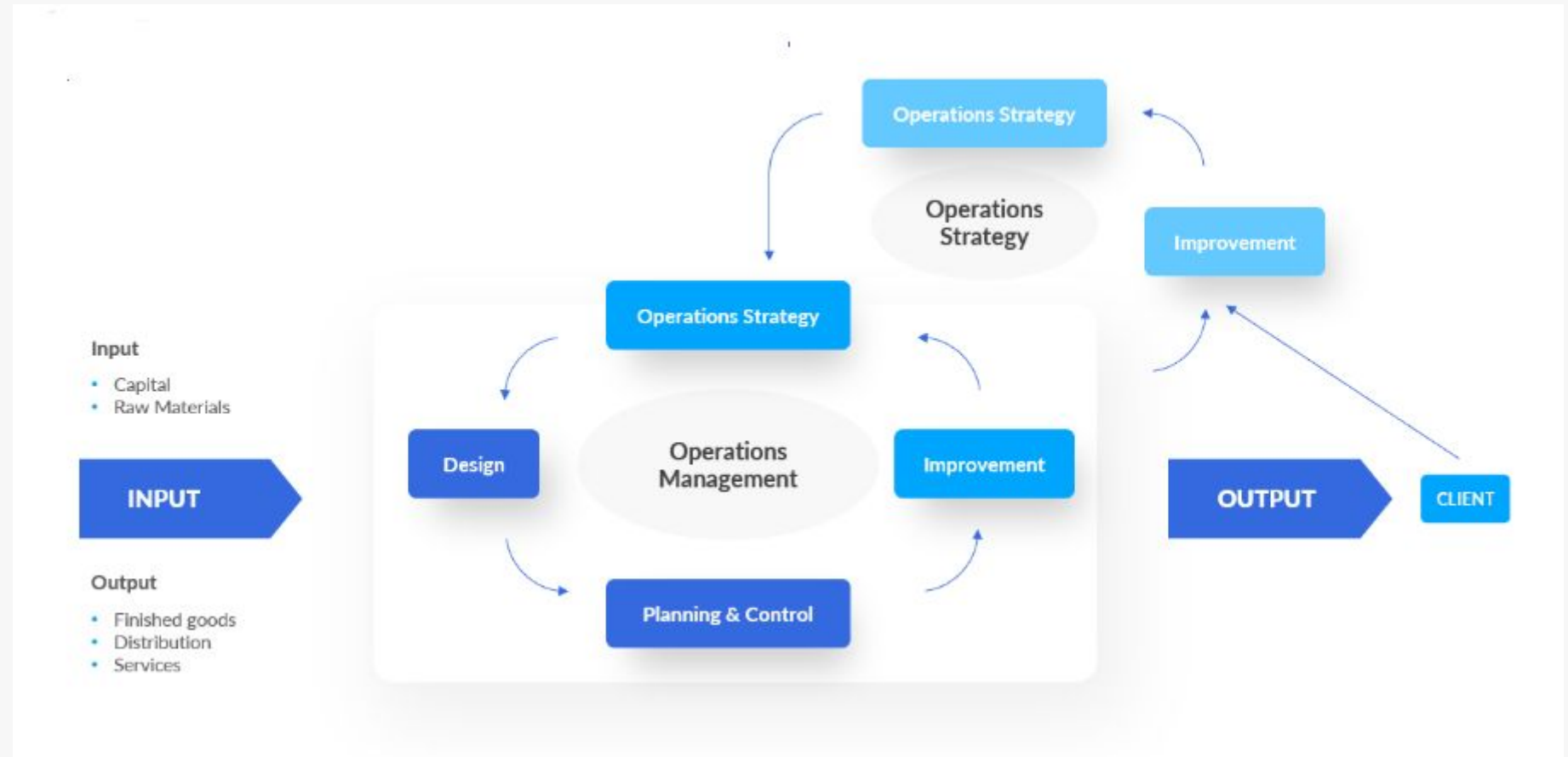
Operational planning covers all of the ongoing, daily activities required to carry out strategic plans.

Operational plans could include task assignments that are relevant to the objectives of the tactical strategy, such as a process for recording and handling work absences, as well as work schedules, policies, rules, or regulations that establish standards for personnel.





→ Operations Management



Entrepreneurship Training Package

Financial & Managerial Accounting Principles

EUROTraining Educational Organization (PP2)





→ Accounting



Accounting information is used as input for a wide range of choices, including the costing and pricing of goods and services, the purchase or sale of companies, the assessment of business plans, and the issuance of loans or stock.



Accounting



Understanding if and how accounting information can be relied upon—that is, knowing the benefits and drawbacks of accounting as a measurement system—is crucial if you're going to be able to use it effectively in the context of these judgments. Misinterpreted information is likely to be applied poorly, resulting in decisions that have negative economic repercussions.



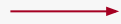


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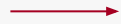


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Accounting



Accounting is an information system that **collects**, **analyses**, and **disseminates** financial data about an organization. Whether the decision-makers are located inside or outside of a company or other economic body, accountants concentrate on the **needs for financial information**. An independent unit, such as a company, institution of higher learning, or governmental organisation, is referred to as an economic entity.

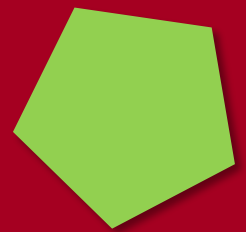




Accounting



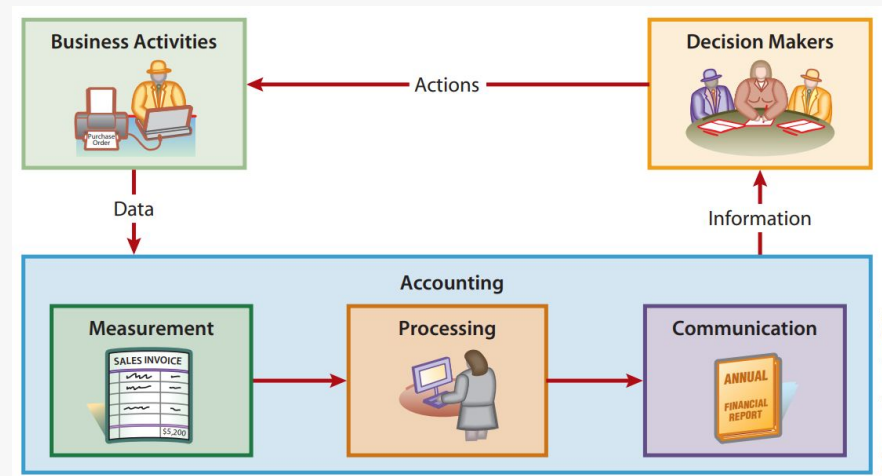
In order for decision-makers to "make reasoned choices among alternative uses of finite resources in the performance of business and economic activities," accountants provide the information they require.





Financial and Managerial Accounting

Information about business activities are the input to the accounting system, and useful information for decision makers is the output.





Financial and Managerial Accounting



Financial accounting information is reported at fixed intervals (monthly, quarterly, yearly) in general-purpose financial statements. These financial statements—the income statement, retained earnings statement, balance sheet, and statement of cash flows—are prepared according to generally accepted accounting principles (GAAP).



Financial and Managerial Accounting



These statements are used by external users such as the following:

- Shareholders
 - Creditors
 - Government agencies
 - The general public
- 



Financial and Managerial Accounting



Managerial accounting information is designed to meet the specific needs of a company's management. This information includes the following:

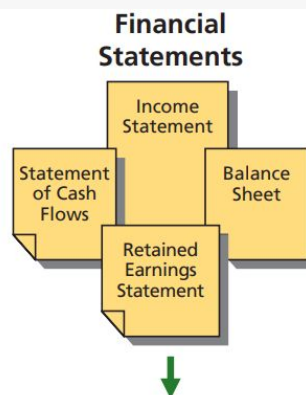
- Historical data, which provide objective measures of past operations
- Estimated data, which provide subjective estimates about future decisions

Management uses both types of information in directing daily operations, planning future operations, and developing business strategies





→ Financial statements and Management reports



| | Financial Statements | Management Reports |
|----------------------------|---------------------------------------|---|
| Users of Information | External users and company management | Management |
| Nature of Information | Objective | Objective and subjective |
| Guidelines for Preparation | Prepared according to GAAP | Prepared according to management needs |
| Timeliness of Reporting | Prepared at fixed intervals | Prepared at fixed intervals and on an as-needed basis |
| Focus of Reporting | Company as a whole | Company as a whole or segment |



Financial and Managerial Accounting



Discussion Point:

What is the difference between financial and managerial accounting?





Financial & Managerial Accounting

Differences

| Financial Accounting | Managerial Accounting |
|---|---|
| Externally focused | Internally focused |
| Must follow externally imposed rules | No mandatory rules |
| The objective is to provide financial information | The objective is to provide financial and non-financial information. Also, subjective information is possible |
| Historical orientation | Emphasis on the future |
| Information about the company as a whole | Internal evaluation and decisions based on a very detailed information |
| More self-contained | Broad, multidisciplinary |



Entrepreneurship Training Package

Management Information Systems (MIS)

EUROTraining Educational Organization (PP2)





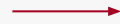
Management Information Systems

Discussion point:

How would you describe a Management Information System?

Why is it important for the management of an organisation/ business?





Management Information Systems



A management information system (MIS) is an organised integration of hardware and software technologies, data, processes, and human elements designed to produce timely, integrated, relevant, accurate, and useful information for decision-making purposes.





Major components of an MIS



In addition to hardware, software, and human elements, an information system includes four major components:

1. The **data** component of an information system is considered the input to the system. The information that users need affects the type of data that is collected and used.





Major components of an MIS



Generally, there are two sources of data: **external** and **internal**.

An information system should collect data from both sources, although organisational objectives and the type of application also determine what sources to use. Internal data includes sales records, personnel records, and so forth.

External data sources can be customers, competitors, supplies; Government agencies and financial institutions; labour and population statistics; economic conditions.

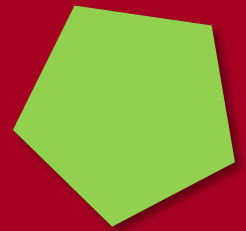




→ Major components of an MIS



2. A **database**, the heart of an information system, is a **collection of all relevant data** organised in a series of integrated files. A comprehensive database is essential for the success of any information system.





→ Major components of an MIS



Databases are also important for reducing personnel time needed to gather, process, and interpret data manually. With a computerized database and a Database Management System (DBMS), data can be treated as a common resource that is easy to access and use.





→ Major components of an MIS



3. The purpose of an information system's **process** component is generating the most useful type of information for making decisions. This component generally includes **transaction-processing reports** and **models for decision analysis** that can be built into the system or accessed from external sources.





→ Major components of an MIS



An information system can include a **wide range of models** to support all levels of decision making. Users should be able to query an information system and generate a variety of reports. In addition, an information system should be able to **grow with the organisation** so users can **redefine** and **restructure models** and incorporate new information into their analyses.





→ Major components of an MIS



4. Although they might seem the same, data and information are different. Data consists of raw facts and by itself is difficult to use for making decisions. **Information**—the output of an information system—consists of facts that have been analyzed by the process component and are therefore more useful to the MIS user.





→ Major components of an MIS



The **quality of information** is determined by its **usefulness** to users, and its usefulness determines the success of an information system. Information is useful *if it enables decision makers to make the right decision in a timely manner.*





Major components of an MIS



To be useful, information must have the following qualities:

- Timeliness
- Integration with other data and information
- Consistency and accuracy
- Relevance





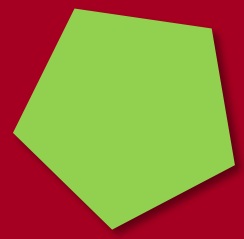
Examples of MIS



Discussion point:

What type of information could be requested from the management of a University?

What about an international sales company?



Entrepreneurship Training Package

Risk Management & Decision Making

EUROTraining Educational Organization (PP2)





→ Risk Management



Discussion point:

What do you understand by risk management?

How does risk management affect decision making?

How would you describe the process of decision making?



Risk Management



Risk, in general terms, can be viewed as the **implications** of an activity, along with its associated **uncertainties** on an outcome. PMI has defined risk as "*an uncertain event or condition that, if it occurs, has a positive or negative effect on a project's objectives*" (PMI 2017).





Risk Management



PMI has separated project risk into two categories: **individual** project risk and **overall** project risk. Individual risks tend to be those managed on a day-to-day basis and may not have a direct impact on the project cost, schedule, scope, and/or quality.





Risk Management



The ISO guide to risk management vocabulary defines risk as "the combination of the probability of an event and its consequences" (ISO Guide 73).

The definition incorporates both opportunities (upside risk) and threats (downside risk), and risk management is thus concerned with providing mechanisms through which to control the impact of both the positive and negative aspects of risk.

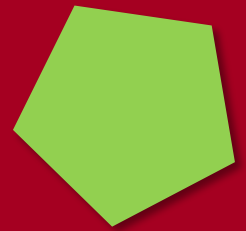




Risk Management



Risk identification and assessment is a methodology to describe the nature, likelihood, and magnitude of impact of a risk associated with an event, action, or set of circumstances. Risk assessment can be quantitative (e.g., statistical analysis), qualitative (e.g., expert opinion), or a combination of the two.





Risk Management



Risk management can be has been define as "activities to handle risk such as prevention, mitigation, adaptation or sharing" that "often [include] trade-offs between costs and benefits of risk reduction and choice of a level of tolerable risk" (Aven et al. 2018).





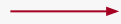
Risk Management



To accomplish this, a cyclic process with the following steps is used:

1. Identify risks
2. Assess and prioritise risks
3. Group risks by risk breakdown structure category
4. Identify leading and lagging indicators and risk responses
5. Monitor, close out, and adjust as required





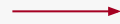
Decision Making



Decision making is a selection process and refers to the process of selecting the best type of alternative. Each decision made contributes to the attainment of the goals set by the management of the organisation.

It includes a thorough analysis of information and consideration of the risks identified, to lead to the optimal selection of alternatives. In management, decision making leads to commitment on behalf of the staff members involved in the relevant process(es).

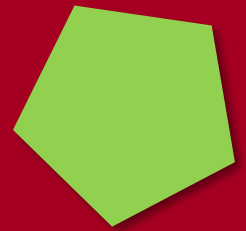


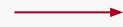


Decision Making



Decision making is one of the most basic yet significant management skills for all of us to have. And it can differ from person to person. Making decisions that are based on careful analysis of numerous circumstances especially in a timely manner is critical.





Features of Decision Making



1. It is invariably based on rational thinking
2. It is the process followed by deliberations and reasoning
3. It is selective, i.e. it is the choice of the best course among alternatives.
4. It is usually purposive i.e. it relates to the end. The solution to a problem provides an effective means to the desired goal or end.



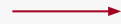


Features of Decision Making



5. Although every decision is usually positive, sometimes certain decisions may be negative and may just be a decision not to decide.
6. Every decision is based on the concept of commitment. In other words, the Management is committed to every decision it takes for two reasons: it promotes the stability of the concern and every decision taken becomes a part of the expectations of the people involved in the organisation.
7. Decision-making involves evaluation of alternatives.





Steps to effective Decision Making



Step 1: Identification of the purpose of the decision (e.g. what is the problem, whom is affected, are there any time restraints that should be taken into consideration)

Step 2: Information gathering

Step 3: Criteria for assessing the alternatives (organisational goals, as well as the corporate culture should also be taken into consideration)





Steps to effective Decision Making



Step 4: Brainstorm and analyse the alternatives

Step 5: Evaluation of the alternatives

Step 6: Select the best alternative

Step 7: Execute the decision

Step 8: Evaluate the results





Indicative group decision making techniques



Brainstorming

Delphi Technique

Nominal Technique

Fishbowling

Didactic interaction



Entrepreneurship Training Package

Quality principles & productivity

EUROTraining Educational Organization (PP2)





→ What is quality



Discussion point:

Explain the role of products and services in quality.

Define quality in a product.

Write down the definition of quality

How can you improve productivity through quality?



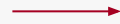
What is quality



Quality is defined as degree of excellence.

A quality process or product is fit for its purpose. Evolution of this definition took place in quality circles. It is applicable to any process, product, or service. It thus makes this definition useful, but it is a bit difficult to measure quality according to this definition.





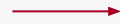
What is quality



In manufacturing, a measure of excellence or a state of being free from defects and deficiencies is called 'quality.'

According to Crosby (1979) 'Quality is conformance to requirements/specifications.'





What is quality



Deming stated that the definition of quality is 'meeting or exceeding customer expectations.'

According to Juran (1979) 'Quality is a measure of fitness for use.'





Dimensions of quality



Garvin (1984) provides discussion of eight critical dimensions of product quality

- a) **Performance.** This is the fundamental dimension of product quality.
- b) Reliability
- c) Durability
- d) Serviceability
- e) Aesthetics
- f) Features
- g) Perceived quality
- h) Conformance to Standards



→ Improving productivity through quality



The productive sectors have always been focused with productivity and quality management, especially in open economies, which are crucial components of competitiveness. The main way that improvisation affects productivity is through quality. Targeted efforts boost productivity, and because costs and reliability are met, quality management within an organisation frequently leads to increased internal and external satisfaction.

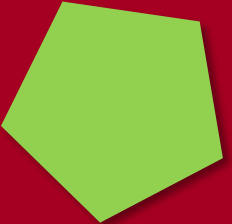




Improving productivity through quality



Some factors of quality through which productivity can improve:

- Analyse process.
 - Align business processes with other companies in the sector
 - Develop performance measures
 - Build quality tests in processes
 - Use business strategies to improve productivity and quality management
 - Pay attention to feedback
- 



→ Total Quality Management



Quality is one of the most important issues facing organisations today. Total quality management, or TQM, is a comprehensive effort to enhance an organization's product or service quality. TQM involves the five basic dimensions shown here. Each is important and must be addressed effectively if the organization expects to truly increase quality.



→ Total Quality Management





→ Strategic commitment



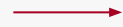
The starting point for TQM is a **strategic commitment by top management**. Such commitment is important for several reasons.

First, the organisational culture must change to recognise that quality is not just an abstract ideal but an objective goal that must be pursued.

Second, a decision to pursue the goal of quality carries with it some real costs—for expenditures such as new equipment and facilities.

Thus, without a commitment from top management, quality improvement will prove to be just a slogan or gimmick, with little or no real change.





Employee Involvement



Employee involvement is another critical ingredient in TQM.

Virtually all successful quality enhancement programs involve making the person doing the job responsible for making sure it is done right.²⁵ By definition, then, employee involvement is a critical component in improving quality.





Technology

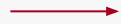


New forms of technology are also useful in TQM programmes.

Automation and robots, for example, can often make products with higher precision and better consistency than can people.

Investing in higher-grade machines capable of doing jobs more precisely and reliably often improves quality.





Materials



Another important part of TQM is improving the quality of the materials that organizations use. As a result, many firms have increased the quality requirements they impose on their suppliers as a way of improving the quality of their own products.

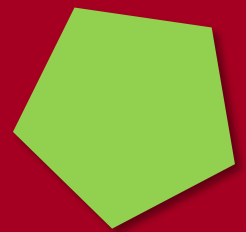




Methods



Improved methods can improve product and service quality. Methods are operating systems used by the organization during the actual transformation process.





TQM Tools



Value-added analysis is the comprehensive evaluation of all work activities, materials flows, and paperwork to determine the value that they add for customers.

Such an analysis often reveals wasteful or unnecessary activities that can be eliminated without jeopardizing customer service.





TQM Tools

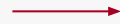


Benchmarking is the process of learning how other firms do things in an exceptionally high-quality manner. Some approaches to benchmarking are simple and straightforward, while others are more indirect.

For example, Xerox routinely buys copiers made by other firms and takes them apart to see how they work. This enables the firm to stay abreast of improvements and changes its competitors are making.

Contrary to this practice, many firms study how Amazon manages its online business, how Disney recruits and trains employees, and how FedEx tracks packages for applications they can employ in their own businesses.





TQM Tools



Outsourcing is the process of subcontracting services and operations to other firms that can perform them more cheaply or better. If a business performs each and every one of its own administrative and business services and operations, it is almost certain to be doing at least some of them in an inefficient or low-quality manner. If those areas can be identified and outsourced, the firm will save money and realize a higher-quality service or operation.





TQM Tools



Cycle time is the time needed by the organization to develop, make, and distribute products or services. If a business can reduce its cycle time, quality will often improve. A good illustration of the power of cycle-time reduction comes from General Electric. At one point the firm needed six plants and three weeks to produce and deliver custom-made industrial circuit breaker boxes. By analyzing and reducing cycle time, the same product can now be delivered in three days, and only a single plant is involved.



Discussion & Remarks



IDEAS



REMARKS

SUGGESTIONS



FURTHER
QUESTIONS



Thank you for
your attention

