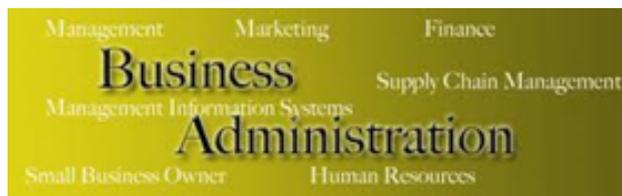


UNIT 4

BUSINESS ADMINISTRATION



Start-up

In class discuss these questions.

1. How can you define Business Administration?
2. What do you think is the difference between Management and Business Administration?
3. Do you think that certain principles should be followed when running a business?
4. Do you know any theories concerning Business Administration?

Reading

What is Business Administration?

Business administration is the process of managing workers and allocating resources efficiently and effectively by applying microeconomic principles. The goal is to achieve stability, growth and profitability for a business. Business administration is a function of organizational structure, the desired system of task allocation, coordination and supervision. Some businesses choose to have a hierarchical structure, in which stockholders, a board of directors, an executive committee and managers work together through a system of checks and balances to achieve desired objectives. Depending on the organizational structure, some or all of these business administrators work together to apply business principles such as accounting, marketing, finance and management to effectively work toward their common goals.

How did current management theories develop?

People have been managing work for hundreds of years, and we can trace formal management ideas to the 1700s.

But the most significant developments in management theory emerged in the 20th century. We owe much of our understanding of managerial practices to the many theorists of this period, who tried to understand how best to conduct business.

One of the earliest of these theorists was Frederick Winslow Taylor. He started the **Scientific Management movement**, and he and his associates were the first people to study the work process scientifically. They studied how work was performed, and they looked at how this affected worker productivity. Taylor's philosophy focused on the belief that making people work as hard as they could was not as efficient as optimizing the way the work was done.

Taylor believed that all workers were motivated by money, so he promoted the idea of "a fair day's pay for a fair day's work." In other words, if a worker did not achieve enough in a day, he did not deserve to be paid as much as another worker who was highly productive.

With a background in mechanical engineering, Taylor was very interested in efficiency. For example, selecting the right people for the job was an important part of workplace efficiency. Taking what he learned from workplace experiments, Taylor developed four principles of scientific management. These principles are also known simply as "Taylorism".

Taylor's four principles of Scientific Management are as follows:

1. Replace working by “rule of thumb,” or simple habit and common sense, and instead use the scientific method to study work and determine the most efficient way to perform specific tasks.
2. Rather than simply assign workers to just any job, match workers to their jobs based on capability and motivation, and train them to work at maximum efficiency.
3. Monitor worker performance, and provide instructions and supervision to ensure that they are using the most efficient ways of working.
4. Allocate the work between managers and workers so that the managers spend their time planning and training, allowing the workers to perform their tasks efficiently.

Another theorist who influenced the modern concepts of management was **Henri Fayol**, a French mining engineer and director of mines who developed a general theory of business administration. He developed 14 Management Principles:

- **DIVISION OF WORK:** Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task. Fayol presented work specialization as the best way to use the human resources of the organization.
- **AUTHORITY:** The concepts of authority and responsibility are closely related. Authority was defined by Fayol as the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is therefore naturally associated with authority. Whoever assumes authority, also assumes responsibility.
- **DISCIPLINE:** A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.
- **UNITY OF COMMAND:** Workers should receive orders from only one manager.
- **UNITY OF DIRECTION:** The entire organization should be moving towards a common objective in a common direction.
- **SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS:** The interests of one person should not take priority over the interests of the organization as a whole.
- **REMUNERATION:** Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be

considered in determining a worker's rate of pay.

- **CENTRALIZATION:** The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is working.
- **SCALAR CHAIN:** Managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possesses certain amounts of authority. The President possesses the most authority; the first line supervisor the least. Lower level managers should always keep upper level managers informed of their work activities
- **ORDER:** For the sake of efficiency and coordination, all materials and people related to a specific kind of work should be treated as equally as possible.
- **EQUITY:** All employees should be treated as equally as possible.
- **STABILITY OF TENURE OF PERSONNEL:** Retaining productive employees should always be a high priority of management. Recruitment and Selection Costs, as well as increased product-reject rates are usually associated with hiring new workers.
- **INITIATIVE:** Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.
- **ESPRIT DE CORPS:** Management should encourage harmony and general good feelings among employees.



Comprehension and Vocabulary exercises:

A. Please answer the following questions:

1. When did the most significant developments in management theory emerge?
2. Which principles did Taylor develop and how are they called?

3. What did Taylor's philosophy focus on?
4. What did Fayol develop?
5. According to Fayol, what was the best way to use the human resources of an organization?
6. How was Authority defined by Fayol?

B. Match the words with their definitions:

<ol style="list-style-type: none"> 1. allocate 2. rule of thumb 3. executive committee 4. remuneration 5. stability of tenure of personnel 6. recruitment 7. esprit de corps 	<ol style="list-style-type: none"> e. distribute (resources or duties) f. group spirit g. council h. money paid for work or a service i. the process of hiring the best-qualified candidate for a job opening j. retaining employees for long k. practical unwritten rule
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C. Fill in the gaps with the appropriate word:

confusion, clerical, functions, authority, similar

There can be a lot of _____ between the 'administration' and 'management' of businesses. In the practical world of business, they are very _____ and generally have identical _____ and responsibilities. Many may think that administration is more about paper-pushing and _____ work, while management is more about _____ and decision-making. However, unless clearly defined by a particular company, business management and administration are generally the same.

D. Fill in the gaps with the appropriate verb:
monitor, assign, recruit, allocate, remunerate

1. The manager will probably _____ the easiest tasks to his favorites.
2. Many organizations have special audit managers who _____ performance and efficiency of this strategic management system.
3. There are plans to _____ more staff later this year.
4. Funding was also used to _____ teachers for in-service extended days.
5. What matters most is how you _____ your overall savings — and how much you save.

E. Fill in the gaps with the appropriate noun:
a rule of thumb, efficiency, initiative, coordination

1. Selecting the right people for the job is an important part of workplace _____.
2. As _____, I move my houseplants outside in May.
3. She never takes the _____ in making friends.
4. When seen running in groups the birds appear to display a remarkable _____ of movement.

F. Match the phrases in the two columns to make meaningful sentences

<ol style="list-style-type: none"> 1. When employees work in harmony 2. When managers do not trust their employees 3. When it is risky to hire inexperienced workers 4. Sometimes lower level workers 	<ol style="list-style-type: none"> a. the stability of tenure is essential b. they do not encourage their initiative c. climb the scalar chain quickly d. there is esprit de corps
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G. Give the synonyms of the following words:

- Retain
- Function
- Allocation
- Affect
- Monitor



Language Development

Suppose you own a small business. In a paragraph write down which of the 14 Management principles you should use and why.

UNIT 5

WHAT IS MARKETING, ANYWAY?



Start-up

In class discuss these questions:

1. Give your own definition of Marketing.
2. Make a list of marketing dimensions.
3. Why is Marketing essential in modern markets?
4. What is the role of social media in marketing?

Reading

After years of conceptual as well as technical development, many practitioners still confuse sales and marketing and use the two terms synonymously. Even many knowledgeable marketing practitioners and theoreticians in academia disagree as to exactly what marketing is. In fact, an old adage that might be applied to marketing definitions says that if four marketers got together, there would be five definitions of the discipline they were practicing.

The American Marketing Association once defined marketing as the “*performance of business activities that direct the flow of goods and services from producer to consumer or user.*” But this definition formulated in 1946 and published in 1960, should be noted as only the starting point rather than the final word.

Only five years later, in 1965, the marketing staff of the Ohio State University suggested that marketing be defined as “*The process in a society by which the demand structure for economic goods and services is anticipated or enlarged and satisfied through the conception, promotion, exchange, and physical distribution of goods and services*” In other words it was suggested that marketing was more than a process of simply directing the flow of goods, and by implication, marketers had vastly increased responsibilities.

A few years later it was suggested that the concept of marketing be broadened to include nonbusiness organizations and that marketing goes beyond goods and services to include many activities in which the ultimate result is not a market transaction. An example of such a nonbusiness transaction might be the promotion of a political candidate or an antismoking campaign.

Thus in early 1985 the AMA’s board of directors redefined marketing as “*the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.*”

According to the Chartered Institute of Marketing (CIM), the official academic definition is

“Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.”

This means the ideas, the brand, how you communicate, the design, print process, measuring effectiveness, market research and the psychology of consumer behavior all count as part of the bigger picture of ‘marketing’. Marketing is the process of communicating the value of a product or service to customers for the purpose of selling that product or service.

From a societal point of view, marketing is the link between a society’s material

requirements and its economic patterns of response. Marketing satisfies these needs and wants through exchange processes and building long term relationships. Marketing can be looked at as an organizational function and a set of processes for creating, delivering and communicating value to customers, and managing customer relationships in ways that also benefit the organization and its shareholders. Marketing is the science of choosing target markets through market analysis and **market segmentation***, as well as understanding consumer buying behavior and providing superior customer value.



Social media marketing refers to the process of gaining website traffic or attention through social media sites.

Social media marketing programs usually center on efforts to create content that attracts attention and encourages readers to share it with their social networks. The resulting electronic word of mouth (eWoM) refers to any statement consumers share via the Internet (e.g., web sites, social networks, instant messages, news feeds) about an event, product, service, brand or company. When the underlying message spreads from user to user, it presumably resonates because it appears to come from a trusted, third-party source, as opposed to the brand or company itself.

Social networking websites

Social networking websites allow individuals to interact with one another and build relationships. When companies join the social channels, consumers can interact with them and they can communicate with consumers directly.

Social networking sites and blogs allow individual followers to “retweet” or “repost” comments made by the product being promoted. By repeating the message, all of the user’s connections are able to see the message, therefore reaching more people. Social networking sites act as word of mouth. Because the information about the product is being put out there and is getting repeated, more traffic is brought to the product/company.

Mobile phones

Mobile phone usage has also become beneficial for social media marketing. Today, many cell phones have social networking capabilities: individuals are notified of any happenings on social networking sites through their cell phones, in real-time. This constant connection to social networking sites means products and companies can constantly remind and update followers about their capabilities, uses, importance, etc. Because cell phones are connected to social networking sites, advertisements are always in sight.



Comprehension and Vocabulary Exercises:

A. Answer the following questions:

1. Why is it difficult to define Marketing?
2. Has the discipline of Marketing changed through the years, and if so, which are the factors that led to this change?
3. Did societal needs lead Marketing to new dimensions, and if so, how?
4. In what way do the society's material requirements affect Marketing?
5. Where do Social media marketing programs usually center?
6. How are mobile phones beneficial for social media marketing?

B. Decide which of the following statements are true or false:

1. Marketing simply includes activities in which the ultimate result is a market transaction.

2. In order to promote a new business conception, the demand structure is essential.
3. Marketing is only a process which directs the flow of goods.
4. The promotion of Non Profit Organizations does not belong to the field of Marketing.
5. In order to satisfy customers' needs, Marketing tries to build relationships with the customers.
6. Social networking sites act as word of mouth.

C. Match the words with their definitions:

- | | |
|-------------------|---------------------------------------|
| 1. Conceptual | a) depict, portray |
| 2. Practitioner | b) theoretical, visionary or abstract |
| 3. Knowledgeable | c) define |
| 4. Adage | d) expect, predict, forecast |
| 5. Formulate | e) well informed |
| 6. Anticipate | f) disperse, publicize, declare |
| 7. Disseminate | g) professional, specialist |
| 8. Delineate | h) saying, proverb |
| 9. By implication | i) dividing |
| 10. segmentation | j) consequently |

D. Fill in the gaps with the appropriate word:

instruments, origins, requirements, research, products, profit

The _____ of the concept of marketing have their roots with the Italian economist Giancarlo Pallavicini in 1959. These roots are accompanied by the initial in-depth market _____, constituting the first _____ of what became the modern marketing, resumed and developed at a later time by Philip Kotler. Giancarlo Pallavicini introduces the following definitions: Marketing is defined as a social and managerial process designed to meet the needs and _____ of consumers through the processes of creating and exchanging _____ and values. It is the art and science of identifying, creating and delivering value to meet the needs of a target market, making a _____: delivery of satisfaction at a price.



***Market segmentation** is a marketing strategy that involves dividing a broad target market into subsets of consumers, who have common needs and priorities, and then designing and implementing strategies to target them.

Miscellaneous topics

A. Process/ procedure

There are a number of procedures within a process.

A Process defines what is to be done, and a Procedure describes how (the steps involved) the activities of the process are to be performed.

B. Implement/ execute/ perform/ conduct/ carry out/ apply

conduct: to do an experiment, to lead an orchestra, to lead people through a series of organized events or directions (it is also what certain materials do to carry heat from one place to another)

execute : to put a plan into effect, usually something with some importance or finality (execute the landing sequence to land the plane at the end of a flight). Similarly, you use execute for wills - when you die, an executor executes your will, or does the things you said should be done in your will.

implement: to use something such as an item or a plan or program/ to put into effect for the first time.

Apply: to put into effect or use after it has been implemented.

perform : to do a certain task, sometimes doing it while being observed and/or judged; you perform tasks at work, but you wouldn't "perform" an errand to go grocery shopping.

carry out: to follow orders that someone has given you, to follow through with plans you set for yourself, to finish something you started.

*So, to put them all into one short story: Yesterday, I **carried out** a plan I have to solve world hunger. I started by **conducting** an experiment in my lab at work. I **executed** each stage of the experiment perfectly, and came up with the answer! If we **implement** my results all over the world, no one will go hungry again! If my co-workers and I continue to **perform** well, we might even get a raise!*

C. exchange/transaction

exchange: is the process of obtaining a desired product from someone by offering something in return. It is also called **barter**.

Barter agreement between two parties that involves a trade of goods or services of equal perceived value without any monetary compensation. e.g. If for any reason your purchase does not satisfy you, simply return the item for a prompt full refund or *exchange*. Some reports suggest that the *exchange* might not happen until next month

Transaction: An agreement between a buyer and a seller to exchange an asset for payment and establishes a legal obligation.e.g. I made a transaction at the bank's ATM. How many transactions do you make per day at this register?

D. Discipline/ profession

Discipline is an academic subject-matter. It is a specific part of knowledge or learning normally associated with following a standard way of doing things. There are many areas in which organizations are attempting to take disciplines and create a profession from it

Profession typically has regulations and licensing requirements. There are governing bodies that attempt to standardize the methods involved in providing those services.

Language development

A. Write down examples of the social networking capabilities of mobile phones

B. Fill in the gaps with the derivatives of the verb “*know*”:

1. I demand that my books be judged with utmost severity, by _____ people who know the rules of grammar and of logic
2. I have always suspected that too much _____ is a dangerous thing
3. A toothache, or a violent passion, is not necessarily diminished by our _____ of its causes, its character, its importance.