

Business Management — Study Guide

Key Questions & Answers — Q1 to Q14

Q1: Analyze how external forces (PESTEL) influence business decisions.

Political: Government regulations and policies

Economic: Income levels, inflation, recession

Sociocultural: Consumer preferences and trends

Technological: Innovation and automation

Environmental: Sustainability concerns

Legal: Laws and compliance requirements

These forces create opportunities and threats. Managers must continuously analyze these forces to make strategic decisions.

Q2: Explain the four management functions and discuss how they are integrated as a continuous process.

Planning: Setting goals and determining how to achieve them

Organizing: Allocating resources and assigning tasks

Leading: Motivating and directing employees

Controlling: Monitoring performance and correcting deviations

The process is continuous because controlling results feed back into planning. Effective management requires coordination among all four functions.

Q3: Describe the strategic planning process in detail.

Strategic planning defines the long-term direction of an organization. Steps include:

1. Define purpose — why the organization exists
2. Develop a mission statement
3. Identify core values
4. Conduct SWOT analysis

5. Set goals and objectives
6. Develop tactical and operational plans

Benefits: Clear direction · Better decisions · Coordinates departments · Long-term success.

Q4: Evaluate SWOT analysis as a strategic tool.

What SWOT Analyzes:

Strengths — internal advantages

Weaknesses — internal gaps

Opportunities — external possibilities

Threats — external risks

How Managers Use It:

- ✓ Leverage strengths
- ✓ Improve weaknesses
- ✓ Exploit opportunities
- ✓ Minimize threats

Importance: Helps identify competitive advantages, supports strategic decision-making, and improves alignment with environment.

Q5: Explain the differences between strategic, tactical, and operational plans.

Strategic Plans: Long-term (3–5 years) — Define overall direction of the organization

Tactical Plans: Medium-term — Translate strategy into concrete departmental actions

Operational Plans: Short-term — Focus on daily tasks and routine activities

All levels must align to ensure organizational success.

Q6: Compare the three classical leadership styles and evaluate when each is appropriate.

Autocratic: Fast decisions. Manager holds full authority. Best in emergencies.

Democratic: Employee participation. Improves motivation and buy-in. Collaborative decisions.

Free-Rein (Laissez-faire): High independence. Suitable for skilled, self-directed teams.

No single style fits all situations — leaders must adapt to context.

Q7: Evaluate transactional vs transformational leadership in modern organizations.

Transactional: Focus on performance, rewards, and rules. Suitable for routine tasks.

Transformational: Focus on inspiration and development. Encourages innovation.

Modern organizations prefer transformational leadership because it supports creativity and enhances employee engagement. Best leaders combine both styles.

Q8: Describe the five-step control process and its managerial implications.

Steps:

1. Set performance standards — define benchmarks and targets
2. Measure actual performance — collect data on results
3. Compare results to standards — identify variances
4. Analyze deviations — investigate root causes
5. Take corrective action — adjust processes or plans

Implications: Identifies inefficiencies, improves planning, supports decision-making, and enables continuous improvement.

Q9: Discuss the key characteristics of effective teams.

Shared Goals: All members work toward the same objective

Interdependence: Members rely on and support each other

Stability: Consistent membership builds trust over time

Authority: Teams have genuine decision-making power

Social Interaction: Open communication enhances performance

These characteristics improve coordination and overall team performance.

Q10: Why do organizations use teams? Explain their advantages.

Organizations use teams to improve performance by combining diverse skills and perspectives.

Key advantages:

- ✓ Higher productivity through combined effort
 - ✓ Better quality of products and services
 - ✓ Increased innovation and creativity
 - ✓ Improved problem-solving from diverse perspectives
 - ✓ Higher employee satisfaction and engagement
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Q11: Compare different types of teams used in organizations.

Manager-Led Teams: Manager controls direction and assigns specific tasks to members

Self-Managed Teams: High autonomy — members plan, execute, and manage their own work

Cross-Functional Teams: Members from different departments; used for complex cross-cutting projects

Virtual Teams: Work remotely using communication and collaboration technology

Each type is used based on the specific organizational needs and context.

Q12: Analyze the factors that lead to team effectiveness or failure.

Success Factors:

- ✓ Trust among members
- ✓ Clear communication
- ✓ Defined roles and responsibilities
- ✓ Strong leadership
- ✓ Motivation and engagement

Causes of Failure:

- ✗ Lack of trust
- ✗ Poor communication
- ✗ Unresolved conflict
- ✗ Weak or absent leadership
- ✗ Low engagement

Team success depends on both structure and human behavior.

Q13: Define Human Resource Management (HRM) and explain its strategic importance.

Human Resource Management (HRM) is the set of activities aimed at attracting, developing, and maintaining employees.

Strategic Importance:

- ✓ Employees are a source of competitive advantage
- ✓ Improves organizational productivity and quality
- ✓ Enhances innovation through talent development
- ✓ Increases employee commitment and retention

HRM is not just administrative — it is a core strategic function.

Q14: Explain the Human Resource Planning (HRP) process.

Human Resource Planning (HRP) is a proactive process to ensure the right number of employees with the right skills. It helps avoid shortages and overstaffing. Steps:

1. Job analysis — define roles and requirements
2. Assess current workforce — skills and headcount
3. Forecast demand — how many employees are needed
4. Forecast supply — available internal and external talent
5. Identify gaps — shortages or surpluses

6. Develop strategies — hiring, training, redeployment

7. Implement and control — execute and monitor plans

HRP helps organizations avoid both shortages and overstaffing.