

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER, 2006

COURSE TITLE : BUSINESS ENVIRONMENT
COURSE CODE : BA - 111 & (I.D.E. BA - 111)
TIME ALLOTTED : TWO HOURS
DEGREE AND YEAR : DIPLOMA IN COMMERCE (YEAR - 1)

INSTRUCTIONS:

- 1. There are two sections in this examination: SECTION - A & SECTION - B**
- 2. Marks awarded are indicated at the end of each question**
- 3. Marks will be awarded for good communication and for the orderly presentation of your work**
- 4. Wrong and incorrect answer will not get marks**
- 5. Write the sub - heading and explain your answer clearly**

SPECIAL REQUIREMENT: NONE

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION – A

INSTRUCTIONS : THIS IS A COMPULSORY SECTION (40 MARKS)

READ THIS CASE STUDY AND ANSWER ALL THE QUESTIONS GIVEN BELOW.

CASE STUDY : ORGANIZING FOR SUCCESS AT BAKERS' BEST

When Michael Baker opened his Baker's Best take-out for store in 1984, every employee reported directly to him. He even handled a lot of the cooking. In the early days, the small business was known for its turkey sandwiches and was ringing up \$ 200,000 in annual revenue from a tiny 500-square-foot storefront. Twenty years later Baker's Best is bringing in \$ 7.5 million in annual revenue from four Boston-area business units: a daytime café, an evening restaurant, a full-service catering business, and a corporate catering business. The owner is still actively involved, but he no longer has to slice turkey or wrap sandwiches. Instead, he has put together an organization of skilled managers and employees to keep Baker's Best running smoothly.

An experienced operations manager who reports directly to Baker runs everything on a day-to-day basis. Under the operations manager are four managers, one for each of the business units. In turn, each business manager heads a fairly flat hierarchy of employee who specialize in particular tasks. For example, the full-service catering manager supervises four salespeople who sell catering jobs. She also hires, fires, and supervises a sizable crew of chefs, food servers, and bartenders, some of whom work part time for other catering companies, as well as for Baker's Best. On a smaller catering job, the chef manages the bartender and the on-site servers. On a larger catering job, however, a function manager supervises the chefs and all other on-site personnel and reports to the full-service catering manager. This organization allows the company to control both food and service quality and ensure customer satisfaction.

Unlike some entrepreneurs, Baker had no difficulty delegating authority as his business expanded. "I found someone for operations manager who is extraordinarily good at what he does," he explains. "He actually takes on a lot more responsibility than I do at this point. I used to think that my decisions were really good—and then I'd talk with him and realize that he might have a better choice". The operations manager takes a hands-on approach to a wide variety of operational details, including the company's computer system. This leaves the owner free to deal with suppliers and keep a close watch on the bottom line. "We really complement one another," summarizes Baker.

Decentralizing authority also motivates managers and employees to do their best for Baker's Best. "When you open a business and can find someone who is better at certain things than you are, you have to let that person go ahead", the owner emphasizes. "If I micro-manage the people who work for me I'm not going to keep the talent that I need".

Job specialization is traditional in a food operation, and Baker's Best is no exception. Food preparers are either on the "hot side" or the "cold side," and baking is an entirely separate

specialization. At the same time, Baker increases the versatility of his work force by cross-training employees. For example, some of the employees began as dishwashers and then started learning to cook. "We always tell people that the more able they are, the more they're needed and can work in two or three different areas," Baker says. He and his managers encourage employees with talent to try new tasks, such as applying their creativity to assembling and attractive vegetable platter or using their sociability in customer-contact positions. Baker's Best strives to fill open positions from within, which means that good employees and managers can take advantage of opportunities for professional growth without changing employers.

One of the most important principles underlying the Baker's Best corporate culture is a high regard for employees. "We take really good care of the people who work here," says Baker. Employees receive generous bonuses, receive tickets to sporting events and get a cake and gift certificate on every birthday. The owner also throws a company party every year to show his appreciation for the hard work and dedication of the entire organization. His aim is to make Baker's Best a good environment in which to work so that he can attract and retain good employees. "Your employees are as important as your customers," the owner says. "If you lose sight of this, you have problem."

QUESTION-1

What type of departmentalization basis is Baker's best using? Explain your answer.

(20 Marks)

QUESTION – 2

Why would an entrepreneur have difficulty learning to delegate authority as a small business grows bigger?

(20 Marks)

SECTION – B

INSTRUCTIONS : ANSWER ANY TWO QUESTIONS ONLY (60 MARKS)

EACH QUESTION CARRIES (30 MARKS)

ALL ESSAY TYPE ANSWERS

QUESTION – 3.

(A) Describe the four resources that must be combined to organize and operate a business. (15 Marks)

(B) What reasons generally are given for imposing trade restrictions? (15 Marks)

QUESTION – 4

- (A) What are the major causes of small business failure? Explain (15 Marks)
- (B) What personal skills should a manager possess in order to be successful?
(15 Marks)

QUESTION – 5

- (A) What is the objective of operational planning? Describe the steps that are used to accomplish these objectives. (15 Marks)
- (B) What is the proper role of Government in providing ideal form of child care? Discuss (15 Marks)

QUESTION – 6

- (A) What is market? Explain the classifications of market. (15 Marks)
- (B) Describe the five functions of management information system. (15 Marks)