

ANSWERS

CHAPTER 1

Work Them Out

1. B	2. C	3. B	4. D	5. A	6. C	7. B	8. A	9. D	10. A
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Short Questions

1. Reasons why having good business communication skills are important:
 - Good communication skills are vital in the daily work of professionals.
 - It is often a basic requirement in job advertisements.
 - People at management level spend most of their work time in communication.
 - Having good communication skills may enhance your prospects of getting a promotion.
 - People with good communication skills can interact with others effectively; this can increase the productivity of an organisation.
 - Effective communication with others can help develop good working and business relationships.

2.
 - (a) You can enjoy our free delivery service if you have purchased over \$500.
 - (b) You may contact the IT department for further information or assistance.
 - (c) To get your application processed as quickly as possible, please ensure that all information in the forms is correct.
 - (d) You will be listed as an alternate, and informed if there is any good news.
 - (e) Please sign on the place indicated with an X.

Long Question

1.
 - (a) The seven elements of this communication are:
 - Sender:* Dominic Chui of APB Publishers
 - Message:* A written reply for the quotation request with a catalogue enclosed.
 - Encoding:* The sender provides the catalogue and other relevant information in a written form.
 - Channel:* A letter with a catalogue.
 - Receiver:* Candy Suen of Ko & Chan Ltd
 - Decoding:* The receiver reads and interprets the message and information provided by the sender.
 - Feedback:* The receiver makes an enquiry about the discount rate.

<http://www.Pbookshop.com>

(b) Below is a suggested version of the letter:

APB Publishers
333 Nathan Road
Mongkok
Tel: 2111 1122

19 May 2011

Candy Suen
 Assistant Administration Manager
 Ko & Chan Ltd.
 100 Hennessy Road
 Wanchai

Our ref: K&C/Cat11/PT

Dear Ms Suen

Re: Accounting Titles Catalogue

Thank you for your letter of 14 May. Please find the enclosed 10/11 catalogue of the accounting books for your information. All titles are currently in stock, and will be delivered to you within four days after an order is made.

You can enjoy a 5 per cent discount on any bulk orders at an original cost of HK\$3,000 or above.

We look forward to receiving your order. If you have any questions, you are most welcome to call me at 2111 1100.

Yours sincerely

Dominic Chui

Dominic Chui
 Sales Manager

Encl.

CHAPTER 2

Work Them Out

1. C	2. A	3. D	4. C	5. C	6. A	7. D	8. B	9. A	10. B
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Short Questions

1.
 - (a) *Write* an email
 - (b) *Write* a report
 - (c) *Listen* to their opinions through the grapevine
 - (d) *Speak* in a presentation
 - (e) *Read* the company's reports
 - (f) *Speak* in the meeting to voice opinions
 - (g) *Read* the customer's email and *write* a reply email
2.
 - (a) External, formal, written
 - (b) Internal, lateral, informal, verbal
 - (c) Internal, upward, formal, written
 - (d) Internal, downward, formal, verbal
 - (e) External, formal, written
 - (f) External, informal, verbal

Long Question

1.
 - (a) Effective listening is to receive a spoken message with no obstacles or barriers, thereby getting the whole message and interpreting it with an unbiased attitude.
 - (b) Ways to enhance one's listening effectiveness (any eight of the following):
 - Remove any physical barrier in the environment which may divert attention.
 - Pay attention to the speaker when listening; speak only when it is your turn to respond.
 - Identify useful content in the speaker's speech and stay focussed on it.
 - Put off prejudgement until you have received the whole message.
 - Control your emotions. Try to stay calm and objective even if the message is undesirable to receive.
 - Try to find the main ideas in the message and keep track of their connections through the communication.
 - Differentiate facts from a speaker's opinions in the message, and avoid being confused between the two.
 - Keep a fair mind by focusing on the message content rather than the delivery performance.
 - Take notes (if appropriate) or paraphrase in your mind what you have heard to retain the information.
 - Respond to the speaker or ask him/her questions at the appropriate time when in doubt.

CHAPTER 3

Work Them Out

1. C	2. A	3. C	4. B	5. D	6. A	7. B	8. D	9. C	10. B
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Short Questions

1. The four main types of communication barriers are:
 - Physical barriers: Obstacles in the physical environment of the communication process.
 - Psychological barriers: One's mental state that causes one to be prejudiced or reject certain ideas.
 - Semantic barriers: Obstacles in the language used in the communication process. It may be caused by difficult terms used or ambiguity in the message.
 - Cultural barriers: Misunderstanding caused by the different cultures of the communicating parties.
2. Within the five human needs proposed by American psychologist Abraham Maslow, we anticipate what the audience needs the most, and offer what matches their needs.

An example of application: To motivate staff members to attend some language courses, one may tell them that better language competence can help them achieve more in their work and enhance their chances of a promotion. The staff may then take the courses to fulfil their needs for self-esteem and self-actualisation. If staff value social relationships with their colleagues, we may emphasise that they may take the courses with colleagues and friends. In other words, taking the courses may help them fulfil their social needs.

Long Question

1. Key factors in achieving effective communication:
 - Use a proper channel: One of the most proper channels would be a PowerPoint presentation with which you can demonstrate and explain the new system to the colleagues.
 - Create a favourable environment: Check the demonstration tools (e.g. computer, monitor, screen, etc) before giving the presentation to the colleagues, and arrange for suitable lightings and seats for the audience's comfort.
 - Wear appropriate clothes: Dress in casual smart attire to give a good impression to the audience, so that they will not doubt your presentation and have confidence in what you're saying.
 - Know the audience: Try to anticipate the audience's needs when it comes to using the new system, e.g. that it is simple to use, and the steps and procedures are easy to remember.
 - Organise the content logically: Present your ideas and the system procedures in a logical order and speak clearly.
 - Focus on the topic: Keep your presentation objectives on illustrating the new system to the colleagues.
 - Get feedback: Pay attention to the audience's response from time to time, ensure that they are still following you, provide further information or elaboration, or ask about their doubts if they look confused.

CHAPTER 4

Work Them Out

1. C	2. D	3. A	4. C	5. A	6. B	7. C	8. D	9. B	10. B
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Short Questions

1.
 - (a) Problems: choppy and negative
Please revise the form with the specific details required and we will process your application once it reaches us.

- (b) Problems: unnecessarily long, grammatically wrong and using the passive voice unnecessarily
For the above factors, we expect the sales figures this year to increase by five per cent.
- (c) Problems: non-coherent and repetitive
By implementing a number of reforms, the management can expect to reduce the budget for next year by as much as 30 per cent.
- (d) Problems: using dangling modifier, unnecessary qualifiers and with a typo error.
After the confirmation of your availability, we will fix a tentative date and venue for the meeting.
- (e) Problems: fragmented sentence and excessive commas
As we need to send out the report by this evening, would you kindly send me the JEA statistics by 5 pm today?
- (f) Problems: grammatically wrong and with unparallel construction
The staff will be in charge of booking rooms, calling meetings, and informing participants of meeting dates and places.
- (g) Problems: a typo and a misplaced modifier
Please file all the letters that had been answered into the cabinet.
- (h) Problems: using redundant and unnecessary intensifiers
Would you kindly reconsider the situation?
- (i) Problems: wordy and use of clichés.
I have just learned that the person in charge of the project is on leave today. Please let me know who I should speak to.
- (j) Problems: subjective and lacking in variety.
Maggie Poon, the new head of our Accounting Department, will start work on 1st June.
2. A topic sentence conveys the main idea of the whole paragraph. Since it is usually put at the beginning, it gives the readers a general idea of what is covered in the rest of the paragraph. It also guides the following sentences to support what it expresses at the beginning. Therefore, it is important to have a good topic sentence to lead the flow within the paragraph.

Long Question

1. Things to do for each stage:
- Defining goals and audience: audience — members of the Selection Team; goals — provide information of five models for the audience's selection.
 - Brainstorming: number of staff to be provided with a cell phone; quantities of purchase; cost-effectiveness of the purchase; budget for the project; comparison and contrast of different brands and models; etc.
 - Finding sources: sources can be found on the Internet; brochures with specification details can be found in cell phones shops; etc.
 - Conducting research: ask 'the potential users' (sales staff) opinions; ask current users for general opinions; search on the Internet for latest information of cell phones; collect brochures from the cell phone shops; etc.
 - Planning: select which information to be included; decide how detailed the information is to be provided; consider the tone to be used in the message; etc.
 - Drafting: use a direct approach to present this message, because the audience is ready for the message, and the report may be relatively long.
 - Revising: revise and rewrite problematic sentences where necessary, so as to compose a clear and concise report for the audience's ease of reading; ensure all necessary points and information are included; keep the organisation appropriate and style consistent.
 - Proofreading: check the contents as carefully as you can for any typos, grammatical mistakes and inaccurate information; ensure a correct format for the document is used; etc.

CHAPTER 5

Work Them Out

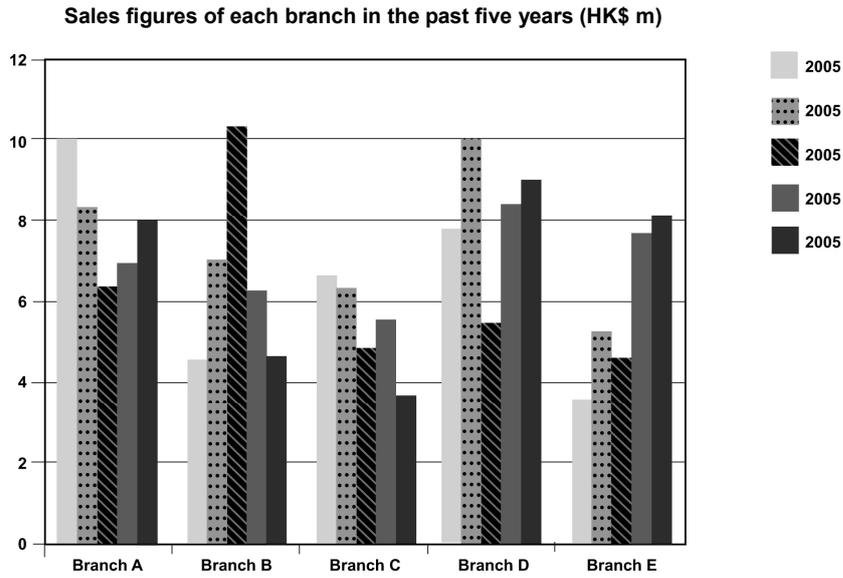
1. B	2. C	3. D	4. A	5. D	6. A	7. C	8. D	9. B	10. A
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Short Questions

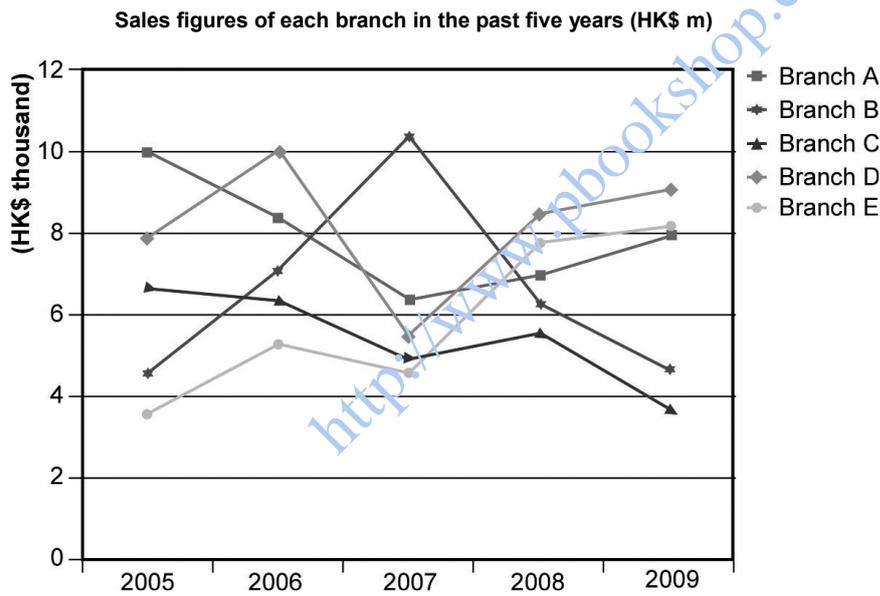
1. The paragraph can be rewritten as follows:
We will have a preparation meeting for the coming Annual General Meeting on Tuesday night. Participants include the Chief Financial Operator, Chief Executive Officer, and senior management members of the Accounts Department, Administrative Department and Human Resources Department. Those who cannot join in should let me know by 2:30 pm tomorrow for confirmation of the number of attendees.

2.

(a) The bar chart:



(b) The line graph:



Long Question

1. The second collection letter:

15 September 2009

Mr Billy Tam
Accounts Payable Manager
JEQ Ltd
10th Floor, Thinkwell Centre
46 Queen's Road East, Wan Chai, Hong Kong

RE: Outstanding Payment (Account number: A000111 — J)

Dear Mr Tam

We would like to remind you that your account of HK\$64,000 was due on 1 September 2009.

In view of the current bad economic situation, our company has granted some privileged clients a longer credit period. Your payment is now due within 30 days on 15 October 2009. However, if settlement cannot be made within the period, we will take legal action.

If you would like to discuss alternative payment arrangements, please contact me at 2134 5678.

I look forward to hearing from you and receiving your payment.

Yours sincerely

Crystal Hong

Crystal Hong (Mrs)
Credit Controller

CHAPTER 6**Work Them Out**

1. B	2. D	3. C	4. A	5. D	6. B	7. A	8. C	9. B	10. D
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Short Questions

- Buffer: The opening sentence(s) of a letter, which is used to establish common ground with the readers, and prepare them for the unwelcome message.
 - Spam: Commercial emails, such as advertisements, which are normally not wanted by the receivers.
 - Unsolicited: Opposite to solicited, an unsolicited message is one that is not asked for. In such circumstances, one may provide the reasons why the audience should read the document.
 - AOB: This refers to any other business to be discussed in a meeting, besides the prescribed items. It is the last item in an agenda, and is used to discuss any issues raised during the meeting but not directly related to the matters being discussed at that moment.
 - PS: A post script as an afterthought in a letter that appears after the signature block and notations. Some think that it reveals the writer's poor planning. Some think it catches the audience's attention.
 - Ballot: The process of voting during a meeting. It can refer to the casting of secret votes which conceal the voters' names.
- Discuss the differences between the following pairs of documents.
 - Agenda vs minutes
 - An agenda is a document prepared before a meeting is held. It lists out the order of business to be followed by the participants in a meeting. It also shows the date, time, venue of the meeting and participants invited for the meeting.
 - Minutes are records prepared of a meeting after it is held. The minutes record the date, time and venue of the meeting, participants present and absent in the meeting, the items discussed and decisions made during the meeting. It is important to be very accurate in the content and wording, as they may be used for future reference.
 - Memo vs email
 - A memo serves as a formal document to the receiver. It can be sent to more than one individual. To send a memo to a number of people, it has to be photocopied to be circulated among the staff. It is used for internal communication only.

- An email is a message sent to receivers using the Internet. It can also be sent to more than one individual at one time. It is in softcopy format, and needs not to be photocopied or printed out unless the recipient does so, e.g. to file in records. It can be used for both internal and external communication.

Long Question

1. The memo to be sent to Oscar Chan:

T & H Company

To: Oscar Chan, Audit Manager
 From: Benny Ho, Audit Senior
 Date: 9 May 2010
 Subject: Outline of guideline materials on written business communication

Thank you for giving me the opportunity to prepare guideline materials for the company staff on the subject of different forms of written documents. Below is the outline of my proposed guideline materials.

Introduction

There are several different types of written business communication. Each of these is suited to different needs and different situations. The following is a brief description of some specific forms of written communication, explaining their key features, and when they should be used.

Report

A report is used to record information and to convey details and ideas to specific readers on a given subject. It should be clear, concise and well-structured. A report may inform readers of new developments, record progress in a project, detail feasibility of a plan, or highlight important issues in a period. Reports can be long or short, informal or formal.

Proposal

A proposal is a type of report which suggests solutions to a problem or makes an offer to do something. Proposals are persuasive documents that ask for consideration or approval of a plan.

Business letter

A business letter can be used for internal and external communications. It is often used as a formal kind of written communication. It may be used in official circumstances such as sending out materials for client review, or informal occasions such as sending condolences to the family of a deceased colleague.

Email

Email is a non-paper means of written communication through computers and the Internet allowing instantaneous transmission. It is useful when the writer needs to send the same message simultaneously to many different people. Email messages generally need to be formatted for quick processing. This can be done by using shorter sentences and paragraphs than in a letter. When a recipient replies an email, the response may automatically carry along the previous email(s).

I look forward to hearing your comments on the above outline.

CHAPTER 7

Work Them Out

1. B	2. A	3. C	4. D	5. C	6. B	7. A	8. D	9. C	10. D
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Short Questions

1. Collection letters can be divided into a number of phases. For example:
 - Phase one: A reminder to the customer for payment in case there was an oversight.
 - Phase two: A letter to enquire if the customer has any special circumstances leading to the non-payment, and offer a chance to discuss alternatives for the settlement.
 - Phase three: A letter to appeal to the audience, stating reasons why the amount needs to be settled and warning the debtor to settle the amount before the writer's company seeks legal action.
2. When replying to a complaint letter, one should maintain the company's interest and image, as well as a good relationship with the audience. The writer should always keep his or her tone positive, and not be affected by the mood of the complaint letter, which may be resentful.
 - (a) If the complaint is justified, the writer should sincerely apologise for the company's mistake, explain the cause of the misfortune and ensure actions have been taken to amend the situation.

- (b) If the complaint is not justified, the writer will need to handle the letter with skill to maintain the good image of the company as well as reject the customer in a polite and diplomatic way. To show his or her sincerity in fixing the problem, the writer can also suggest alternative ways to amend the situation.

Long Question

1. The weaknesses of the letter include:
 - an emotional opening which attacks the reader
 - the writer's tone is offensive
 - the writer does not justify her request
 - it closes with irrelevant information and an accusation with a weak defence

A revised letter:

PDO Accounting Ltd
 14/F, Lighting Building, 34 May Road, Central, Hong Kong
 Office: 2134 2567 Fax: 2134 2560 Email: info@pdo.com

20 May 2011

Mr David Wong
 Customer Service Officer
 Efficient Company
 14/F, Big Club Building
 72 White Road, Tsim Sha Tsui, Hong Kong

Dear Mr Wong

My claim for the replacement of the Well digital camera which our company bought from your company a month ago has been refused by your company. I am writing to ask you to reconsider my request.

Our company bought the Well digital camera (model no.: XY274) on 20 April (receipt no.: B2771) but it broke down after only a month of use. There have been no mishaps but it just cannot be switched on. The receipt for the camera clearly states that your company is responsible for all kinds of maintenance within one year of purchase.

I ask that you reconsider my case and either replace or repair the damaged digital camera. I look forward to hearing from you and would be happy to answer any questions that you may have. Please feel free to contact me at 2134 2477.

Yours sincerely

Candy Tang
 Candy Tang
 Administrative Officer

CHAPTER 8

Work Them Out

1. A	2. C	3. D	4. B	5. C	6. A	7. D	8. B	9. C	10. D
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Short Questions

1. Possible answers only.
 - (a) Tobacco-free working environment
 - (b) Procedures on disposal of confidential papers
 - (c) Guidelines on the use of portable storage devices
 - (d) New arrangements for local mail and courier services
 - (e) Acting appointment during the absence of GM

2. A notice is an announcement made known to a target audience. It is posted in public places such as bulletin boards or web pages. It can be used in both internal and external communication. It is a formal document as it will be filed for record.

A notice should cover only one issue at one time, so as to keep the audience focused on the intended message. It should be self-explanatory.

For the format, it should start directly with the subject heading, and the main body of the message. The receiver is not stated as it is for all who can access to the document. The sender is indicated at the end of the notice to let the audience know who the sending party is.

Long Question

1.

PDO Accounting Ltd

Memorandum

To: All staff
 From: Fion Sum, General Manager **FS**
 Date: 10 October 2011
 Subject: Company Gathering This Year

After our diligent work for the year, we all deserve a break. This year, our company gathering will take place in Amazing Park on 14 November, rather than the usual hotel ballroom. Please bring family members along to share the joy.

To complete your registration, simply send an email to Anita Ho, our office manager, with the number of your family members who will join us. We will reserve the right number of coach seats and entry tickets for you.

We will gather at the entrance of our office building at 9 am on the day, and get on to the coaches there. The coaches will take us to the park. If you wish to take coach back to the office building, simply return to the entrance by 6 pm.

This wonderful function is free for staff. Each of your family members will be charged \$100 only. Let's have fun and enjoy the outing at the park together with our families. Don't miss this chance! Send an email to Anita Ho at aho@pdo.com.hk and register now.

CHAPTER 9

Work Them Out

1. C	2. D	3. B	4. A	5. C	6. A	7. D	8. B	9. A	10. C
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Short Questions

1. There are many factors preventing non-local talents from coming to Hong Kong, such as job opportunities and environment adaptation. Two requirements of entry for employment as a professional are: the applicant has a job; and the salary is in line with the current market rate. Over 200,000 talents/professionals have entered Hong Kong through these arrangements since 1997.
2. A complete report should have the following aspects appropriately attained:
 - complete content with an introduction, main body and close
 - clearly composed format with necessary parts included
 - consistent style with an easy-to-follow layout and design

Long Question

1.

Awesome Design Ltd

Memorandum Report

To: Joseph Yeung, CEO
 From: Mary Lam, Purchasing Manager **ML**
 Date: 10 April 2011
 Subject: Purchasing Notebook Computers for Sales Team

Following up on your decision on 10 March to equip our Sales Team with notebook computers so they can make more effective presentations to potential customers, steps have been taken to collect and analyse the relevant information. Recommendations have also been made from the analysis.

A Selection Team was organised and it consisted of DH Chu (Manager, IT Department), KK Wong (Manager, Marketing Department) and me. This team held a focus group interview on 20 March with eight members from the Sales Team, two from each division of the team, to collect information on their requirements with regard to the notebook computers. A summary of their needs is given in Appendix 1.

Specifications of a total of 10 models of notebook computers were selected to cater for the needs of our Sales Team. The models were from four of the most popular computer brands, namely, Fukisu, Q Ben, Bony and GL. Based on the comparison shown in Appendix 2, the Selection Team chose one model from each of the brands.

The Sales Team was invited to comment on the four selected models between 1 April and 7 April. The representatives found all four models acceptable and adequate for their presentation purposes. Quotations from four suppliers have been collected. A comparison of the prices and outstanding features of each of the models, together with the total budget required, is shown in Appendix 3.

The Selection Team recommends that 20 Fukisu notebook computers of model ZT392 be purchased with the accompanying maintenance package from Hi-Tech Company, which has quoted the lowest prices. The budget required is \$85,000.

CHAPTER 10

Work Them Out

1. A	2. B	3. D	4. A	5. C	6. D	7. B	8. C	9. B	10. D
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Short Questions

1. Informational purpose: Participants disseminate information to other members. After the information is shared, the participants may discuss the meanings and implications of the information and how they will work with it.

Reporting purpose: When doing a project together, participants meet to update each other on the progress of their individual tasks. It also monitors the progress of the different activities in a project.

Problem-solving purpose: When problems emerge, the group meets to identify the problems, and analyse the causes and solutions. Also, there may be decisions to make and options to put to a vote.

2. Four aspects for evaluating the quality and effectiveness of a meeting:
- (a) Focus of the meeting
- whether issues to be addressed are identified at the start of the meeting
 - whether discussions on each issue are clearly concluded before moving on to the next
 - whether unrelated issues are avoided when they come up
 - whether discussions are always related to the meeting objectives
- (b) Efficiency of the team
- whether the meeting begins and ends on time
 - whether all attendees are present
 - whether the presenters are organised and prepared
 - whether discussions on specific issues are ended when they seem unprofitable

- (c) Participation of the members
- whether it is necessary for each participant to attend the meeting
 - whether each person's role is clear to all
 - whether individuals are encouraged to contribute to discussions
 - whether each individual's comments are listened to with respect
- (d) Results of the meeting
- whether the objectives of the meeting are clearly stated
 - whether all decisions are clearly confirmed with participants
 - whether the objectives of the meeting are met
 - whether follow-up action items with the person in charge and time frame of completion are clearly identified

Long Question

1.

**Minutes of the Meeting of the Board of Directors
Held at 11:00 am on 2 September 2010 in the Conference Room**

Present: Teresa Lai, Managing Director
Bobby Chin, Finance Director
Yvonne Suen, Sales Director
Tim Mak, Administration Director
Ricky Sin, Assistant to Managing Director

Absent with apologies: Martha Yeung, Production Director

1 *Minutes*
The minutes from the board meeting held on Friday, 3 August 2010, were confirmed without amendments.

2 *Matters arising*
Bobby Chin reported to the board on the new internal controls being implemented over accounts for debtors. He explained that the implementation had been smooth and anticipated that all controls would be in place by the end of September 2010. It was agreed that he would report to the board on the full implementation at the next meeting.
There were no other matters arising.

3 *Sales in Mainland China*
Yvonne Suen gave a presentation and distributed a report on the company's sales of last season in mainland China. The main points were:

- All locations had exhibited good growth, generally between 15 and 25 per cent.
- The exception was Shanghai, which had registered a 60 per cent growth.
- Projections show continued growth of between 15 and 20 per cent in all locations in the next season, which was considered easily achievable.

4 *Annual staff Chinese New Year dinner*
A report on potential locations and costs was reviewed. The board decided that the dinner should be held at the Tung Lake Seafood Restaurant, Tsim Sha Tsui, on 21 January 2011.

5 *Any other business*
There was no other business.

6 *Date of next meeting*
The next board meeting will be held at 11:00 am on 5 October 2010 in the Conference Room.

The meeting was adjourned at 1:00 pm.

Teresa Lai
Manager Director

6 September 2010

CHAPTER 11

Work Them Out

1. D	2. C	3. A	4. A	5. B	6. D	7. B	8. C	9. B	10. C
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Short Questions

- There are three levels of management:
 - Senior level is the highest level of management in an organisation. Managers at this level are responsible for making strategic decisions and establishing plans and goals that affect the whole organisation. They also decide how resources are allocated and delegate work to middle managers.
 - Middle level includes all levels between the senior and the junior levels of the organisation hierarchy. The managers at this level are responsible for meeting the goals and objectives set by senior management. They may set goals and objectives for specific areas of the organisation and decide each employee's responsibilities in individual departments of the organisation.
 - Junior level is the lowest level of management. Managers at this level are also called supervisory-level managers. Staff at this level are first-line managers or supervisors. They focus on ensuring the smooth day-to-day operations of an organisation.
- Authority refers to the legitimate rights inherent in a certain position to make a decision, approve a proposal or give an order which should be followed by a definite group of people. Managers have the authority to administer and handle matters within their responsibilities for achieving the organisation's goals.

Accountability refers to the acknowledgement and assumption of responsibility for any actions taken, decisions or policies made. Managers who are accountable for their actions (and non-actions) are obliged to report, explain and answer for any consequences resulted.

Responsibility refers to the obligation to perform assigned activities or ensure success in some areas. If there are flaws, the one responsible needs to bear the results through means such as compensation or disciplinary punishment.

A manager is given authority to manage an area as his or her duty. Having authority does not mean having power to do whatever he or she likes. Authority implies responsibility to ensure success in the duty area and accountability to be answerable to problems in the area. When a manager is given authority, the manager must be aware that he or she becomes responsible for the smooth running and success in the area and is accountable for the decisions and actions he or she makes or takes.

Long Question

- All organisational structures have their advantages and disadvantages. They are outlined briefly below:
 - Simple structure

Advantage: It is flexible and allows fast decision-making. The authority, responsibility and accountability are clear.

Disadvantage: It is risky to have only one person (or a small number of people) being the decision-maker. If the person is not there to make decisions, the organisation loses its direction and balance. Also, as the organisation increases in size, decision-making will slow down as everything is decided centrally.
 - Functional structure

Advantage: It is cost-saving and minimises duplication of jobs and equipment. It can also enhance operational efficiency within the group as staff can use jargon.

Disadvantage: It may lead to a lack of communication between the functional groups, making the organisation slow and inflexible. The organisation, while pursuing some functional goals, may unknowingly lose sight of the overall interests.
 - Divisional structure

Advantage: It focuses on results and accountability is clear.

Disadvantage: There may be duplication of resources and activities which will increase the organisation's costs and reduce efficiency.
 - Team-based structure

Advantage: The teams are flexible and members are allowed to decide on how to work.

Disadvantage: The teams shoulder the responsibility of problems in all work activities and performance results.
 - Matrix structure

Advantage: There is no duplication of resources.

Disadvantage: There will be dual chains of command, in which an employee has to report to two or more supervisors. Authority over each staff is shared between relevant managers.
 - Project structure

Advantage: There is no departmentalisation or rigid hierarchy to slow down the decision-making process.

Disadvantage: The project managers have to oversee, control and guide the team on how the work is to be done.

- Autonomous internal units

Advantage: Individual units are free to do whatever they consider appropriate.

Disadvantage: There may be wastage for lack of synergy as different units in the organisation may have similar teams performing similar tasks such as human resources management, and units may compete with each other undesirably.

- Boundaryless organisation

Advantage: It allows organisations to respond efficiently and effectively to the fast-moving marketplace.

Disadvantage: The organisation may be too loose and flexible.

CHAPTER 12

Work Them Out

1. D	2. C	3. A	4. C	5. A	6. D	7. B	8. C	9. B	10. C
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Short Questions

1. The three-step control process involves:

- Setting standards and measuring actual performance: Before carrying out the control process, managers need to set up a list of requirements and provide each with a reference point for comparison against actual performance. Then they will acquire information for review from four main sources: personal observation, statistical data about performance or work output, and oral and written reports. There are advantages and disadvantages for each source of information. To ensure comprehensive control, managers should use all sources. Actual performance of most activities can usually be assessed in objective terms. If a performance indicator cannot be stated in objective terms, more than one manager may assess the performance together if necessary.
- Comparing actual performance with the standards: After measuring performance, managers compare the degree of variation between actual performance and the expected standard, and will determine if the variation is acceptable. If deviations are significant, the manager needs to find the causes of the variation.
- Taking managerial actions to correct deviation: The next step is to make necessary managerial decisions and take corrective actions. If the degree of variation is critical and requires corrective actions, managers can choose from the following two alternatives.
 - (a) Correct actual performance: Managers may correct performance through actions like changing strategies, redesigning jobs, replacing the staff, and so on.
 - (b) Revise the standard: If it is found that the standard has actually been set too high or too low, managers will need to correct that rather than performance.

2. The commonly used appraisal methods are:

- Summative comments: The appraiser writes a description of a staff member's strengths, weaknesses, potential, etc. as well as suggestions for improvement.
- Critical incidents: The appraiser describes an employee's specific behaviour in a particular situation, which indicates the behaviour effectiveness or ineffectiveness.
- Graphic rating scales: These list a set of performance factors like job knowledge, cooperation, attendance, initiative, etc. for the appraiser to rate on an incremental scale.
- Behaviourally-anchored rating scales: These combine the critical incident and graphic rating scales. It lists a range of examples of actual behaviours on a given job for the appraiser to rate on a numerical scale.
- Multi-person comparison: It compares one appraisee's performance with that of one or more others. It is a relative measuring device rather than an absolute one.
- Objectives: The appraiser evaluates how well an employee has accomplished a specific set of objectives which are critical to completing a job successfully.

To create an effective review, managers need to: focus on specific behaviours, keep the feedback impersonal and goal-oriented, give feedback at suitable times, and ensure understanding.

Long Question

1. Common qualities of an effective control system that Mr Tommy Lau needs to establish should include:

- Accuracy: The control system should be reliable and able to generate accurate and valid information; otherwise, he may make wrong management decisions from inaccurate data.
- Timeliness: It should provide timely information so that he can be aware of possible problems in time.
- Economy: The system should be economical to operate. Control measures should be cost-effective, and should not outweigh the benefits of controlling. This allows Mr Lau to take the least control measures to produce the desired results with the minimum cost.
- Flexibility: The control system should be flexible to adjust to changes that Mr Lau's restaurants may face in such a dynamic environment.
- Understandability: The control system must be easily understood so that Mr Lau and his staff can correctly interpret the information.

- Reasonable criteria: The criteria adopted in the control system must be reasonable and attainable for employees. Controls will be effective if accepted by the employees. Otherwise, they may find shortcuts to merely appear to meet the standards.
- Strategic placement: Mr Lau should place control measures on key performance areas which are critical for the success of the restaurants. The measures should be placed on areas where there will be variations. This will reduce the amount of control required and focus the control on the necessary areas.
- Emphasis on the exception: It should also concentrate on the exceptions so that Mr Lau would not be bothered by the routine and minor variations, and only be alerted by exceptional variance.
- Multiple criteria: The control measures should have multiple criteria for Mr Lau's checking. This is to eliminate manipulation and facilitate a more accurate and comprehensive assessment.
- Have corrective ability: The system should have a corrective suggestion specified and followed through. After deviations from appropriate activities are spotted, actions to amend the deviations must be taken to guide the activities back onto the right track.

CHAPTER 13

Work Them Out

1. C	2. D	3. B	4. C	5. A	6. D	7. B	8. C	9. D	10. A
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Short Questions

1. Marketing mix refers to a set of controllable marketing variables that an organisation manipulates for desirable marketing results. The organisation controls the variables to influence the demand for its product. The four Ps are the four groups of variables: product, price, place and promotion.

Product refers to a tangible object or an intangible service, or even a goods-and-services combination an organisation provides to its target market. When designing a product, the decisions to make include functionality, features, styling, packaging, safety, repairs, warranty, brand name, etc.

Price refers to the amount of money that customers need to pay for the product. It is determined by a number of factors like market share, competition, product identity, customers' perceived value, etc. It also includes a range of means that may affect the price, such as discounts, allowances and payment methods. These are methods a firm uses to adjust prices in a competitive situation.

Place refers to the distribution channel of a product. It covers where and how the product gets to its customers, that is, the points of sale such as physical stores or virtual e-commerce stores, and warehousing, transportation, logistics, etc.

Promotion refers to the communication used by a marketer to convey the product's merits to target customers. It uses tools like advertising, personal selling, sales promotion and public relations. It aims to boost sales by motivating customers to purchase the product.

The above marketing mix elements are to be blended effectively to create a coordinated marketing programme, so as to achieve the organisation's marketing objectives by delivering value to customers. By tactically blending and utilising the marketing mix elements, the organisation can establish a strong position in its target markets.

2. A marketing research process includes four steps:
 - Defining objectives: Managers have to be able to define the problem carefully. They can then work with the researchers to set the research objectives.
 - Developing research plans: The researchers decide which information is needed, and develop a plan to gather it efficiently. The plan should outline sources of data to be obtained, and indicate the research approach, contact channel, sampling, etc. to be used in the data collection process. A proposal is normally written to summarise the plan, spell out the research objectives, research methods and indicate the budget to marketing management for approval.
 - Implementing research plans: Researchers should monitor data collection fieldwork closely, ensure the plan is carried out as set, and prevent any problems emerging in the data gathering process. After the collection portion is completed, researchers will process and analyse the data into organised information and findings. They also need to check the accuracy and completeness of the data recorded in the questionnaire.
 - Interpreting and reporting: The researchers interpret the findings and derive conclusions from the data and results. All these findings and conclusions are to be reported. The content in the reports need to be relevant and useful for relevant decision-making by the management.

Long Question

1. The Product-Market Growth matrix describes four strategic options available to an organisation to expand the markets for its products or services. The first option, penetration, is the lowest-risk option and focuses on increasing sales of existing products to the same market. If it chooses this option, Optics Shop can use advertising and promotional activities to grow its business to increase market share or enhance sales volume.

The second option is product development, which focuses on the development of new products for existing customers. If this option is chosen, Optics Shop can offer new products, such as spectacle repair services and laser eye-surgery, as new products to its customers.

The third option is market development, which focuses on developing new markets for existing products or developing sub-sectors within the existing market to target another group of customers. For example, Optics Shop may establish shops in Beijing and Shanghai to sell its existing eye-care products.

The fourth option is diversification, which is based on the development of new products for new markets. It is the most risky option. For instance, Optics Shop may establish new shops in Beijing and Shanghai to introduce new products tailored for customers there. An example could be eye-massage services.

CHAPTER 14

Work Them Out

1. B	2. D	3. C	4. D	5. A	6. B	7. D	8. A	9. C	10. B
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Short Questions

1. Operations management refers to the management of production or operations in manufacturing businesses. It includes design, operations and control of the production process that converts resources into finished goods and services.

Input includes all entities required to produce output. They include raw materials, people, technology, capital, equipment, information, etc. All these contribute to the creation of output.

Operations are a series of connected processes that transform input into output.

Output comprises the final products after the transformation processes from input. They may be goods, services, information, etc.

Production managers are the people who oversee the whole process of the operation and the production of the output. They are responsible for planning strategies, organising the company, staffing (including directing and motivating employees to do their jobs), monitoring the procedures, as well as ensuring that the activities are on the right track for achieving the organisation's goals. They make decisions on input, operations and output, review the information and feedback from the three elements to make further decisions to maintain the smooth running of the system.

Customers are the people who receive the output. They consume the goods or enjoy the services, and then give comments or opinions to the organisation, which treats these responses as inputs of demands. With these, the organisation can begin another cycle of operations.

The external environment includes the factors that make up to the circumstance which the organisation operates. They may include competitors, government, society, global finance, etc. These factors will influence managers' decisions.

2. A product life cycle is the life cycle of a product's ability to generate profits. Generally it follows four stages: introduction, growth, maturity and decline.
 - Introduction: At this stage, a new product is introduced in the market and few people know about it. Demand and sales are low, and therefore profit will be small.
 - Growth: When the product is better known to people, and has been proven to be a success, customer demands become higher, and the sales will increase rapidly
 - Maturity: Most customers know about the product, and the demand will stabilise at a constant level. Still, as many people are buying it, sales continue to increase but at a slower pace.
 - Decline: As the market becomes saturated, demand will fall because customers start buying alternative products. The sales will begin to decline.

Long Question

1. Total quality management (TQM) refers to the involvement of all departments and employees of an organisation to ensure that the organisation consistently meets and exceeds customer requirements.

Every person in each process is responsible for passing on products of perfect quality. If any flaws or problems are detected at any stage, investigations to find out why are carried out. After identifying the factors behind any flaws or problems, suggestions are proposed to prevent them from happening again.

TQM reduces the cost of wastage. As faults are spotted at an early stage, and the process is stopped until factors are investigated, it prevents the possibility that a fault may go unnoticed until the problem becomes severe. If problems are

detected only at a later stage, the whole log of finished defective products will have to be treated as wastage. With TQM, costs caused by such wastage can therefore be eliminated.

The process of continuous quality improvement needs to be driven by senior management, and implemented by lower-level management and staff. Operators must have the relevant quality knowledge for their jobs, and know how well the operation is working. This may motivate them to suggest improvements, which may further enhance the quality of products and the efficiency of the process.

Users' comments are valuable. To ensure the products meet customers' needs, the organisation should consult and collect customers' opinions before designing, planning and producing the product. Customer satisfaction is an essential part of TQM. With understanding of the demand, the organisation can target the market more specifically and produce desirable products, leading to the organisation's success.

When implementing TQM, Mr Guo should note the following:

- Senior-level management commitment: He should persuade the top management to agree with the philosophy of TQM. They must also be willing to initiate and drive the implementation of activities necessary for control.
- Customer satisfaction as first priority: He should understand and find out the requirements and demands of customers, so as to manufacture products with a market and profits.
- Quality products and production processes: Quality of products is to be controlled in each production process, in order to detect flaws as early as possible and prevent the situation from worsening.
- Empowered employees for enhancement: He should provide staff members with skills training and motivate them to be committed. He should also encourage them to propose suggestions on quality enhancement.

CHAPTER 15

Work Them Out

1. B	2. D	3. A	4. C	5. D	6. B	7. C	8. A	9. B	10. D
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Short Questions

1. A service encounter is made up of four elements: customer, service provider, delivery system and physical evidence.
 - Customer: The customer is the one who receives the service. The objective of a service encounter is to satisfy the customer. It determines the success or failure of a service encounter. The perception of a customer towards the service quality will affect his or her overall satisfaction with the service, and whether he or she will purchase the service again.
 - Service provider: A service provider is the one who supplies the required service. They need to have the knowledge or skills required to provide the service to the customer. They are also expected to do their best and in the customers' best interest. They should consider the customer's concerns about the services. Therefore, an organisation needs to help a service employee to develop interpersonal skills such as friendliness and empathy. A service employee must be able to look at service encounters from the customer's viewpoint, and perform to his or her best to provide services to the customer's satisfaction.
 - Delivery system: A delivery system is the system that includes the means, methods, approaches, etc. for the provider to deliver services. It contains the necessary equipment, processes, procedures, etc. for the encounter. It is also related to organisational rules, regulations and cultures of the service provider. Although some services have supplementary services besides the core service, the core service must be delivered with perfection first. Excellence in supplementary services should come afterwards.
 - Physical evidence: Physical evidence refers to the tangible aspects of a service that the customer experiences, such as the cleanliness of a car after a carwash, the beautiful nails after a manicure. It is important in determining the success of the service encounter and affects customer satisfaction. Other tangibles used in service processes, such as tools used to deliver the service and service personnel's clothing or uniforms are also viewed as physical evidence.
2. Service quality is important for the following reasons:
 - Higher customer loyalty: With quality, customers will be satisfied and impressed. Highly-satisfied customers are loyal customers. The more satisfied and loyal customers are, the higher profits and growth the organisation will have.
 - Higher market share: Customers may promote businesses through word of mouth. Loyal customers provide a solid customer base for the organisation and bring in more customers through their recommendations, further increasing the organisation's market share.
 - Higher returns to investors: Organisations with high-quality goods or services and profits perform well in the stock market, leading to more returns for investors
 - Loyal employees: Employees who work for an organisation providing quality services will be proud to be a member of staff. They gain satisfaction from their jobs, and will be loyal and productive. Low employee turnover helps maintain the stability of the organisation and its service quality.
 - Lower costs: Good service quality means that the organisation does not need much money to correct mistakes or compensate customers. This increases productivity and lowers cost.
 - Lower vulnerability to price competition: With high service quality, the organisation does not need to compete with others on the basis of price. If price competition does occur, it remains in a good position to compete as it has high productivity and low costs.

Long Question

1. Strategic planning includes the following steps:
 - Identifying direction: An organisation should first identify its vision, mission and values, so that it has a clear direction moving ahead. Plans will then be formulated, directed or revised at strategic level.
 - Analysing the external environment: Managers must understand the environment outside that may affect the organisation, for example, the competitive market situation, government policies, the global economy, etc. Knowing the environment and the trends will help them to make decisions and develop plans.
 - Identifying opportunities and threats: The management then assesses the opportunities that are in favour of the organisation, or threats that may harm it.
 - Analysing the internal situation: The organisation also needs to analyse its internal situation. It has to assess what the organisation possesses, such as employees, resources, products, capital, customer base, and so on.
 - Identifying strengths and weaknesses: After the internal analysis, the organisation is now able to identify its strengths and weaknesses. Knowing the organisation's strengths and weaknesses, managers can better manipulate and allocate the organisation's resources as they formulate strategic plans.
 - Formulating a strategic plan: If the SWOT analysis confirms that the organisation's situation aligns with its mission and core values, the management may formulate a strategic plan to carry out its mission in a way that it gets closer to achieving the vision to which it aspires. The plan should include major activities to take place, steps or stages of implementation, and the resources to mobilise.
 - Implementing the plan: The management then needs to implement the strategic plan it has formulated. The management should monitor and make adjustments as and when the situation requires.
 - Evaluating results: After analysing the situation thoroughly, developing a proper plan, and implementing it, the last step is to evaluate the result of the strategic plan. The management needs to gauge the effectiveness of the plans, and decide on future actions for a more successful result.

CHAPTER 16

Work Them Out

1. A	2. C	3. D	4. B	5. C	6. A	7. D	8. B	9. C	10. D
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Short Questions

1. *Investment decisions*
 Managers have to decide and allocate the organisation's limited resources to various projects or activities. They have to perform capital budgeting to determine whether the long-term projects are worth pursuing. It involves making decisions concerning the organisation's budget for major capital, investment or expenditures.

Financing decisions

Financial managers need to decide how the organisation's assets are to be financed. There are a number of alternatives for them to choose from as there are many ways to procure funds, for example, selling new shares, issuing debentures or bonds, borrowing from banks, or taking credit from suppliers. Managers have to decide which financing mix would be best suited for the organisation.

Dividend decisions

The management needs to determine whether profits earned in the organisation should be retained or distributed to shareholders as dividends. The decision involves a number of considerations including the amount of excess cash, the preference of the investors or shareholders, and the effect on the stock price after the announcement. The dividend rates concerned are related to the organisation's unappropriated profits and its earnings prospects for the coming year. Besides, the management needs to decide the form of dividend distribution, which involves the amount and timing of cash payments made to the shareholders.

Asset management decisions

Financial managers are responsible for making decisions on how to manage the existing assets in effective ways. They lay greater emphasis on current asset management than fixed asset management. Such decisions are related to an organisation's short-term assets and its short-term liabilities. This is to ensure there is sufficient cash flow for the organisation to operate, and be able to meet its maturing short-term debt and upcoming operational expenses.

2. When carrying out financial planning, managers have to perform a number of tasks such as:
 - assessing the business environment
 - confirming the organisation's vision and objectives
 - identifying types of resources needed to achieve the organisation's goals
 - quantifying the amount of resources required (e.g. materials, labour, equipment, etc.)
 - calculating the total cost of each type of resource
 - summarising the costs to estimate a budget
 - identifying risks or issues for the set budget
 - forecasting the funds to be generated with internal or external sources

- monitoring operations after implementing the plan
- identifying causes of any deviations and taking corrective actions

Long Question

1. The following explanation may be given to Mary:

Financial analysis

Financial analysis involves the assessment of the viability, stability and profitability of an organisation. Jacky would have to assess ROP Ltd's profitability, solvency, liquidity and stability. He will use the reports and assessments to make decisions on whether or not to:

- continue the company's operations and business
- purchase materials or equipment required for production
- issue stocks to procure funds and increase its working capital
- invest in other businesses
- distribute dividends to shareholders

When analysing, Jacky may need to compare the past and present performances of ROP Ltd, as well as the performances of competitors, in order to develop future plans.

Control

Financial control involves directing, monitoring and measuring the resources being allocated and utilised. Jacky needs to prevent and detect fraud so as to protect the company's resources, including both physical (e.g. equipment and building) and intangible (e.g. reputation and trademarks) ones.

For Jacky's post, his financial control duty is to ensure the reliability of financial reporting, timely feedback on the achievement of organisational goals, and compliance with laws and regulations. Financial control reduces process variation and leads to more predictable outcomes.

Both tasks rely heavily on accounting, which provides financial information about an organisation. Jacky can make his financial analysis by utilising information from the reports, and perform control activities after analysing the financial situation of ROP Ltd.

CHAPTER 17

Work Them Out

1. B	2. D	3. C	4. D	5. A	6. B	7. D	8. A	9. C	10. B
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Short Questions

1. Selection tools used to decide on the hiring of a candidate:

Application forms

Candidates are required to fill out an application form to provide their personal details, and in some cases, information on their past activities, skills, accomplishments, etc. A standardised form has the advantage of making it easy to compare candidates' information, but the prospective employer loses the chance to see how candidates organise their information.

Written tests

Candidates may be asked to take written tests related to intelligence, aptitude or interest to reveal their ability in relevant areas. Properly designed tests can reduce the chances of decision errors. However, written tests may not always be related to actual performance of a job, and a high score (e.g. an intelligence test) is not necessarily a good indicator that the applicant will perform well in the job.

Performance-simulation tests

This is made up of actual job behaviours. Work sampling requires applicants to perform a set of tasks that is central to a miniature model of a job; they then demonstrate the necessary skills and abilities to finish the tasks. Assessment centres are designed to measure an applicant's managerial potential. In an assessment centre, candidates are evaluated by supervisors or trained psychologists with a series of activities, such as interviews, group discussions, problem-solving exercises, etc.

Interviews

To obtain valid and reliable results, managers should:

- Structure a fixed set of questions for all job candidates.
- Bear in mind detailed information about the job concerned.
- Minimise prior knowledge of the applicants' background, characteristics, interests, etc. to remain impartial.
- Ask behavioural questions which may provide detailed accounts of actual job behaviours.

- Use a standardised evaluation form.
- Take notes during the interview.

Background investigations

This involves verification of application data and reference checks. The first one is necessary for confirming that the data supplied by the candidate are true. The second, checking references from former employers and persons who know the candidate, may not be as useful or reliable because there is a chance that references may not provide accurate information or fair comments to a prospective employer.

Physical examinations

Some jobs require a physical examination or medical check-up. However, managers must be cautious that the requirements are related to the job and would not be seen as discrimination.

2. Employees' skills to be improved on are generally in three categories: technical, interpersonal and problem-solving.

Technical

Most training tends to upgrade and improve employees' technical skills. This refers to the skills necessary for performing specific tasks. It may include the ability to speak or write in business (or field-related) contexts, computational competence, or other specific technical skills relevant to the job and position.

Interpersonal

Work efficiency is, to some extent, related to employees' ability to interact effectively with their colleagues and supervisors. Employees with excellent interpersonal skills usually perform better at work, as they can work well with other people. Training in this area may include: how to work in teams, how to be a better listener, how to convey ideas more clearly, how to avoid and handle conflicts, etc.

Problem-solving

Employees may need to solve problems that happen only occasionally. As such, they need to identify solutions on their own. Training in this area includes activities to sharpen reasoning, logical thinking and skills to define and handle problems. The capability of problem-solving includes: finding causes of the problems, developing alternatives and building creativity in thinking about the alternatives, analysing the options and selecting the best solution.

Job training can be carried out through two means: on-the-job training and off-the-job training.

On-the-job training

Training is mostly carried out on the job as this method is convenient to implement and less costly. This usually trains employees with technical skills, and includes job rotation and understudy assignments. Job rotation means that employees are transferred laterally to work at different jobs. They can learn a wide variety of jobs, understand the interdependency between jobs, and also gain a wider perspective on the organisation's activities. With understudy assignments, employees learn their jobs by studying a senior colleague. This is also called apprenticeship in trades, or mentorship in office work. The employee, as an understudy, emulates the experienced colleague who acts as a model and observes the understudy.

Off-the-job training

To receive off-the-job training, the employee goes away from the workplace. It is effective in training interpersonal and problem-solving skills. It includes classroom lectures, videos and simulation exercises. Classroom lectures are usually for conveying specific information, and hence used for developing technical knowledge and problem-solving skills. Videos may be used to demonstrate technical skills. Simulation exercises are often effective for developing interpersonal and problem-solving skills through means like case analyses, experiential exercises, group discussions, role playing, etc. Vestibule training, another kind of simulation exercise, is used for learning technical skills. It provides employees with the same equipment to work in a simulated work environment in order to learn how to use the equipment.

Long Question

1. Kathy Wong has to decide on the right number of staff and the type of positions for the new financial magazine. To determine which original staff members are able to meet the organisation's objectives, she needs to carry out the following three tasks in staff planning: assess the current human resources, assess future human resource needs, and develop a programme to meet those future needs.

Assessing current situation

She needs to review the current human resource status of the two fashion magazines. By generating a human resource inventory, she will have a summary of employee information (e.g. educational background, training obtained, prior employment, special capabilities and specialised skills, etc.) to assess the talents and skills currently available.

Then she needs to perform a job analysis. It defines the jobs within the new magazine and the requirements necessary to do those jobs. Information concerning job activities can be obtained through a number of means:

- observing employees as they go about their daily tasks
- interviewing employees individually or in groups

- conducting structured questionnaires in which employees check against the items they perform
- identifying a job's specific characteristics by speaking to the supervisors
- recording the daily activities of employees in log books given to them

When performing a job analysis, she should determine the type of person needed to perform each job, and obtain information for preparing the required job descriptions and job specifications. Ms Wong might use the job descriptions and specifications in the recruitment and selection stages. The job descriptions will be used to explain the jobs to candidates; and job specifications will help her to determine whether candidates possess the knowledge and skills needed to perform the relevant jobs.

Assessing future needs

Ms Wong needs to figure out the organisation's objectives and strategies. Once she knows the demand for the company's magazines, she should attempt to establish the number and categories of human resources needed.

Developing a programme

Having assessed current resources and future needs, Ms Wong will need to estimate the problem of overstaffing and shortage within the three magazines concerned. She should also develop a programme to match the estimates with forecasts of future labour supply. After that, recruitment and decruitment will be carried out.

CHAPTER 18

Work Them Out

1. B	2. D	3. C	4. D	5. A	6. B	7. D	8. A	9. C	10. D
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Short Questions

- Organisations may use the following major means to enter international markets:
 - Exporting: The organisation produces products in the home country and sends them for sale in foreign markets.
 - Licensing: The organisation gives another organisation in a foreign country the right to use its intellectual property. In return, the foreign organisation pays a royalty fee to the licensor.
 - Franchising: The parent organisation grants other companies or individuals the rights to use its trademark and name, as well as produce and sell its goods and services.
 - Alliance: Two or more international organisations or companies unite to achieve common goals and interests.
 - Multi-domestic: A multi-domestic organisation has separate headquarters in different countries. This allows more localised management.
 - Foreign subsidiary: The parent organisation establishes a separate organisation under a foreign nation's legal code.
 - Joint venture: The organisation joins with one or more organisations to create a new third venture under a contract for cooperative investments.
- The major unique characteristics of international business include:
 - Regulatory requirements: The laws in a country affect many issues of establishing businesses. How relevant laws are enacted will have an impact on the organisation's decisions on its target markets. Political relationships between the foreign market and the home country of the organisation may also place constraints on its operations and opportunities that it can take advantages of.
 - Economic environment: This varies from one country to another. Examples of varying conditions are fluctuating currency exchange rates, inflation rates and diverse tax policies, which may greatly influence the organisation's profits.
 - Terminology difference: The terminology commonly used in the two countries may be different. This is particularly for terms used in the financial statements.
 - Cultural diversity: Every country has a unique culture. Cultural values and norms affect people's attitudes toward certain products, advertising, work and relationships.

Long Question

- Organisations attempt to expand into international business usually for the following common reasons:
 - Acquire resources: They seek resources that may be unavailable or very costly in their home country, as more economical sources overseas may reduce costs.
 - Increase sales: The domestic market may have matured, making it very difficult for organisations to generate higher revenue and profit growth. Organisations thus need to increase sales through foreign markets.
 - Develop new markets: They may explore international opportunities due to a saturated domestic market, competition or economic slowdown in their home country
 - Minimise competitive risk: They may enter foreign markets to prevent rivals from gaining too many advantages in other countries and using the profits to improve their competitiveness in the domestic market.
 - Diversify sources of sales and supplies: Some countries may be expanding economically while others may be in economic recession; so organisations in different markets can diversify profits or losses and minimise the fluctuations in their overall sales. The same goes for supplies, which may be facing a shortage in one country but are readily available in another.

Factors which enhance practices of international business include:

- Development and expansion of technology: The advancements in technology and Internet use (for e-communication and e-commerce) facilitate the progress of international business; and the relatively low cost of communication greatly helps international business operations.
- Increase in global competition: Due to globalisation, new products quickly become known around the world, making it easier for popular products to be produced and sold in different countries.
- Liberalisation of cross-border movements: Governmental barriers to the movement of goods, services and resources have been lowered over the years, allowing organisations to take advantage of international opportunities.
- Development of support services: Support services that ease international business are now more advanced; these include mailing, banking and transportation.

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