

Management Principles and Application

Unit 5. CONTROLLING

- Process of Controlling
- Types of control
- Budgetary and non-budgetary control techniques
- Managing Productivity
- Cost Control
- Purchase Control
- Maintenance Control
- Quality Control
- Planning operations

Globalisation

- Globalisation means the internationalization of trade. Particularly product transaction and the integrating of economic and capital markets throughout the world.
- The integration takes place when trade exists freely among the different countries, thus the world economy becomes a single market or single economy.
- In globalization there is no restriction of quota, license, tariff and other administrative barrier for trade.

Benefits of Globalisation

- Improves efficiency
- Improves factor Income
- Improves finance
- Gains from Migrations

Drawbacks of Globalisation

Globalisation increases the problems of unemployment

1. Domestic Industries finds difficulty in survival
Only group of people who participate in the process of Globalization will be benefitted, this creates income inequality within the country
2. Control on domestic economy becomes more difficult
3. Developing country suffers from the problem of brain-drain

International Business

- Involves commercial activities that cross national frontiers
- It is a process of Entrepreneur conducting business activities across national boundaries
- It consist of Exporting, Importing, Ilcensing, opening of Sales office
- The activities necessary for ascertaining the need and want of target consumer often takes place in more than one country. When an Entrepreneur executes his or her business model in more than one country International Business Occuring.

Entry into International Business

The method of entering or engaging in International Business can be divided into three categories

Exporting

- Indirect Exporting
- Direct Exporting

Non Equity arrangement – Doing international business through an arrangement that does not involve any investments.

- Licensing - allowing someone else to use something of the company's in return for the payment of royalty
- Turn key Projects – A foreign Entrepreneur build a factory or other facility, training the workers, train the management and then turn it over to the local owners once the operation is completed, hence the name turn key operation
- Management Contracts – Contracting management techniques and skills. The management contracts allows the purchasing country to gain foreign expertise without giving ownership of its resources to a foreigner.

Direct Foreign Investments – preferred mode of ownership

- a. Minority Interest – Having less than 50% Ownership Position
- b. Joint Ventures – Merger of two companies