

WEEK 3-4: MANAGEMENT FUNCTIONS



Management

- Process of planning, organizing, directing, and controlling organizational resources (human, financial, physical, and informational) in the pursuit of organizational goals. - Dunham & Pierce 1989, p. 6.

Management, therefore, is **getting things done through people.**

Leverage on Time

Can you work 80 hours in a day?

No, the maximum you can personally work in a day is **24 hours**, the length of a day.

Yes, you can hire **10 employees** to work for you @ 8 hours/day, for a total of **80 hours/day**.

Leverage on Time

Ex. If you can have 80 hours of work done in a day, your business can earn a revenue of P100,000. You hire 10 people, working 8 hours/day and paid a wage of P400/day. Thus,

P100,000 expected revenue - **P4,000** (10 employees x P400/day) = **P96,000**

ASSUMING 50% of the remainder are costs, you will still have a net profit of **P48,000** by the end of the day.

Importance of Planning

1. Resource scarcity

Scarcity - Limitations that exist in obtaining all the goods and services that humans want.

- * Resources are limited, wants are limitless. Prioritize.
- * The more scarce the input, the more expensive it is.

Example of Rising Cost of Scarce Input/Material

Prices for metal in the Philippines in 2008 rose dramatically due to the construction of the CN¥2.3 billion, 80,000-capacity **Beijing National Stadium (Bird's Nest)** in China, the official venue of the 2008 Beijing Olympic Games.

Floor Area: 204,000 sq. m.

Land Area: 258,000 sq. m.

Beijing National Stadium (Bird's Nest)



Importance of Planning

2. Changes in the environment - Brought about by

A. **Political factors** Ex. The imposition of EVAT raises the prices of products and services.

B. **Economic factors** Ex. The Covid-19 pandemic left businesses closing which led to unemployment, losses in surviving businesses, and rising of prices.

C. **Social factors** Ex. The growing health consciousness of the public has forced Kentucky Fried Chicken to rename itself as KFC.

D. **Technological factors** Ex. The rise in SocMed advertising

Importance of Planning

E. **Legal factors** Ex. Laws banning the use of plastics

F. **Environment factors** Ex. Production of new car models that do not harm the ozone layer

G. **Globalization factors** Ex. Entry of foreign brands in the market

(Remember PESTLEG)



There is nothing
permanent except
change.

Heraclitus

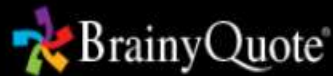


Image from: Brainy Quote (n.d.). Heraclitus Quotes.
https://www.brainyquote.com/quotes/heraclitus_165537

FUNCTIONAL STRUCTURE



Management: Both Science & Art

Science - Any **knowledge** arranged in **orderly manner**, subjected to **observation, experiment, tested, systematized** and finally brought under general **principles**.

Management is a science because it

1. uses the scientific method.
2. gathers data (through research & studies)
3. establishes principles, systems, and procedures

Management: Both Science & Art

Management is a science because it

4. uses measurement and standards

5. uses data to make educated decisions rather than random decisions

Management: Both Science & Art

Art - Practical **skill** acquired through a long period of **experience without** any form of **rigidity**.

Management is an art because it

1. involves social interaction
2. personal expression of the principles, systems, and procedures, and leadership
3. adjusts to factors that can't be fully covered by science, most especially the human factor

Importance of Management

Planning

1. Establishment of objectives and goals
2. Procurement of resources
3. Creation of systems and strategies
4. Adapting to change focus and direction

Organizing

5. Maintenance of responsibility and order
6. Optimum utilization of resources
7. Reduces costs

Importance of Management

Staffing

- 8. Matching supply and demand of manpower (getting the most qualified applicant)
- 9. Development of team spirit
- 10. Development of human resource
- 11. Labor Relations

Importance of Management

Directing

- 12. Good communication
- 13. Initiation of action and continuity
- 14. Coordination of activities
- 15. Effective leadership and employee motivation
- 16. Advocacy of dynamism

Importance of Management

Controlling

- 17. Monitoring of progress
- 18. Accountability
- 19. Solving of problems
- 20. Creation of control measures
- 21. Achievement of objectives and goals

Importance of Management

In Totality

- 22. Building of a stronger organization
- 23. Improvement of the standard of living of employees
- 24. Betterment of society

Characteristics of Management

1. Goal oriented
2. Catalyst in producing goods and services
3. Distinct process comprising of functions
4. System of authority - A hierarchy of command and control
5. Unifying-force for all resources

Characteristics of Management

- 6. Harmonizes individual's goals with the organizational goal
- 7. Multi-disciplinary subject
- 8. Universal in character
- 9. Scientific in nature
- 10. An art

Objectives of Management

Managerial objectives may be classified as:

1. General objectives

A. Nature of business

B. Continuous supply of capital

C. Growth of firm

D. Increasing production and productivity

E. Profit

Objectives of Management

F. Social objectives - Superior quality goods and services, affordable prices, fair wages and incentives, etc.

G Human objectives - Employee needs and motivation

Objectives of Management

2. Specific objectives

- A. Nature of goods to be produced or services to be rendered
- B. Target market (Market segment)
- C. Market standing - Domestic and international).
- D. Product diversification, if required

Management Skill

- Ability to carry out the process of reaching organizational goals by working with and through people and other organizational resources. - *Samuel C. Certo and S. Trevis Certo, Modern Management: Concepts and Skills (Upper Saddle River, NJ: Prentice Hall, 2012), p11.*

Management Skill

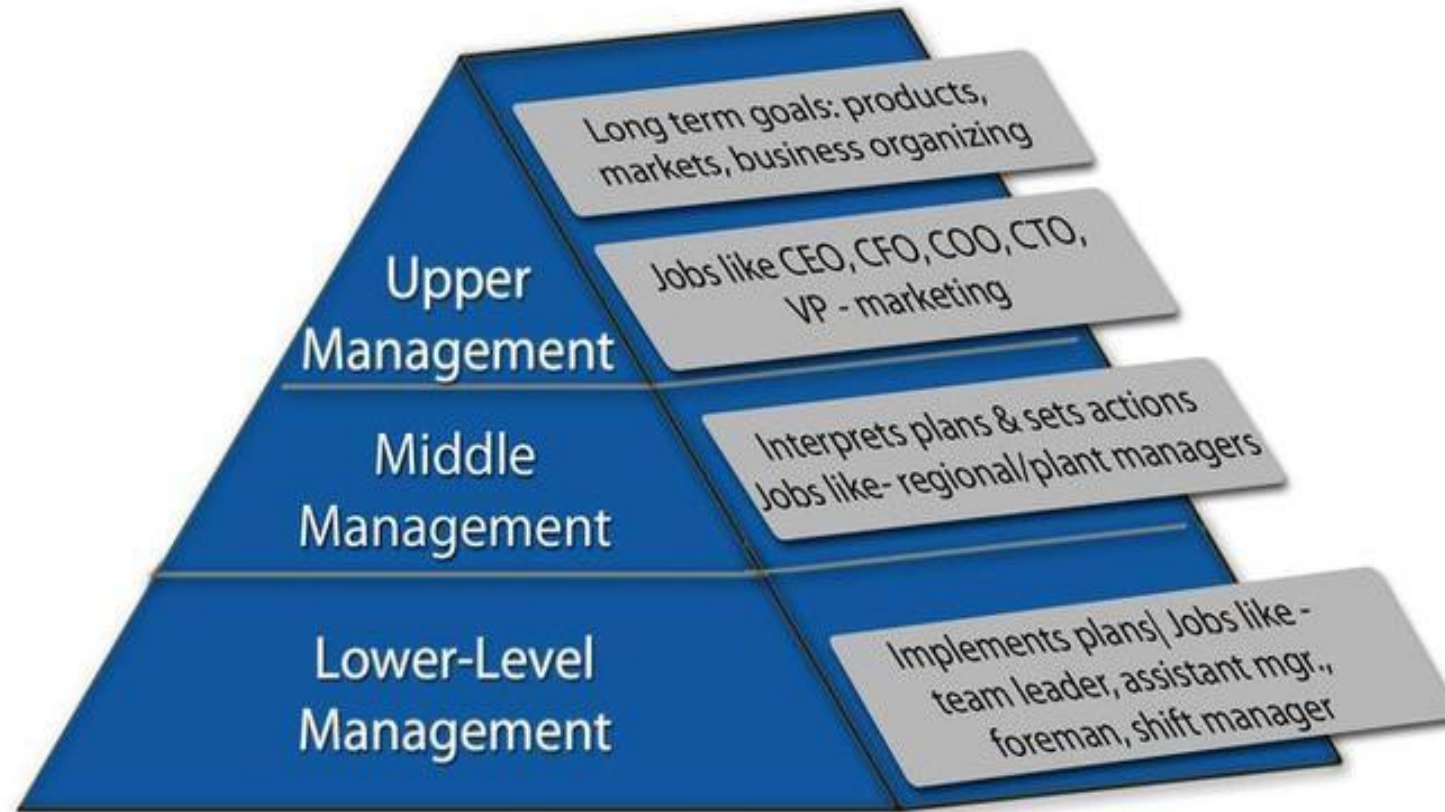
1. **Technical Skills** - The ability to apply specialized knowledge or expertise.
2. **Human (Interpersonal) Skills** - The ability to work with, understand, and motivate other people, both individually and in groups.
3. **Conceptual Skills** - The mental ability to analyze and diagnose complex situations.

Management Skill

4. Decision making - Ability to identify a problem or an opportunity, creatively develop alternative solutions, select an alternative, delegate authority to implement a solution, and evaluate the solution. - *John M. Ivancevich and Thomas N. Duening, Business: Principles, Guidelines, and Practices (Mason, OH: Atomic Dog Publishing, 2007), p188.*

5. Political Skill - Obtaining power and preventing other employees from taking away one's power.

Levels (Dimensions) of Management



Source: Lumen Learning (n.d.). Types of Management.

<https://courses.lumenlearning.com/boundless-business/chapter/types-of-management/>

Levels (Dimensions) of Management

1. First-line (supervisory) management (operational managers) -

Concerned with the **actual implementation of the strategies** evolved by strategic managers and re-defined by tactical managers. Include supervisor, section chief, office manager, foreman, and team leader.

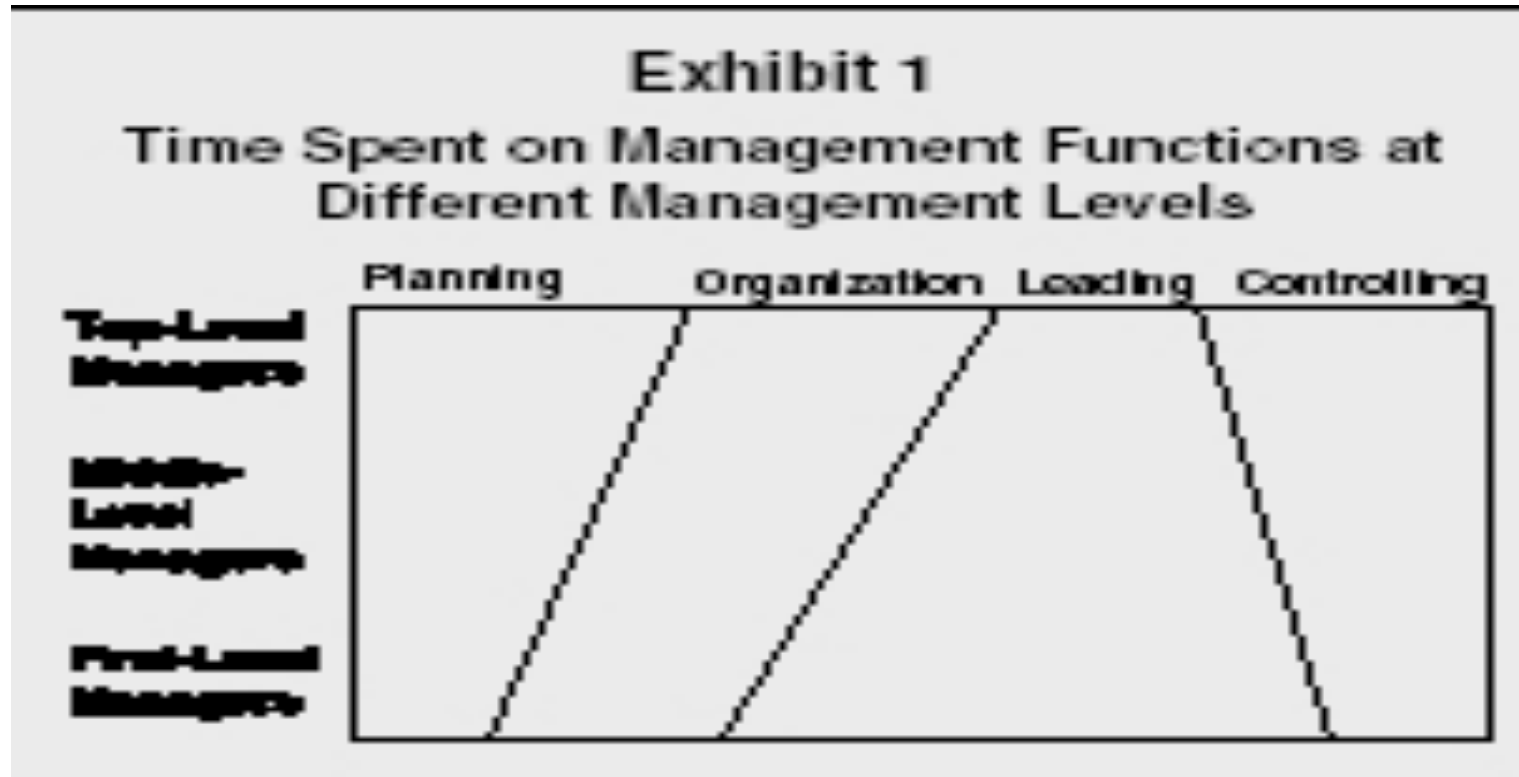
2. **Middle management (tactical managers)** - Ensure that the plans of the strategic manager are re-defined in unambiguous terms and facilitate the implementation of the policies of strategic managers. Focus on specific operations, products, or customer groups within a business. Includes such positions as regional manager, plant manager, division head, branch manager, marketing manager, and project director.

Levels (Dimensions) of Management

1. Top management (executive level / strategic managers) -

Responsible for developing the vision, mission, objectives and the game plan of the entire organization and responsible for determining, evaluating and adapting the aims or missions of an organization and the patterns of decisions that give direction and guidance to the achievement of these aims in the long-term.

Time Spent on Managerial Functions & Skills by Different Levels of Management

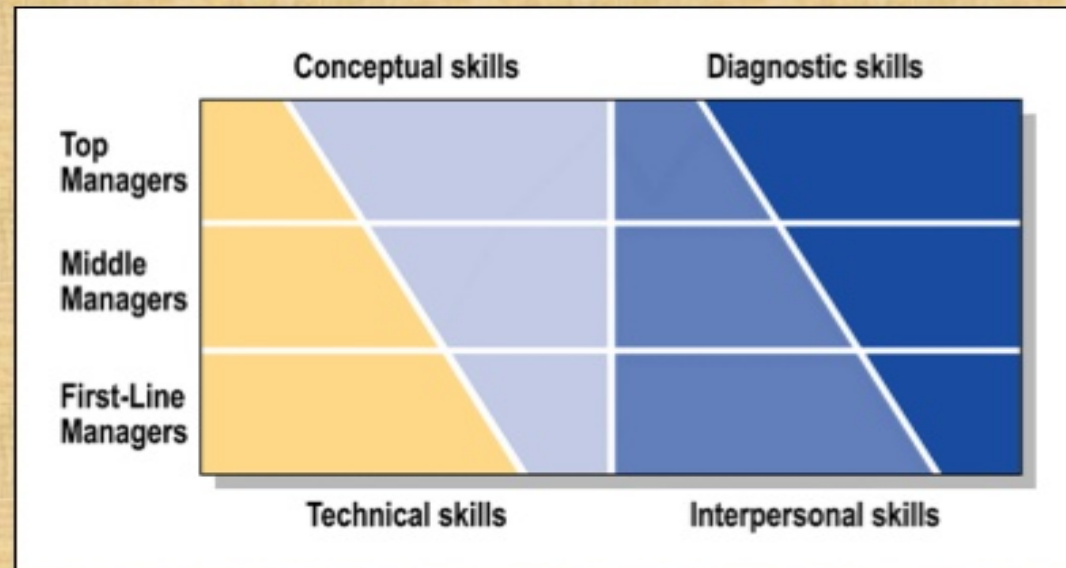


Source: Reference for Business (n.d.). Management Levels.

<https://www.referenceforbusiness.com/management/Log-Mar/Management-Levels.html>

Time Spent on Managerial Functions & Skills by Different Levels of Management

Management Skill Mixes at Different Organizational Levels



PRINCIPLES OF MANAGEMENT BY HENRI FAYOL (1841-1925)

1. **Division of Work** - Specialization promotes efficiency of the workforce, increases productivity, and increases speed, & accuracy.
2. **Authority and Responsibility** - Management has the authority to give orders to the employees but with this authority comes responsibility.
3. **Discipline** - Good conduct and respectful interaction.
4. **Unity of Command** - Orders must only come from one manager and the employee is answerable to that manager.
5. **Unity of Direction** - All activities are carried out by one group that forms a team (focus & direction).

PRINCIPLES OF MANAGEMENT BY HENRI FAYOL (1841-1925)

6. **Subordination of Individual Interests** - Personal interests are subordinate to the interests of the organization.
7. **Remuneration** - Compensation should be sufficient to keep employees motivated and productive. Types:
 - A. **Monetary compensation**, bonus, or other financial compensation
 - B. **Non-Monetary compensation** - Benefits, compliment, more responsibilities, credits.
8. **Degree of Centralization** - Management and authority for decision making process must be properly balanced in an organization.
 - A. **Centralization** - Concentration of decision making authority at the top management.
 - B. **Decentralization** - Sharing of authorities for the decision making process with middle and lower management.

Salary and Wages

Salary - Fixed amount paid to the employee at regular intervals for their performance and productivity, every 15th and 30th of the month.

Wages - Hourly or daily-based payment given to the labor for the amount of work finished in a day.

Salary and Wages

Ex. An office clerk has a salary of P10,000 paid in two installments, on the 15th and 30th.

A laborer has a wage of P7,700 if he has worked for 22 days at a daily rate of P350 ($P350 \times 22$ days). If he has only worked for 20 days, he only receives P7,000.

Minimum wage

Western Visayas (Reg. 6) based on Wage Order No. RBVI-25^{b/} (effective November 26, 2019 and lapsed in November 2020): P310-395/day, depending on the industry classification (National Wages Productivity Commission, n.d.; Nicavera, 2021 May 14).

National Capital Region based on Wage Order No. NCR-22 (effective November 22, 2018): P500-537/day, depending on the industry classification (National Wages Productivity Commission, n.d.).

PRINCIPLES OF MANAGEMENT BY HENRI FAYOL (1841-1925)

9. **Scalar Chain** - Clear line in the line of authority (from top to bottom and all managers at all levels).
10. **Order** - Employees must have the necessary resources at their disposal so that they can function properly in the organization. The work environment must also be safe, clean, and tidy.
11. **Equity** - Employees must be treated fairly and equally.
12. **Stability of Tenure of Personnel** - Minimize employee turnover and to have the right staff in the right place.
13. **Initiative** - Expression of new ideas by employees to encourage involvement and interest.
14. **Esprit de Corps** - Morale in the workforce.