TERM 1 – TOPIC 1 NATURE AND CONCEPT OF MANAGEMENT

Learning Objectives:

After completing this chapter, you'll be able to:

1. Discuss the meaning and functions of management;
2. Explain the various types of management theories;
3. Explain the functions, roles, and skills of a manager;
4. Understand the basic concepts and theories of management; and
5. Apply management theories and concepts in solving business cases.

What is Management?

Management is the science of coordinating and overseeing work performance of individuals working together in organizations, so that they could efficiently and effectively accomplish their chosen aims or goals.

Weihrich and Koontz (2005) defines management as the process of designing and maintaining an environment for efficiently accomplishing selected aims.

Author	Definition of Management
Harold Koontz	"Management is the art of getting things done through and with people in formally organized groups."
Mary Parker Follett	"Management is the art of getting things done through people."
Frederick Winslow Taylor	"Management is the art of knowing what you want men to do, and then seeing that they do it in the best and cheapest way."
Henry Fayol	"To manage is to forecast and plan, to organize, to command, to coordinate, and to control."
George R. Terry	"Management is a distinct process consisting of planning, organizing, actuating, and controlling, performed to determine and accomplish objectives by the use of people and resources."
Peter F. Drucker	"Management is a multipurpose organ that manages a business, manages managers, and manages workers and work."
Koontz and O'Donnell	"Management is the creation and maintenance of an internal environment in an enterprise where individuals working in groups can perform efficiently and effectively toward the attainment of group goals."

References (APA 7th Edition)

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Koontz, H., & Weihrich, H. (2010). *Essentials of management: An international perspective* (8th ed.). McGraw-Hill.
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Taylor, F. W. (1911). *The principles of scientific management*. Harper & Brothers.

For a research paper, a commonly used synthesized definition is:

Management is the process of planning, organizing, leading, and controlling organizational resources to achieve goals efficiently and effectively (Koontz & Weihrich, 2010; Terry, 1977). (-)

THE MANAGEMENT PROCESS FRAMEWORK

----- EXPLANATION OF THE DIAGRAM -----

The diagram represents the standard **Management Process Model** (often referred to as the POLC or P_O_L_C framework, though here stylized circularly as P-O-L-C activities). It visually maps out how an organization transforms raw inputs into successful outcomes through continuous managerial functions.

Here is a comprehensive breakdown of how this model works, reading it from left to right:

1. The Inputs: Resources & Efficiency (Left Side)

The process begins with **Resources** (represented by the red vertical bar). These are the foundational inputs a manager has at their disposal, which typically include:

- **Human Resources:** Employees, talents, and labor.
- **Financial Resources:** Capital, budgets, and investments.
- **Physical Resources:** Raw materials, office space, machinery, and technology.
- **Informational Resources:** Data, market research, and intellectual property.
- **The Role of Efficiency:** Positioned vertically on the far left, **Efficiency** refers to "doing things right." It is about minimizing waste, reducing costs, and maximizing the utilization of these raw resources. A manager focuses on efficiency to ensure the organization doesn't squander its inputs.

2. The Core Process: Managerial Activities (Center Cycle)

In the center, a large grey arrow points from resources toward goals, signifying transformation. Inside this transformation phase are the four fundamental **Management Functions**, arranged in a continuous, cyclical loop:

- **P – Planning:** The starting point of any management cycle. This involves defining the organization’s vision, setting specific objectives, and mapping out the strategic action plans required to achieve them.
- **O – Organizing:** Once a plan is set, the manager must structure the work environment. This means allocating the available resources, assigning tasks to specific individuals or departments, and establishing clear lines of authority and communication.
- **L – Leading:** This function focuses heavily on the human element. Leading is the act of motivating, guiding, directing, and influencing employees to work enthusiastically and effectively toward the organizational objectives.
- **C – Controlling:** The final phase that closes the loop. Controlling is the process of monitoring ongoing performance, comparing actual results against the goals established during the *Planning* stage, and taking corrective actions if deviations or inefficiencies are found. Because it is a cycle, the findings from the controlling phase feed right back into future planning.

3. The Outputs: Goals & Effectiveness (Right Side)

The ultimate destination of the management process is the achievement of **Goals** (represented by the green vertical bar).

- **The Role of Effectiveness:** Positioned on the far right, **Effectiveness** refers to "doing the right things." It measures whether the organization actually accomplished its chosen aims, met customer demands, or successfully delivered its intended purpose.

Summary of the Big Picture

When you look at **DIAGRAM** as a whole, it tells a simple but powerful story:

Management is the continuous process of taking raw **Resources** and steering them through a cyclical loop of **Planning, Organizing, Leading, and Controlling** activities. The goal of this entire process is to balance **Efficiency** (minimizing input waste on the left) with **Effectiveness** (maximizing goal attainment on the right) to ensure organizational success.

----- END OF THE EXPLANATION -----

MANAGEMENT FUNCTIONS:

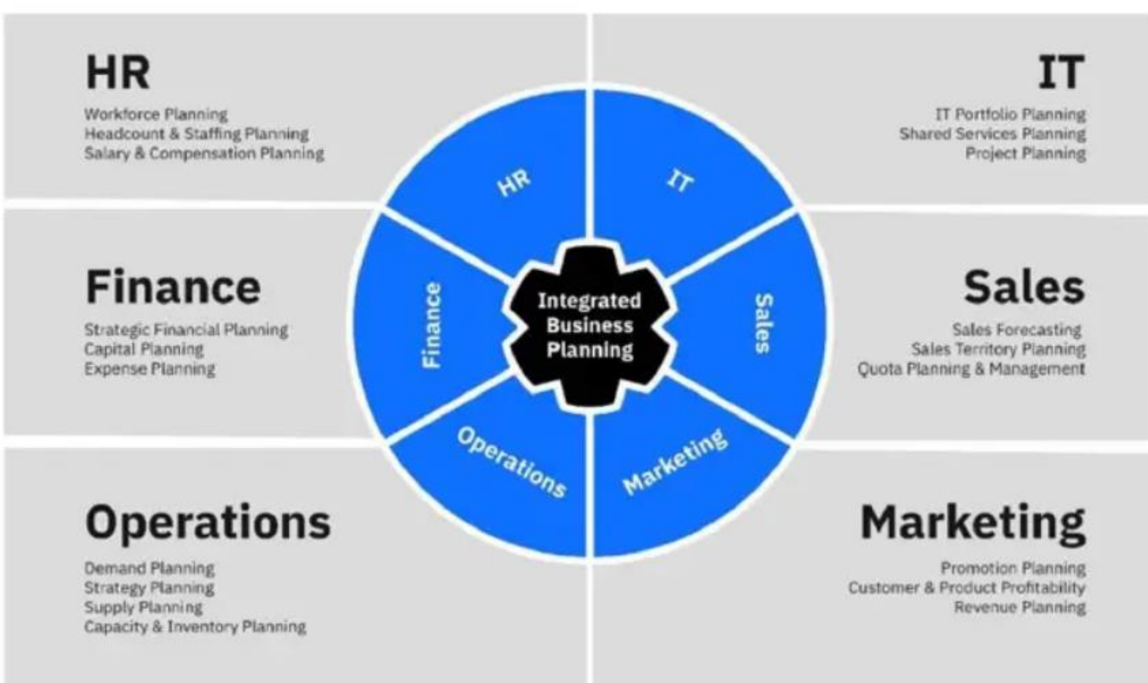
1. Planning- Setting goals or objectives and deciding how to achieve them
2. Organizing- Arranging tasks, people, and other resources to accomplish specific tasks
3. Staffing- Ensuring that the organization has the right people at the right time at the right place at the right circumstances
4. Leading- Motivating, directing, and otherwise influencing people to work effectively and efficiently to achieve organizational goals
5. Controlling- Monitoring performance, comparing it with goals, and taking corrective action as needed

EFFICIENCY vs. EFFECTIVENESS:

EFFICIENCY (means)- The character of being able to yield the maximum output from a minimum amount of input

EFFECTIVENESS (ends) – Being adapted to produce an effect or being to do things correctly

BUSINESS FUNCTIONS IN THE 21ST CENTURY WORKPLACE



THE MANAGER: FUNCTIONS, ROLES, AND SKILLS

The Manager:

An individual engaged in management activities who supervises, sustains, upholds, and assumes responsibility for the work of others in his or her work group, team, department, or the organization in general.

Levels of Management:

- **Top Managers**
  - Set objectives
  - Scan environment
  - Plan and make decisions
- **Middle Managers**
  - Allocate resources
  - Oversee first-line managers
  - Develop and implement activities
- **First-line Managers**
  - Coordinate activities
  - Supervise Employees
  - Report to middle managers
  - Involved in day-to-day operations

<u>Top-level Managers</u>

General or strategic managers who focus on the long-term organizational concerns and emphasize the organization's stability, development, progress, and overall efficiency and effectiveness.

Middle-level Managers:

Tactical managers in charge of an organization's middle levels or departments and formulate specific objectives and activities based on the strategic or general goals developed by top-level managers.

Frontline (or lower-level) Managers:

Operational managers who are responsible for supervising the organization's day-to-day activities and serve as the bridge between management and non-management employees.

------ EXPLANATION ------

Top-Level Managers (The Corporate Strategists)

- **Who they are:** Chief Executive Officer (CEO), Chief Financial Officer (CFO), Board of Directors.
- **What they do:** They sit at the main headquarters (e.g., SM Prime in Pasay). They don't look at individual malls; instead, they focus on the long-term future of the entire company.

Middle-Level Managers (The Tactical Translators)

- **Who they are:** Regional Directors, Mall Bureau Managers, or Mall General Managers (e.g., GM of SM North EDSA or SM Megamall).
- **What they do:** They take the massive, long-term goals from the Top Managers and break them down into practical, actionable plans for their specific region or specific mall.

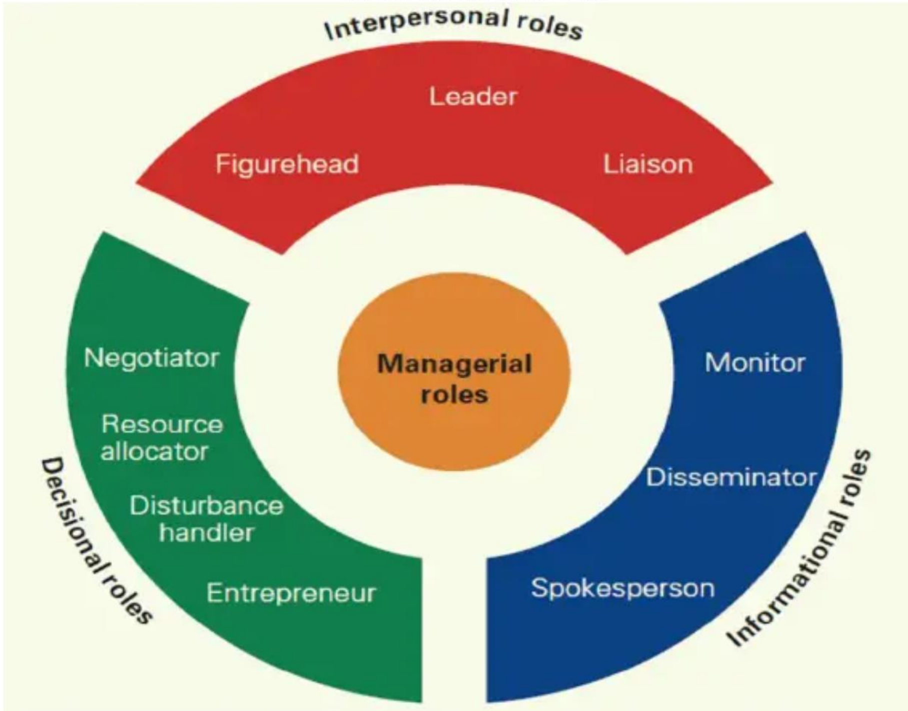
First-Line Managers (The Frontline Supervisors)

- **Who they are:** Floor Managers, Store Supervisors, Security Chiefs, or Customer Service Supervisors.
- **What they do:** They are on the ground, directly supervising the everyday employees (cashiers, sales clerks, baggers, guards) who have no managerial duties.

- ✓ **Top Management** looks at the **horizon** (The Future).
- ✓ **Middle Management** looks at the **bridge** (The Plan).
- ✓ **First-Line Management** looks at the **ground** (The Action).

----- END OF EXPLANATION -----

MANAGERIAL ROLES:



MANAGERIAL SKILLS:

CONCEPTUAL SKILLS- Enable managers to think of possible solutions to complex problems.

HUMAN SKILLS- Enable managers to relate well with people across all levels of the organization

TECHNICAL SKILLS- Enable managers to perform specific tasks with high levels of proficiency with the use of their expertise.

MANAGEMENT THEORY APPROACHES

1. **Classical Viewpoint:** emphasized finding ways to manage work more efficiently.
2. **The Behavioral Viewpoint:** emphasized the importance of understanding human behavior and of motivating employees toward achievement.
3. **Quantitative Management:** the application to management of quantitative techniques, such as statistics and computer simulations.
4. **Contemporary Viewpoint:** claims that there's no best way to organize, to lead, or to make decisions in a company; the optimal course of action is contingent upon the internal and external situation.

CLASSICAL APPROACH OF MANAGEMENT

Scientific Management

A. Frederick Taylor – an American mechanical engineer who is known as the Father of Scientific Management.

Time and motion studies- A science for each element of an individual's work. Hire the best person for the job

B. Henri Fayol – French mining engineer

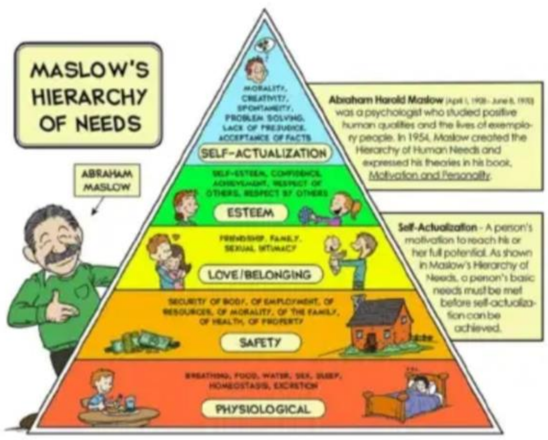
Proposed the general administrative theory and created the management functions as well as 14 management principles.

14 Management Principles:

- **i. Division of Labor** - Jobs can have too much specialization leading to poor quality and worker dissatisfaction
- **ii. Authority and Responsibility** - Both formal and informal authority
- **iii. Unity of Command** - Employees should have only one boss
- **iv. Line of Authority** - A clear chain of command from top to bottom
- **v. Centralization** - The degree to which authority rests at the top
- **vi. Unity of Direction** - A single plan of action to guide the organization
- **vii. Equity** - The justice and fairness in the treatment of all employees
- **viii. Order** - Arranging employees to be of the most value and to provide career opportunities
- **ix. Initiative** - Fostering creativity and innovation by encouraging employees to act on their own
- **x. Discipline** - Obedient, applied, respectful employees are necessary for the organization to function
- **xi. Remuneration of Personnel** - An equitable uniform payment system that motivates contributes to organizational success
- **xii. Stability of Tenure of Personnel** - Long-term employment develops skills that improve organizational performance
- **xiii. Subordination of Individual Interest** - The interest of the organization takes precedence
- **xiv. Esprit de corps** - Fosters comradeship, shared enthusiasm, and devotion to the common cause.

BEHAVIOURAL APPROACH OF MANAGEMENT:

A. Maslow's Hierarchy of Needs:



B. Hawthorne Studies - Employees perform when they are observed and tend to slack off when managers or supervisors are not around.

C. McGregor's Theory X and Y - Represents two ends of the spectrum of how employees view work

THEORY X	THEORY Y
Workers dislike to work Have little ambition Control is key (rewards and punishments) Seeks security	Workers enjoy their jobs Commitment is key Have creative potentials Seeks and accepts responsibility

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