

ECONOMICS

MODULE 1: ECONOMICS

ECO- home

NOMOS- accounts

ECONOMICS

- home or household management
- is a social science that deals with the study of the proper allocation of **scarce resources to satisfy the unlimited human wants and needs.**

SCARCITY

- the **main reason for us to study Economics.**
- limited resources.

OPPORTUNITY COST

- something **you have to give up** to pursue your specific resources/goals.

NEED- something that we **cannot live without.**

WANT- something that we **can live without.**

BRIEF HISTORY OF ECONOMICS

1. CLASSICAL ECONOMICS (mid 1700s – 1800s)

- ADAM SMITH-** “Father of Economics”, Wealth of Nations “the bible in economics”
- JOHN STUART MILL-** Principles of Political Economy.
- DAVID RICARDO-** theory on wages and profit, labor theory of value, theory of comparative advantage, and theory of rents.
- KARL MARX-** Das Kapital

2. NEOCLASSICAL ECONOMICS (1870s)

- LEON WALRAS-** theory on wages and profit, labor theory of value, theory of comparative advantage, and theory of rents.
- ALFRED MARSHALL-** Principles of Economics, first to develop the standard **supply and demand graph.**
- JOHN MAYNARD KEYNES-** “Father of Modern Economics”, The General Theory of Employment, Interest and Money.

3. NON-WALRASIAN ECONOMICS (1939)

- JOHN HICKS-** investment-savings (IS)- (liquidity preference-money supply) **LM model.**

4. POST- KEYNESIAN ECONOMICS

- PAUL SAMUELSON-** Foundations of Economic Analysis, first American to receive the Nobel Prize in economics.
- JAMES TOBIN-** studied the **relationships between the financial market and macroeconomics**; developed the portfolio selection theory and proposed tax-currency exchange transactions.
- KENNETH ARROW-** contributed to the study of general equilibrium analysis and welfare economics.

DIVISION OF ECONOMICS

- MACROECONOMICS-** dealing with the performance, structure, behavior, and decision-making of an **economy as a whole.**
- MICROECONOMICS-** the **study of individuals**, households, and firms' behavior in decision-making and allocation of resources.

METHOD OF ECONOMICS

- POSITIVE ECONOMICS-** a stream of economics that focuses on the **description, quantification, and explanation** of economic developments, expectations, and associated phenomena.
 - relies on **objective data analysis, relevant facts, and associated figures**
 - attempts to **establish any cause-and-effect relationships** or behavioral associations
 - **objective and fact-based**, where the statements are precise, descriptive, and clearly measurable.
- NORMATIVE ECONOMICS** - focuses on the **ideological, opinion-oriented, prescriptive, value judgments**
 - “**what should happen**” or “**what ought to be**”
 - **subjective and value-based**, originating from personal perspectives, feelings, or opinions involved in the decision-making process.
 - are **rigid and prescriptive in nature.**

IMPORTANCE OF STUDYING ECONOMICS

- To understand the global affairs
- To understand the society
- To be an informed voter

MODULE 2: BASIC ECONOMIC PROBLEMS, ECONOMIC SYSTEMS AND ECONOMIC GOALS

1. THE BASIC ECONOMIC PROBLEMS

- fundamental economic problem is the issue of scarcity.
- how best to produce and distribute these scarce resources.

PAUL SAMUELSON

- **America's first Nobel Prize winner for economics**, said that to solve the economic problem societies must endeavor to **answer three basic questions...**

- What to produce?
- How to produce? And,
- For whom to produce?

WHAT TO PRODUCE?

- decide the best **combination of goods and services.**
- must decide **what quantities of different resources** should be allocated to these goods and services.

HOW TO PRODUCE?

- decide the **best combination of factors to create the desired output of goods and services.**

- precisely **how much land, labour, and capital** should be used to produce consumer goods

FOR WHOM TO PRODUCE?

- need to decide **who will benefit from the output** from its economic activity and how much they will get.
- This is often called the **problem of distribution**

PROBLEM OF DISTRIBUTION

- limited resources or scarcity

2. ECONOMIC SYSTEMS

- a means by **which societies or governments organize and distribute available resources, services, and goods** across a geographic region or country.
- regulate factors of **production, including capital and labor.**

4 TYPES OF ECONOMY

- TRADITIONAL ECONOMY
- COMMAND ECONOMY
- MARKET ECONOMY
- MIXED ECONOMY

1. TRADITIONAL ECONOMY

- The **oldest type of economy** found around the world.
- What they **produce is what they get to consume.** (Farming/fishing)
- based on customs/traditions
- Can be **found in the developing world**, like parts of Asia, Africa, and South America.
- Produce **little waste, and surpluses are rare.**
- Also help to **keep small communities and societies close together.**
- Members of traditional economies **often go without things that more complex systems enjoy**, like technology and advanced medicine.

2. COMMAND ECONOMY

- Is based **on goals passed down from a central ruler or ruling class.**
- Can be **found in many Communist countries**, like North Korea and the former Soviet Union.
- Decisions are controlled by a **central authority/government.**
- This economic system **may be beneficial if the government has the best interests of its people in mind.**
- Can also **devolve into widespread inequality and corruption.**

3. MARKET ECONOMY

- A system **where pricing decisions are decentralized, and activities are unplanned.**
- **Prices arise naturally in a market economy** based on supply and demand.
- Utilizes **private ownership of the means of production and voluntary exchanges/contracts.**
- Individuals and businesses own the resources and **are free to exchange and contract with each other without a decree** from government authority.

4. MIXED ECONOMY

- combination of **market + government intervention**

ECONOMIC GOALS

MACROECONOMIC GOALS

1. ECONOMIC GROWTH AND DEVELOPMENT

- means an **increase in real national income and national output.**

2. ECONOMIC STABILITY

- is the **absence of excessive fluctuations in the macroeconomy.**
- a country's economy experiences **steady growth without major fluctuations** such as high inflation, recession, or rapid unemployment.
- **creates a stable environment for** businesses, workers, and consumers, allowing the economy to function efficiently.

3. FULL EMPLOYMENT

- Full employment is **a situation in which almost everyone willing and able to work has a job.**

MICROECONOMIC GOALS

4. ECONOMIC EFFICIENCY

- assumes **minimum cost for the production of a good or service, maximum output, and maximum surplus** from the operation of the market.

5. ECONOMIC FREEDOM

- is the **independency experienced** by individuals within a given society to pursue their interests.

6. ECONOMIC SECURITY

- or **financial security**, is the condition of **having stable income or other resources to support a standard of living now and in the foreseeable future.**

MODULE 3: THE MARKET

BUYERS

- Who **expect a payoff in terms of the satisfaction** of a want or a need – **referred to as utility.**
- **Need purchasing power** to turn wants/needs into effective demand.

PURCHASING POWER

- enables **buyers to convert their wants or needs into 'effective demand'**

SELLERS

- **who expect a pay-off**, in terms of the following:
 - **Revenue** they need to cover their **production costs.**
 - **To generate a profit**, which is excess revenue **over costs.**
 - **Cost of production.**

MEANS OF COMMUNICATION

- **between buyers and sellers** so that preferences can be indicated and goods and services offered for sale.

Note: *In early market forms,, buyers and sellers had to meet, or at least their representatives; new technologies mean buyers and sellers no longer need to meet in the same physical space.*

MEDIUM OF EXCHANGE

- **facilitates a market transaction** – namely, **money or credit**.

PURCHASING POWER

- **enables buyers to convert their wants or needs into 'effective demand'**

KNOWLEDGE

- balanced **between buyers and sellers**, so that **one party cannot persistently exploit the other party by withholding relevant information**.

LEGAL SYSTEM

- enables **both buyers and sellers to be protected through civil law**, such as **contracts**, and through **criminal law**, such as **laws against theft**.

FINANCIAL SYSTEM

- **enable individuals and firms to borrow if** they need to and to **save when they have surplus funds**.

MARKET

- an **arrangement between buyers and sellers to exchange goods or services for money**.

- A fundamental means by which **scarce resources are allocated a price and are essential to the operation of the price mechanism**

DEMAND

- quantity or amount of goods and services that buyers are **willing and able to buy at a given price in a specific period of time**.

LAW OF DEMAND

- states that price and quantity demanded (Qd) are **negatively related or inversely proportional**.

- means that **as price increases, Qd decreases and vice versa**.

Key relationship:

Price $\uparrow \rightarrow$ Quantity Demanded $\downarrow$

Price $\downarrow \rightarrow$ Quantity Demanded $\uparrow$

DEMAND FUNCTION

- a **mathematical equation which expresses the demand of a product or service as a function of its price and other factors** such as the prices of the substitutes and complementary goods, income, etc. For example, **$Q_d = 240 - 2p$** . (negative -)

DEMAND SCHEDULE

- is a **table that shows the quantity demanded of a good or service at different price levels**.

Price (P)	Qd
10	220
20	200
30	?
40	?
50	?

COMPUTATION FOR QD

Given: $Q_d = 240 - 2p$

PRICE	QD
10	220
20	200
30	180
40	160
50	100

SOLUTION:

$$Q_d = 240 - 2p$$

$$Q_d = 240 - 2(10)$$

$$Q_d = 240 - 20$$

$$Q_d = 220$$

$$Q_d = 240 - 2p$$

$$Q_d = 240 - 2(20)$$

$$Q_d = 240 - 40$$

$$Q_d = 200$$

$$Q_d = 240 - 2p$$

$$Q_d = 240 - 2(30)$$

$$Q_d = 240 - 60$$

$$Q_d = 180$$

$$Q_d = 240 - 2p$$

$$Q_d = 240 - 2(40)$$

$$Q_d = 240 - 80$$

$$Q_d = 160$$

$$Q_d = 240 - 2p$$

$$Q_d = 240 - 2(50)$$

$$Q_d = 240 - 100$$

$$Q_d = 100$$

Remember

As **price increases, quantity demanded decreases**.

DEMAND CURVE

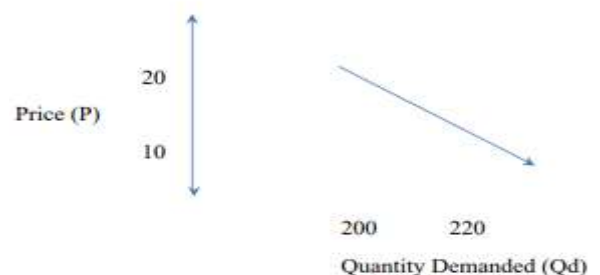
- a **graph depicting the relationship between the price and the quantity demanded at that price**.

- the demand curve is **always slope downward** because of the **negative relationship of price and Qd**.

Y-axis= Price

X-axis= Quantity Demanded

Graph of $Q_d = 240 - 2p$



NON- PRICE DETERMINANTS OF DEMAND

1. AVERAGE INCOME OF CONSUMERS

NORMAL GOODS- demand increases as income increases.

INFERIOR GOODS- demand decreases as income increases.

2. MARKET- size, age, sex/gender

3. TASTE AND PREFERENCES

4. TRADITIONS AND CULTURE

5. PRICES OF RELATED GOODS

SUBSTITUTES- an increase in the price of one good leads to increase in demand for the other good.

COMPLEMENTS- an increase in the price of one good leads to a decrease in the demand for the other good.

6.ECONOMIC EXPECTATIONS

SUPPLY

- quantity or amount of goods and services that sellers are willing and able to sell at a given price in a specific period of time.

LAW OF SUPPLY

- that price and quantity supplied (Q_s) are **positively related or direct proportional**.

- means that as price increases Q_s also increases and vice versa.

Key relationship:

Price $\uparrow \rightarrow$ Quantity Supplied $\uparrow$

Price $\downarrow \rightarrow$ Quantity Supplied $\downarrow$

SUPPLY FUNCTION

- mathematical equation which expresses the supply of a product or service as a function of its price and other factors such as the cost of production, technology, taxes and subsidies, etc. For example, $Q_s = 40 + 30p$. (positive +)

SUPPLY SCHEDULE

- a table that shows the quantity supplied of a good or service at different price levels.

P	Q_s
10	340
20	640
30	?
40	?
50	?

COMPUTATION FOR Q_s

Given: $Q_s = 40 + 30p$

PRICE	Q_s
10	340
20	640
30	940
40	1,240
50	1,540

$$Q_s = 40 + 30p$$

$$Q_s = 40 + 30(10)$$

$$Q_s = 40 + 300$$

$$Q_s = 340$$

$$Q_s = 40 + 30p$$

$$Q_s = 40 + 30(20)$$

$$Q_s = 40 + 600$$

$$Q_s = 640$$

$$Q_s = 40 + 30p$$

$$Q_s = 40 + 30(30)$$

$$Q_s = 40 + 900$$

$$Q_s = 940$$

$$Q_s = 40 + 30p$$

$$Q_s = 40 + 30(40)$$

$$Q_s = 40 + 1200$$

$$Q_s = 1,240$$

$$Q_s = 40 + 30p$$

$$Q_s = 40 + 30(50)$$

$$Q_s = 40 + 1,500$$

$$Q_s = 1,540$$

Remember:

As price increases, quantity supplied increases.

SUPPLY CURVE

- graph depicting the relationship between the price of a certain commodity and the quantity of that commodity that is supplied at that price.

- supply curve is **always slope upward** because of the positive relationship of price and Q_s .

Y-axis= Price

X-axis= Quantity Supplied

Graph of $Q_s = 40 + 30p$



NON- DETERMINANTS OF SUPPLY

1. COST OF PRODUCTION OR INPUT PRICES

$\uparrow$ Cost of production $\downarrow$ Supply

NORMAL GOODS- demand increases as income increases.

INFERIOR GOODS- demand decreases as income increases.

2. TAXES AND SUBSIDIES

$\uparrow$ Taxes $\uparrow$ Cost of production $\downarrow$ Supply

$\uparrow$ Subsidies $\downarrow$ Cost of production $\downarrow$ Supply

3. NUMBER OF SELLERS

$\uparrow$ Sellers $\uparrow$ Supply

4. TECHNOLOGY

$\uparrow$ Technology $\uparrow$ Supply

5. PRICES OF OTHER PRODUCTS- Seasons, Trends

6.ECONOMIC EXPECTATIONS

Remember

DEMAND	SUPPLY
Buyers	Sellers
Q_d	Q_s
Price $\uparrow \rightarrow Q_d \downarrow$	Price $\uparrow \rightarrow Q_s \uparrow$
Mathematical equation (subtraction) $Q_d = 240 - 2p$	Mathematical equation (addition) $Q_s = 40 + 30p$
P and Q_d	P and Q_s
Inverse Relationship	Direct relationship
Curve slopes downward, negative relationship	Curve slopes upward, positive relationship

Demand Factors

- Know that demand can be affected by factors other than price.

Supply Factors

- Know that supply can also be affected by factors other than price.

EQUILIBRIUM

- A state of balance or a stable situation where opposing forces cancel each other out and where no changes are occurring
- In Economics, equilibrium is the state in which market supply and demand balance each other, and as a result, prices become stable.

TWO IMPORTANT CONCEPTS

1. EQUILIBRIUM PRICE

- In a free market, a single price will exist that brings demand and supply into equilibrium
- The price at which quantity demanded is equal to the quantity supplied

MARKET EQUILLIBRIUM

How to compute the Equilibrium Price?

Given: $Q_d = 240 - 2p$ and $Q_s = 40 + 30p$

FORMULA:

$$Q_d = Q_s$$

$$240 - 2p = 40 + 30p$$

$$\begin{array}{r} 240 \\ -40 \\ \hline 200 \end{array}$$

$$200 - 2p = 30p$$

$$\begin{array}{r} 200 \\ +2p \\ \hline 200 \end{array}$$

$$200 = 32p$$

$$\begin{array}{r} 200 \\ 32 \\ \hline 6.25 \end{array}$$

$$6.25 = p \text{ (equilibrium price)}$$

2. EQUILIBRIUM QUANTITY

- The quantity demanded and quantity supplied at the equilibrium price.

How to compute for Equilibrium Quantity?

Given: $Q_d = 240 - 2p$ and $Q_s = 40 + 30p$

$$Q_d = 240 - 2p$$

$$Q_d = 240 - 2(6.25) \text{ PEMDAS}$$

$$Q_d = 240 - 12.5$$

$$Q_d = 227.5$$

$$Q_s = 40 + 30p$$

$$Q_s = 40 + 30(6.25) \text{ PEMDAS}$$

$$Q_s = 40 + 187.5$$

$$Q_s = 227.5$$

$$227.5 = 227.5 \text{ (equilibrium quantity) meaning balance equation}$$

Equilibrium Price = the price

Equilibrium Quantity = the quantity sold/bought at that specific price

SURPLUS

- excess supply; Q_s is greater than Q_d price is above the equilibrium.

Given: $Q_d = 240 - 2p$ and $Q_s = 40 + 30p$

At $p=10$

$$Q_d = 240 - 2p$$

$$= 240 - 2(10) \text{ PEMDAS}$$

$$= 240 - 20$$

$$Q_d = 220$$

At $p=10$

$$Q_s = 40 + 30p$$

$$= 40 + 30(10) \text{ PEMDAS}$$

$$= 40 + 300$$

$$Q_s = 340$$

$$Q_s > Q_d = \text{SURPLUS } (340 - 220 = 120) \text{ sobra ang supply}$$

SHORTAGE

- excess demand; Q_d is greater than Q_s price is below the equilibrium.

HOW TO COMPUTE FOR SHORTAGE?

Given: $Q_d = 240 - 2p$ and $Q_s = 40 + 30p$

At $p=5$

$$Q_d = 240 - 2p$$

$$= 240 - 2(5) \text{ PEMDAS}$$

$$= 240 - 10$$

$$Q_d = 230$$

At $p= 5$

$$Q_s = 40 + 30p$$

$$= 40 + 30(5) \text{ PEMDAS}$$

$$= 40 + 150$$

$$Q_s = 190$$

$$230 - 190 = 40 \text{ Shortage because } Q_D > Q_S \text{ (mataas ang demand over supply meaning kulang = shortage)}$$

SURPLUS AND SHORTAGE

Price	Qd	Qs	Shortage	Surplus
5	230	190	40	
6.25	227.5	227.5	-	-
10	220	340		120
20	200	640		440
30	180	940		760

SUMMARY;

KEY POINTS TO REMEMBER:

- **LAW OF DEMAND** states that price and quantity demanded (Qd) are negatively related or inversely proportional.
- **DEMAND FUNCTION = MATHEMATICAL EQUATION** (subtraction)
- **DEMAND SCHEDULE – TABLE (p) and (qd)**
- **DEMAND CURVE – GRAPH**
- **DEMAND CURVE - SLOPE DOWNWARD** because of the negative relationship of price and Qd.

KEY POINTS TO REMEMBER:

- **LAW OF SUPPLY** states that price and quantity demanded (Qd) are positively related or directly proportional.
- **SUPPLY FUNCTION = MATHEMATICAL EQUATION** (addition)
- **SUPPLY SCHEDULE – TABLE (p) and (qs)**
- **SUPPLY CURVE – GRAPH**
- **SUPPLY CURVE - SLOPE UPWARD** because of the positive relationship of price and Qs.

ORGANIZATIONAL CULTURE AND COMMUNICATION

MODULE 1

ORGANIZATIONAL CULTURE- a set of artifacts, values, and assumptions that emerge from the interactions of organizational members.

ORDERED AND PURPOSEFUL INTERACTION

ORGANIZATION

- comprised of people, whether as salaried or hourly employees or volunteers, or the organization's clients, engage one another in purposeful and ordered activity (Shockley-Zalabak, 2002).
- people in organizations do not act randomly.
- organizations are sites of controlled and coordinated activity.
- organizational role provides us with expectations and structures for our behaviors while we are engaged in that role.
- organizational "structure is the architect of organized participation" (Stohl & Cheney, 2001, p. 359).

A SUBORDINATE GOAL

INTERDEPENDENT INTERACTION

- is required because organizations are created to achieve superordinate goals.
- one that is so difficult, time-consuming, and complex that it is beyond the capacity of one person.
- By bringing together people with different strengths and skills, an organization is able to achieve its goal.

PROFIT ORGANIZATIONS

- make or generate money to deliver profits
- their goal is intended to accomplish another superordinate goal, that is, to make money to pay operating expenses and deliver profits

NON- PROFITS

- more dependent upon cash received for services.
- cash received from sources like donations, charity
- deliver or give back to the community

ECONOMIC VIABILITY

- is a part of any organization's superordinate goal.

A DYNAMIC SYSTEM

- The first three characteristics of organizations: organized and purposeful interaction, communication within and across structural units, and a superordinate goal; it is easy to see that organizations are dynamic systems.
- Organizations lose and gain employees on a regular basis (through firing, layoffs, and retirements)
- Organizations are dynamic; different people can perform the same functions, but the communication experience will not be the same.
- An organization is an open social system (Weick, 2001), creating a dynamic as it develops and maintains interdependencies with both internal and external stakeholders.

- An organization can change its physical location and replace its members without breaking down. (Taylor & Van Every, 2000, p. 37).

- An organization is also a real and practical place (Boden, 1994; Kuhn & Ashcraft, 2003)

3 CHARACTERISTICS

1. ORDERED AND PURPOSEFUL INTERACTION
2. SUBORDINATE GOAL
3. DYNAMIC SYSTEM

MODULE 2: POSITIONING ORGANIZATIONAL CULTURE

ORGANIZATION

- dynamic system of organizational members
 - influenced by external stakeholders, who communicate within and across organizational structures in a purposeful and ordered way to achieve a superordinate goal.
 - not defined by its size, purpose, or structure
 - is defined by the linguistic properties that reside in its internal and external communication interdependencies. (Deetz, 1992; Weick, 1979)
 - changes its physical location and replaces its members without breaking down
 - created by the members and codified into norms and practices that are later inherited, accepted, and adapted to by newcomers.
 - "a property of communication." (Taylor & Van Every, 2000, p. 37).
 - real and practical place (Boden, 1994; Kuhn & Ashcraft, 2003).
 - Face-to-face informal conversations.
 - A flexible, interactional system comprised of layers of ongoing conversations.
- (Martin, 2002; Trice & Beyer, 1993; Weick, 1985).

TWO ASSUMPTIONS MUST BE ADDRESSED (WEICK, 2001)

1. ORGANIZATIONS ARE OPEN SOCIAL SYSTEMS

- An organization does have a memory of sorts.
- Organizations interact with both internal and external sources.
- "Individuals come and go, but organizations preserve knowledge, behaviors, mental maps, norms, and values over time" (Weick, 2001, p. 243).
- These are passed from one employee to another, creating a thread of coherence.

2. ORGANIZATIONAL- LEVEL INTERPRETATIONS MORE COMMONLY REFLECT THE VIEWS OF UPPER- LEVEL MANAGERS

- Organizational interpretations commonly reflect the views of upper-level managers.
- Top-level executives are a relatively small proportion of employees, yet their influence is disproportionately large.
- Communication is required for an organization to exist

WHAT IS ORGANIZATIONAL COMMUNICATION?

- Organizations cannot exist without communication.

- An organization emerges from communication and **continues to emerge from the communication of its members (Taylor & Van Every, 2000).**
- Organizational communication is a **complex and continuous process** through which members **create, maintain, and change** the organization.
- **includes business communication**, which **includes formalized and planned messages** codified in letters, memos, reports, websites, and advertising campaigns.
- **also includes informal and day-to-day interactions** among organizational members

FOUR TYPES OF ROLE-RELATED OR WORK-RELATED COMMUNICATION

- MC PHEE & ZAUG, 2001

1. Some organizational communication is **devoted solely to socializing new members or negotiating one's position in the organization.**
2. Some organizational communication, **particularly that of management, is devoted to structuring or controlling the organization.**
3. Some organizational communication is devoted to **negotiating and coordinating work activities-in other words, the communication that produces the work.**
4. Some organizational communication is devoted to **positioning the organization within the marketplace and society.**

In Summary:

4 Types of Work-Related Communication

1. **Socializing** new members / negotiating position
2. **Structuring or controlling** the organization
3. **Negotiating and coordinating work activities.**
4. **Positioning the organization** in the marketplace and society

BUSINESS COMMUNICATION

- is **what we refer to as the activities** of leadership, supervision, decision-making, managing conflict, hiring, firing, and so on.

INFORMAL CONVERSATIONS/ CASUAL TALK

- Includes **personal stories, gossip, rumors, and socializing** that also reveal important cultural information (**Ibarra & Andrews, 1993**)
- **Intertwined with task talk**, such as when casual conversation begins or ends professional meetings (**Boden, 1994**).
- Together, **formal and informal message systems across many channels create a context** in which any message is interpreted and understood relative to the others.

Factors That Influence Organizational Communication

- Interest in your job
- Interest in your profession
- Interest in the organization

Kristilyn & Chudai

- Relationships with coworkers
- Rewards provided by work
- Other roles and responsibilities

Your other roles can influence your communication.

- Many students who work part-time consider their **work roles secondary to their roles as students. Employees with families or employees.**

Organizational messages vary across several dimensions.

- strategic and task-oriented.
- informal and more personally oriented.
- verbal
- non- verbal
- written
- electronic
- individual
- groups
- **Internal** – communicate to employees
- **External**- communicated outside the organization

MODULE 3: WHAT IS CULTURE? ORGANIZATIONAL CULTURE?

CULTURE

- refers to **patterned ways of thinking, feeling, and reacting** that are acquired and transmitted mainly through symbols. It includes the distinctive achievements of human groups and their traditional ideas and values.

HOFSTEDE'S DEFINITION OF CULTURE

- Culture is the **"collective programming of the mind"** that distinguishes members of one group from another.

Remember:

Culture = collective programming of the mind

TWO PERSPECTIVES OF CULTURE

1. ANTHROPOLOGICAL PERSPECTIVE

- Focuses on the **integrated patterns within an interacting community.**
- Historically focused on societies and geographically distinguished groups.
- Looks at the complex whole of culture.

2. SOCIOLOGICAL PERSPECTIVE

- Focuses on **subgroups of society.**
- Culture is **viewed as a collection of ideas, themes, and values expressed by a particular social group.**
- **Examples:** First-year college students and Blue-collar workers.

DIFFERENCE

ANTHROPOLOGICAL	SOCIOLOGICAL
Interacting community	Social subgroups
Integrated patterns	Ideas, themes, values
Looks at culture as a whole	Looks at a particular type of group

IMPORTANT CHARACTERISTICS OF CULTURE

Culture is PRODUCED BY PEOPLE

- Culture is not simply produced for people. It is **produced by people as they interact with one another.**

Culture is CONTINUALLY REPRODUCED

- Members **continuously reproduce culture as they interact, negotiate meanings, and establish expectations and norms.**

Culture is BOTH PROCESS AND PRODUCT

- According to **Bantz (1993)**, culture is both a **process and a product.**

Culture is CONFINING AND FACILITATING

CONFINING

- Provides a framework that limits what we see and how we interpret things.

FACILITATING

- Helps people make sense of what is happening so they can function in a particular setting.

Culture is LEARNED AND PASSED ON

- Culture is **learned and transmitted from one generation to another** and distinguishes one social group from another.

THREE CRITERIA GUIDE OUR ACCEPTANCE OF SOMETHING AS CULTURE

These are when meanings are:

1. **DEEPLY FELT OR HELD**- Members have strong emotional or personal attachment to it.
2. **COMMONLY INTELLIGIBLE**- Members of the group can understand its meaning.
3. **WIDELY ACCESSIBLE TO THE CULTURAL GROUP (CARBAUGH, 1988)**- The meaning is available to members of the cultural group.

ENTREPRENEURIAL MIND

OPERATIONAL PLAN

ORGANIZATION

- A group of 4 or more individuals working together to achieve a common goal.

ORGANIZING

- The process of combining and coordinating resources and activities in order to accomplish efficiently and effectively achieve objectives.

ORGANIZATIONAL STRUCTURE

- Structure to ensure efficient flow and communication between staff and their supervisors or immediate head.
- Create an efficient environment for your business
- An organizational chart helps navigate the position of every staff member, especially for big corporations, to determine their level and which department they belong to.

SHORTAGE

- having too little of an item because demand is higher than supply

SURPLUS

- having too much of an item because supply is higher than demand.

SCARCITY

- fundamental economic problem of having limited resources to satisfy unlimited human wants and needs.

EQUILIBRIUM

- state where opposing market forces like supply and demand are balanced.

LOW PRICE

- High supply, Low demand

High Price

- Low supply, High demand

FORM OF BUSINESS ORGANIZATION

The significance of identifying the form of business lies in its potential impact on various aspects of the business, such as its legal structure, tax implications, and operational flexibility (Lin & Varotttil, 2019)

BUSINESS FORMS:

1. SINGLE PROPRIETORSHIP
2. PARTNERSHIP
3. CORPORATION

SINGLE PROPRIETORSHIP

- A business owned and operated by one person.
- A sole individual owns and operates the business.

- This form of business is characterized by its *simplicity and the direct control the owner has over the business operations* (Hongbin, 2010).

PARTNERSHIP

- A business owned by two or more persons who share profits, responsibilities, and risks.
- A legal relationship between two or more individuals who carry on a business for profit.
- Allows for shared decision-making, resources, and risks (Gambo & Musonda, 2021).

CORPORATION

- A corporation is a separate legal entity owned by shareholders.
- A legal entity that is separate and distinct from its owners, known as shareholders.
- Formed under the laws of the state in which it operates and is characterized by limited liability for its owners (Zoning ByLaw, 2020).
- Means that the shareholders' personal assets are typically protected from the corporation's liabilities.

INTRODUCTION TO BUSINESS MANAGEMENT

MANAGEMENT

- process of coordinating of resources and activities to achieve organizational goals (Ibáñez et al., 2018).

4M OF OPERATION

- The 4Ms of Operation in entrepreneurship, which refer to *Manpower, Machinery, Material, and Money*, are crucial elements in the operational aspects of a business (Bindra et al., 2019).
- play a significant role in the success and sustainability of entrepreneurial ventures.

MANPOWER

- plays a pivotal role in the execution of tasks, decision-making processes, and the attainment of organizational goals (Ahmed et al., 2020).
- For establishing a business, manpower is vital in operating a business.
- A business is only as good as its employees and their management.
- Job vacancies/positions are determined based on the organizational structure of a business.
- Each position must have a title, description, qualification, and compensation.

WAGE vs SALARY (Bachmeier, 2016)

- Wage is typically paid on an hourly basis.
- Salary are fixed amounts paid on a regular basis (usually monthly).

ARTICLE 85 OF THE LABOR CODE

- Employees should have not less than 60 minutes of time off for their regular meals.

MACHINERY

- Aside from Manpower, **Machinery determines the capacity of the business to produce more products.**

MATERIAL

- Materials are **significant as it directly affects the quality of the product or a service.**
- Defined as the **materials used to manufacture a good**

RAW MATERIALS

- Any materials needed to create a product.

CLASSIFICATION OF MATERIALS

DIRECT MATERIALS

- These are materials **that are integral to a product.**
- Example: Flour, Sugar, Cake Molder

INDIRECT MATERIALS

- These are materials **that are not integral to creating a product.**
- Example: Plastic Bag, Stickers

MATERIAL

- When developing a product/service, an entrepreneur must consider the following:

Supply Chain

Value Chain

SUPPLY CHAIN

- It **involves the coordination of various processes** such as procurement, production, and distribution (**Spillan & Lopez, 2021**).

A supply chain must consider the following;

- Determine the **procurement process of raw materials.**
- Logistics of delivering **from sources of raw materials to manufacturers to the market**
- Implementing an **effective supply chain strategy can significantly impact the success and sustainability of a business.**

Remember: procurement → production → distribution

VALUE CHAIN

- It involves **the full range of activities required to bring a product or service** from its conception to its end use and beyond (**Barrett, et. al. 2022**).
- **activities from product conception to end use.**

METHODS

- A great methodology **has great potential to enhance the understanding of the business environment** and improve decision-making processes (**Bilan & Apostoaie, 2023**).

LIABILITIES

- Negative items, like loans, might hamper your business.
- Liabilities are **debts or money you owe to other people.**

ASSETS

- Positive items, **like cash and property, provide value to your business.**
- Assets are things **you own that have value and can bring you money.**

REPUBLIC ACT No. 11232

- An Act **Providing for the Revised Corporation Code of the Philippines**

SECURITY EXCHANGE COMMISSION

- government **agency that registers and supervises corporations.**

SUNLIFE

- under the **Insurance Commission**

THE NATIONAL TELECOMMUNICATIONS COMMISSION (NTC) AND THE ENERGY REGULATORY COMMISSION (ERC)

- **two distinct quasi-judicial regulatory bodies in the Philippines** overseeing vital infrastructure sectors
- telecommunications and electric power operating under separate legal mandates and government oversight departments.
- **Globe, TM, TNT/Sims** under the National Telecommunications Commission and Energy Commission

Foreign Investment Act of 1991

- The Foreign Investments Act of 1991 (**Republic Act No. 7042**) is **a Philippine law that liberalized the entry of foreign capital**, allowing up to 100% foreign ownership in domestic and export enterprises, subject to specific constitutional limits and restrictions.

TAXATION- NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997

- The National Internal Revenue Code (NIRC) of 1997 is the **primary tax law in the Philippines.** It establishes the rules on the collection of taxes by the government through the Bureau of Internal Revenue (BIR).
- It **covers income tax, value-added tax (VAT), percentage tax, donor's tax, estate tax, and other national taxes.**

Purpose:

- To generate government revenue.
- To ensure that individuals and businesses pay the correct taxes.
- To support public services and national development.

ARTICLE XII, SECTION 11 OF THE 1987 PHILIPPINE CONSTITUTION

- Article XII, Section 11 of the 1987 Philippine Constitution **governs the operation of public utilities in the Philippines.** It states that **only Filipino citizens or corporations with at least 60% Filipino ownership may be granted franchises or authorizations to operate public utilities.** These franchises are subject to regulation by the government and may be amended or revoked when required for the public interest.
- **concerns public utilities.**

Purpose:

- To protect national interests.

To ensure government regulation of essential public services.
To prioritize Filipino ownership and control of public utilities.

PRESIDENTIAL DECREE NO. 442

- Presidential Decree No. 442, signed on May 1, 1974, is known as the Labor Code of the Philippines. It provides the legal framework for employment and labor relations in the country.

- It is the Labor Code of the Philippines.

- It governs all employment practices, labor standards, worker rights, and worker-employer relations in the country.

It covers:

Employee rights and benefits

Minimum wage

Working hours

Overtime pay

- Leave benefits
- Occupational safety and health
- Labor unions and collective bargaining
- Employer-employee relations
- Dispute resolution

Purpose:

- To protect the rights and welfare of workers.
- To promote fair and productive employer-employee relationships.
- To ensure compliance with labor standards and social justice principles

KEY PERFORMANCE INDICATOR (KPI)

-A measurable value that shows how well a person, team, or company reaches important business goals.

I. MICRO-MARKET AND MACRO-MARKET

- **Micro-market** – a highly specific or niche segment within a broader industry. It focuses on unique customer preferences, specialized needs, or localized demands.
- **Key idea: Micro-markets are smaller, highly engaged target groups with specific needs.**
- **Macro-market** – A broad, overarching industry or large-scale market environment that encompasses multiple micro-markets, defined by widespread consumer needs, major economic forces, and broad demographic or geographic boundaries.
- **Key idea: Macro-market is a broad, overarching industry or large-scale market environment that encompasses multiple micro-markets**

II. PRODUCT STRATEGY

- **Product** – a physical good or an intangible service offered to satisfy a need or want.

Common product classifications:

- **Commoditized products:** Convenience products and Shopping products.

Kristilyn & Chudai

- **Niche products:** Specialty/Luxury products and Unsought products.

III. GOODS VS. SERVICES

- **Goods – tangible products.** They may be durable or non-durable.
- **Services – intangible offerings.** They may be rented-goods, owned-goods, or non-good services.

IV. TYPES OF GOODS AND SERVICES

- **Durable Goods** – physical products that provide utility over a long period. Examples: broadcast cameras, editing workstations, studio lighting, audio mixers, photography books.
- **Non-Durable Goods** – products that are quickly consumed, used once, or become obsolete quickly. Examples: flyers, press kit folders, photo booth props, script printouts, storage media.
- **Rented-Goods Service** – temporary access to facilities, equipment, or workforce. Examples: green-screen stage, cinema lenses, podcast booth.
- **Owned-Goods Service** – repair, maintenance, or enhancement of a physical good owned by the client. Examples: camera sensor cleaning, studio monitor repair, film restoration, monitor calibration.
- **Non-Good Service** – personal expertise or talent. Examples: hosting, creative direction, voiceover, copywriting, hair/makeup.

V. PRODUCT PROFITABILITY

- **Design** – how the product is planned and structured.
- **Style** – the product's appearance or presentation.
- **Quality** – the level of performance or standard of the product.
- **Features** – specific characteristics or functions included in the product.

VI. FOUNDATIONAL ELEMENTS

- **Branding** – creates identity and differentiation.
- **Packaging** – the container, wrapper, or presentation of a product.
- **Labeling** – tags, graphics, or metadata that communicate product information.
- **Product Support Service** – assistance provided after purchase.

VII. BAYANIHAN CREATIVE STUDIO CASE

- **Target market:** local MSMEs in food/agriculture.

- **Commoditized good:** standardized menu photosets (non-durable).
- **Niche non-good:** custom brand storytelling/documentary video (personal skill-based service).
- **Rented-goods:** renting mobile podcast equipment/acoustic setup.
- **Branding/support:** local-language branding plus post-campaign media analytics.

Remember: A story does not need all 11 values. **Even 2 or 3 strong values can make a big story.**