

Certificate in **BUSINESS MANAGEMENT**

Online Class

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Fundamentals of Management



Chapter (8)

Functions of Management



Fundamentals of Management



Functions of Management

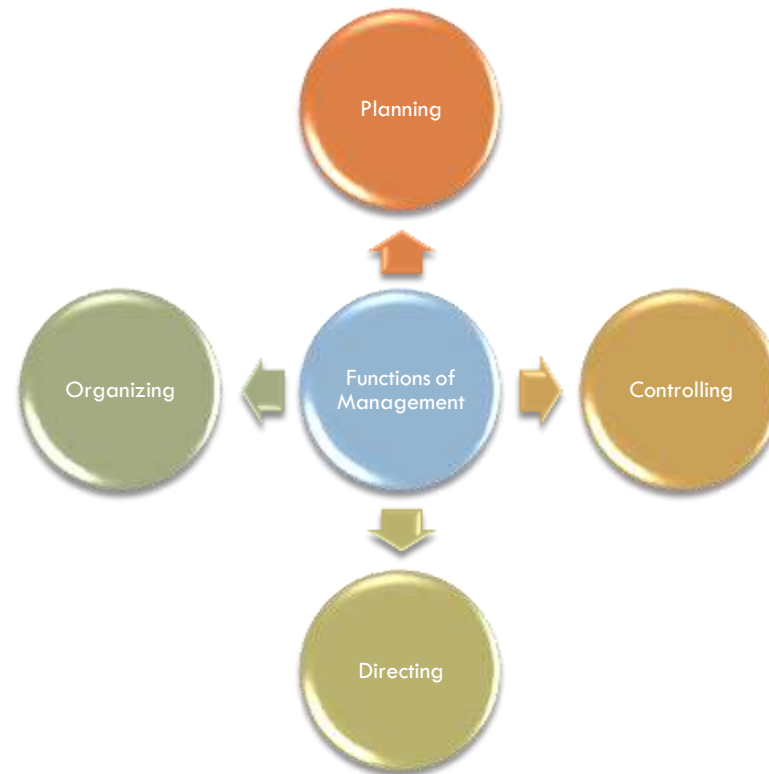
A process of ensuring continuity and growth within and organization. By principle, there are Four (4) Functions of Management that made up the management process. These are;

- Planning
- Organizing
- Directing or leading
- Controlling

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Functions of Management



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Planning



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Planning

" Failing to plan is planning to fail "

Planning

A process that includes defining goals, establishing strategy, and developing plans to coordinate activities. It involves a number of related processes:

- Forecasting
- Goal-setting
- Decision-making

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Planning

- **Forecasting** – analyzing known information (within and external to the organization) in order to predict future conditions.
- **Goal-setting** – the determination, in the light of forecasts and other imperatives (including policy), of what the organization wishes to achieve in the relevant time span.
- **Decision-making** – making choices between different goals and courses of action, including the identification and resolution of problems, conflicts and priorities.

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I. The Planning Process



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I. The Planning Process

Where are we now?

How does the company's market share compare to its competitors?

What are the strengths and weaknesses of the company and its products? What opportunities and threats does it face in its marketing environment?

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I. The Planning Process

Where do we want to be?

What is the mission of the business? What objectives should be set for the next year? What strategy will be adopted in order to achieve those objectives (for example, should the company go for a high price/flow volume strategy, or a low price/high volume one)?

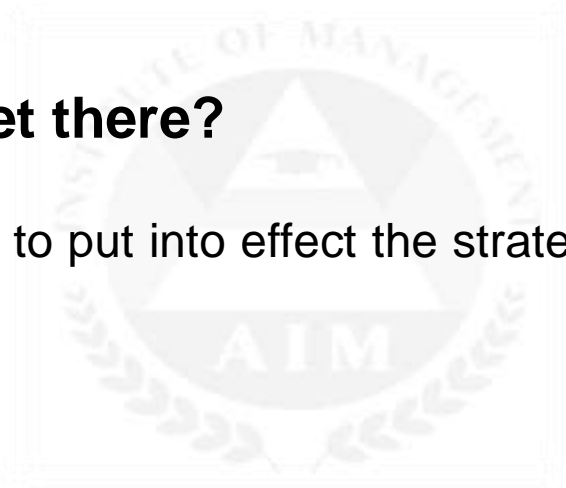
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I. The Planning Process

How will we get there?

How are we going to put into effect the strategy which leads us to our objectives?



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I. The Planning Process

How will we know we get there?

Did we achieve our objectives? If not, why not? How can deficiencies be rectified? In other words, go back to the beginning of the process and conduct further analysis.

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I. The Planning process

Level	Task	Timescale	Approach
Technical	Specific operations	Short	Costing and measuring
Organizational	Co-ordination of specific operations	Short - medium	Mediation and compromise
Institutional	Selection of operations in light of changing environment	Long	Forecasting and negotiating

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II. Planning and Decision making

" Management manages by making decisions and by seeing that those decisions are implemented. "

by Harold S. Geneen

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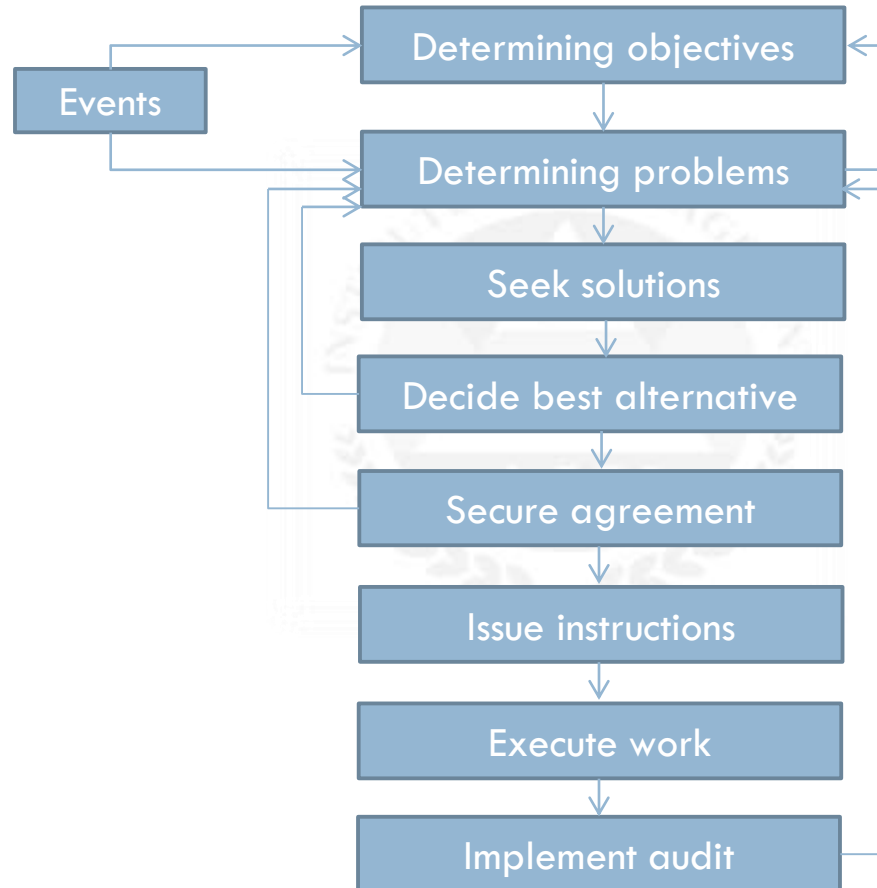


II. Planning and Decision making

Decision Making Process

- Determining Objectives
- Defining the problems that needs to be solved to achieve the objectives
- Searching for solutions to the problems which have been specified
- Determining the best solutions to the problems
- Securing agreement on implementation
- Preparation and issue of instructions
- Execution of agreed solutions
- Devising and discharging an auditing process

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III. Strategic Planning

- Strategic Planning in organizations, is based on the used of tactical plans, as in military operations to get the advantages over the competition.
- Strategy involves action plans, policies, programs and resource mobilization to achieve desired objectives effectively.
- The company may adopt a strategic line of business activity, marketing strategy, growth strategy etc.
- However, strategies only provide a framework for guiding thinking and action – not detailed plans to achieve enterprise objectives.

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Organizing



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Organizing

" Determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made. "

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I. Organizational Structure

An organizational structure is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities. The organizational structure also determines how information flows between levels within the company.

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I. Organizational Structure

- All organizations have rules and regulations, formal or informal, written or oral
- All organizations have a structure – a framework within which individual person perform defined work roles
- All organizations have a recognized system of authority which controls and designs tasks and duties within the organization.

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I. Types of Organizational Structure

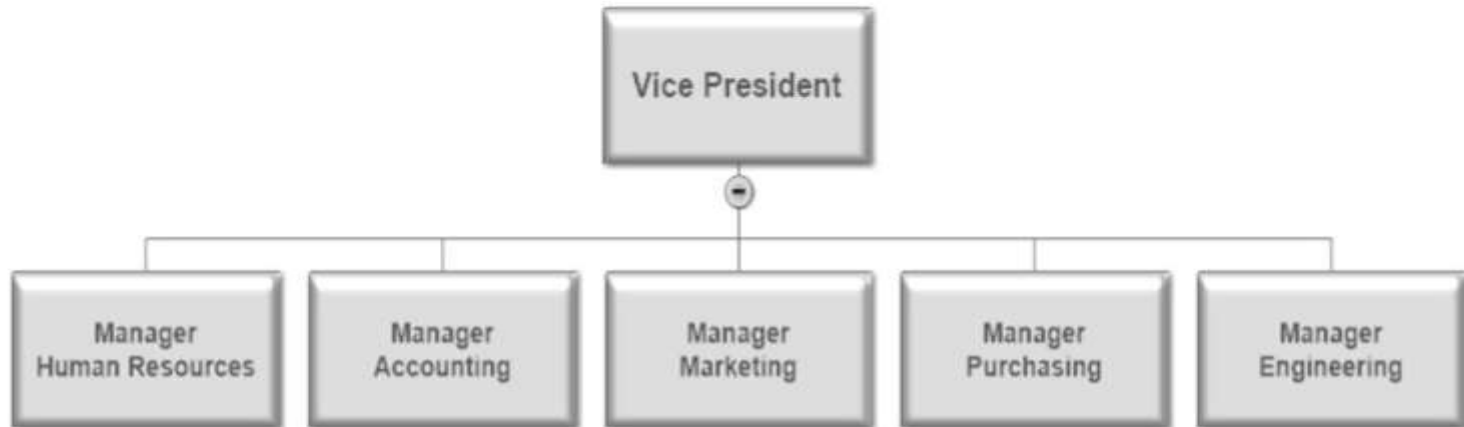
- Functional Structure
- Divisional Structure
- Matrix Structure
- Tall Structure
- Flat Structure



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Functional Structure



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Functional Structure

The functional structure is the most common type of organizational structure that businesses use, grouping employees by specialty, skill or related roles. It is based on levels of hierarchy that include different departments, under the direction of designated leaders

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Functional Structure

Advantages of functional structure

There are many advantages to employing a functional structure in your business. They include:

- Increased productivity
- Skill development
- Clarity
- Minimized cost of operation

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Functional Structure

Disadvantages of functional structure

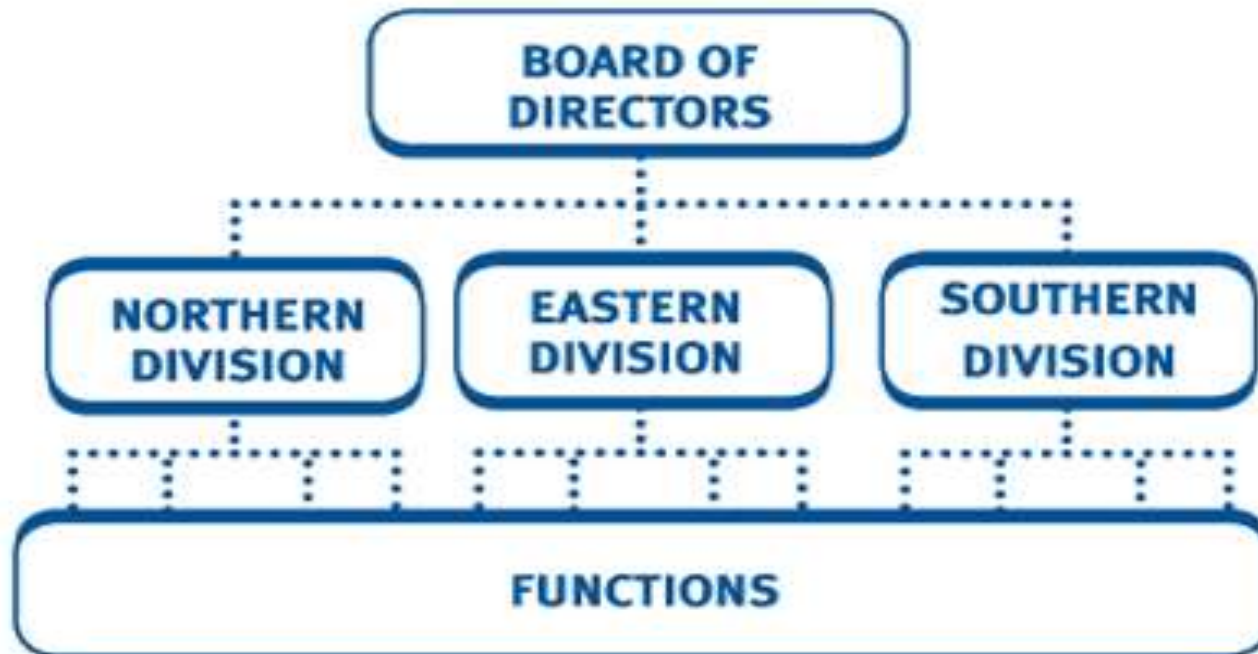
Some of the disadvantages of functional structure include:

- Hindered decision-making
- Competition between departments
- Narrow scope

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Divisional Structure



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Divisional Structure

The divisional structure is a type of organizational structure that groups each organizational function into a division. These divisions can correspond to either products or geographies.

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Divisional Structure

Advantages of divisional structure

- Accountability
- Team Working
- Responsiveness to external charges
- Organizational culture
- Leadership

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Divisional Structure

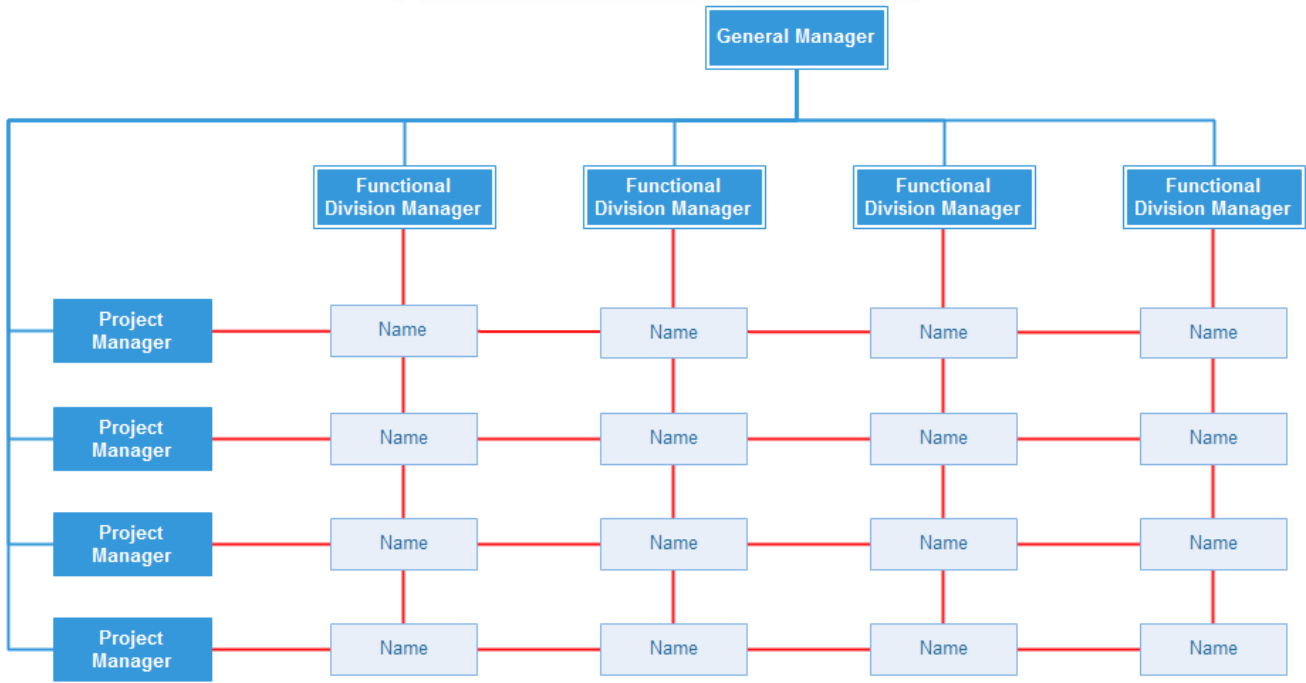
Disadvantages of divisional structure

- Not for small organization
- Competition
- Lack of communication amongst divisions
- Out of Economy of Scale

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Matrix Structure



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Matrix Structure

A matrix organizational structure is a workplace format in which employees report to two or more managers rather than one manager overseeing every aspect of a project.

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Matrix Structure

Advantages of matrix structure

- Increased communication efficiency
- Improved employee motivation
- Increased teamwork
- Maximizes resource usage
- Increased employee professional development

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Matrix Structure

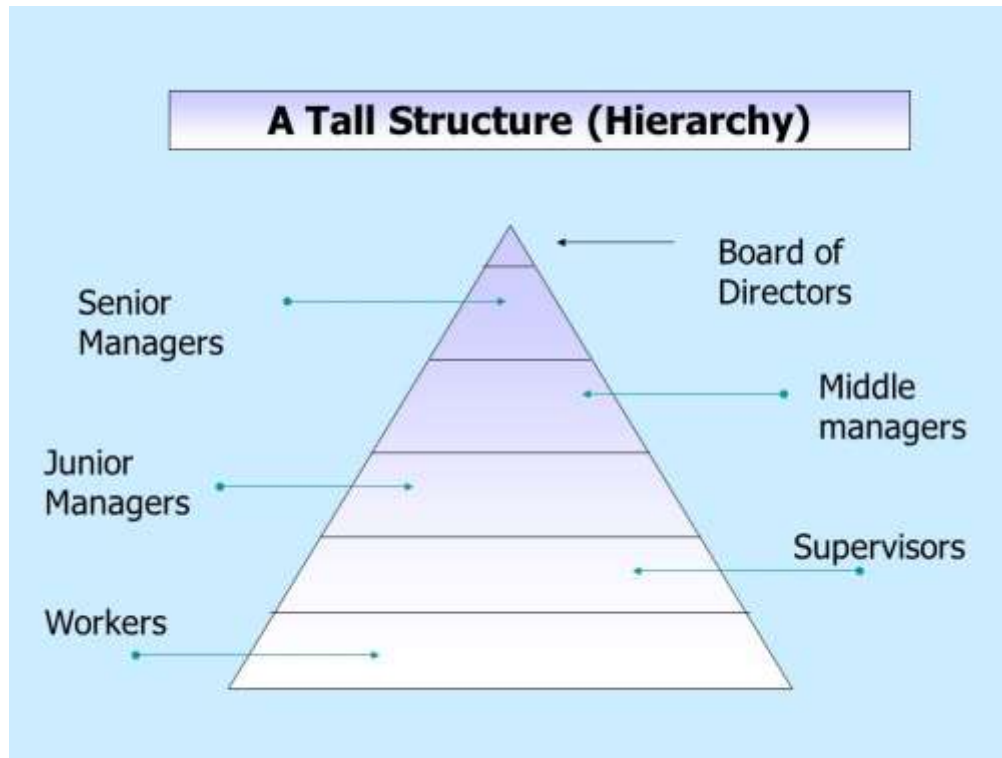
Disadvantages of matrix structure

- Potential conflict between managers and projects
- Authority confusion
- Reduced employee effectiveness
- Increased management overhead costs

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Tall Structure



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Tall Structure

A tall organizational structure definition is an organization broken down into a distinct hierarchy. With this structure, an organization will have a number of managers, each of which will be responsible for controlling a portion of the organization.

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Tall Structure

Advantages of tall structure

- Clearly defined career path and promotion plan
- Department loyalty
- Levels of control
- Clearly defined authority
- Encourages specialization

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Tall Structure

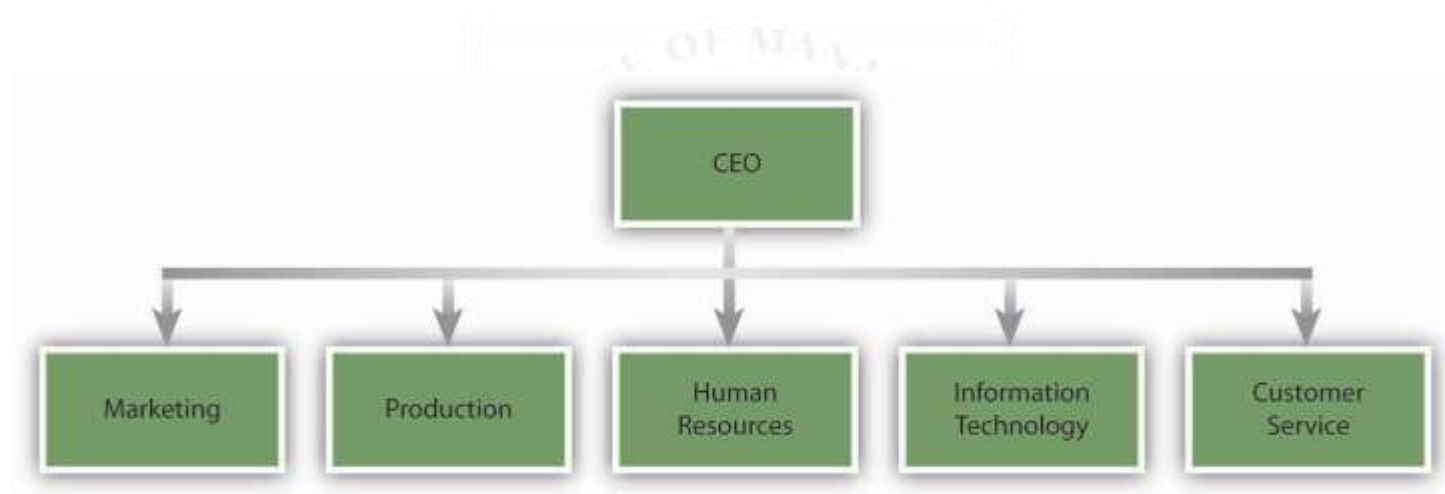
Disadvantages of tall structure

- It can be costly
- Slow action and decision making
- Poor communication
- Department rivalry

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Flat Structure



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Flat Structure

A flat structure is an organizational structure with only a few layers of management. In a flat structure, managers have a wide span of control with more subordinates, and there is usually a short chain of command.

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Flat Structure

Advantages of flat structure

- Cost Efficient
- Promotes Faster Decision Making
- Allows Clear Communication
- Requires Less Dominance and Supervision

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Flat Structure

Disadvantages of flat structure

- Management Can Easily Lose Control
- Work-Relationship Could Struggle
- Can Create Power Struggle
- Makes Employee Retention Difficult
- Can Result to Role Confusion

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See What Works Best for Your Organization

- Every organization is different and no organizational structure is perfect, but one of the above types of organizational structure may be best for your company. Learn more about how the right structure can lead to future success.
- In small classes designed for working students, you'll learn about the fundamentals of modern management, as well as critical management skills, effective communication, project management and much more.

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II. Organizational Culture



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II. Organizational Culture

Organizational culture is the collection of values, expectations, and practices that guide and inform the actions of all team members.

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The Characteristics of Organizational Culture

- **Innovation and Risk-taking** -The degree to which employees are encouraged to be innovative and to take risks.
- **Attention to Detail** - The degree to which employees are expected to exhibit precision, analysis and attention to detail.
- **Outcome Orientation** -The degree to which managers focus on results or outcomes rather than on techniques and processes used to achieve these outcomes.

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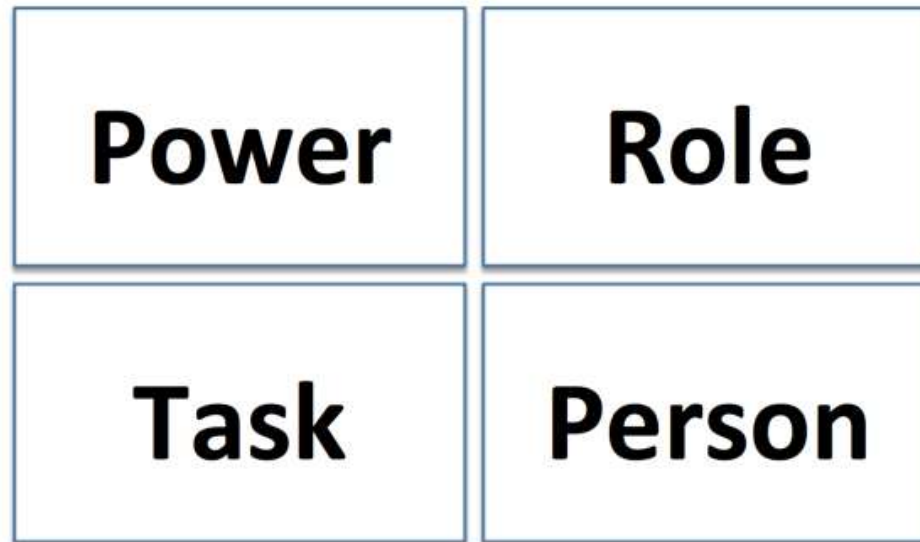
The Characteristics of Organizational Culture

- **People Orientation** - The degree to which management decisions take into consideration the effect of decisions on people within the organization.
- **Team Orientation** - The degree to which work activities are organized around teams rather than individuals.
- **Aggressiveness** - The degree to which people are aggressive and competitive rather than easy-going and cooperative.
- **Stability** - The degree to which organizational activities emphasize maintaining the status quo in contrast to growth or change.

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Handy's Four organizational Culture



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Handy's Four organizational Culture

Charles Handy, a leading authority on organizational culture, defined four different kinds of culture:

- Power
- Role
- Task
- Person

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Power

- Control radiates from the center
- Concentrates power among a few
- Few rules and little bureaucracy
- Swift decisions are possible

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Role

- People have clearly delegated authorities within a highly defined structure
- Hierarchical bureaucracy
- Power derives from a person's position
- Little scope exists for expert power

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Task

- Teams are formed to solve particular problems
- Power derives from expertise as long as a team requires expertise
- No single power source
- Matrix organization
- Team may develop own objectives

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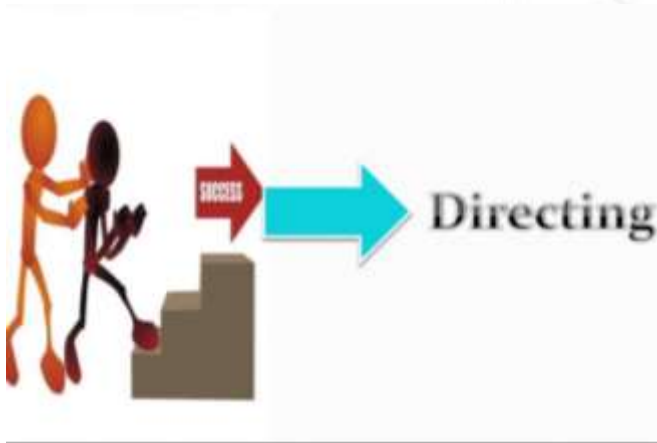
Person

- People believe themselves to be superior to the business
- Business full of people with similar training, background and expertise
- common in firms of professionals – e.g. accountants and lawyers
- Power lies in each group of individuals

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Directing



It is the part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purpose.

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Directing

I . Motivation

- The internal and external driving force that leads the person to take an action which he considers meaningful
- Motivation = expectation of success + desirability of reward + open communication
- Motivation : depend on what the employee expect to get out of it.

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I . Motivation Theories

Abraham Maslow's hierarchy of needs – Maslow's research, conducted in 1954, found that individuals have five levels of need. The needs arranged in an individual will continually seek to satisfy a higher level of need once a particular level has been achieved.

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I . Motivation Theories

Abraham Maslow's hierarchy of needs



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I . Motivation Theories

Abraham Maslow's hierarchy of needs

Needs	General rewards sought	Factors offer by organization
Physiological	Food Water Air Sleep	Good Working conditions Good pay Canteen facilities/cafeteria
Safety & Security	Safety Security Protection Stability	Safe working environment Job security incentives and benefits

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I . Motivation Theories

Abraham Maslow's hierarchy of needs

Needs	General rewards sought	Factors offer by organization
Social & Belonging	Sense of belonging Love Affection	Good leadership Cohesive and co-operative work groups
Esteem	Self-respect Self-esteem Recognition Status	Jobs title Authority and power High status

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I . Motivation Theories

Abraham Maslow's hierarchy of needs

Needs	General rewards sought	Factors offer by organization
Self-Actualization	Achievement Advancement Growth and Creativity	Advancement in company Challenging and rewarding job Job achievement

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I . Motivation Theories

Herzberg's two factor theory

Frederick Herzberg developed his two-factor theory of motivation by looking at various job factors and how they relate to needs.

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I . Motivation Theories

Herzberg's two factor theory

The two-factor theory divided the needs factors at work into:

- **Satisfiers** or motivating factors – those factors which, when present to a marked degree, increase satisfaction from work and provide motivation towards superior effort and performance.
- **Dissatisfies** or hygiene factors – those factors which, to degree that they are absent, increase worker dissatisfaction with jobs. When present, they serve to prevent job dissatisfaction, but do not result in positive satisfaction and motivation.

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I . Motivation Theories

Herzberg's two factor theory

Dissatisfiers (Hygiene factors)	Satisfiers (motivating factors)
Working conditions and environment Salary/wages Working relationships Benefits and incentives Leadership displayed by managers	Recognition The job itself and responsibilities Satisfaction, advancement and a sense of achievement Prospects for promotion

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I . Effective Motivation

- Employee should trust management in order to respond positively to incentive
- Management should keep its promises to win trust
- Directors should activate other rewards “ promotion” , Title, public and private praise”
- Job enrichment (improvement) fixed tasks can be boring, so rearranging the tasks to have more variety giving greater responsibility and flexibility of work schedule and method.

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Directing

II. Leadership



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Directing

II. Leadership

" Leadership is the process by which individuals are influenced so that they will be prepared to participate in the achievement of organizational or group goals. It is the role of the leader to obtain the commitment of individuals to achieving these goals. "

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II. Who is a leader?

- One that leads or guides
- One who is in charge or in command of others
- One who heads a political party or organization
- One who has influence or power especially of a political nature

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II. Types of leader

- Formal leader
- Informal leader
- Organizational leader
- Personal leader



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II. Types of leader

Formal leader

- An individual who is recognized by those outside the group as the official leader of the group.
- One who is appointed or sanctioned by an organization to the role of leadership.

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II. Types of leader

Informal leader

- An individual whom members of the group acknowledge as their leader.
- One who may or may not be sanctioned as a leader by those outside the organization.

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II. Types of leader

Organizational leader

- Organizational leader is a dual focused management approach that works towards what is best for individuals and what is best for a group as a whole simultaneously. It is also an attitude and a work ethic that empowers an individual in any role to lead from the top, middle, or bottom of an organization.

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II. Types of leader

Personal leader

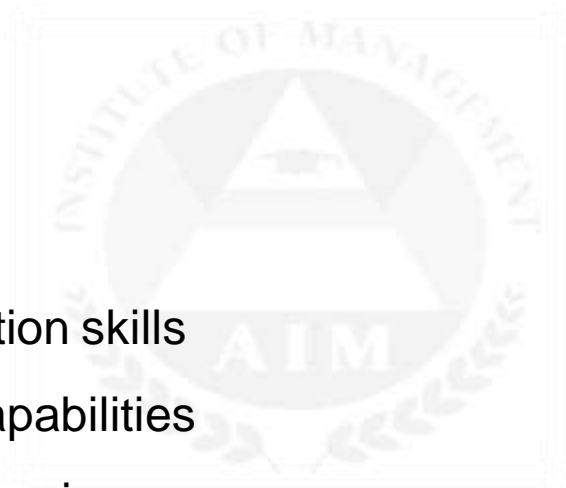
- Personal leader is the ability to develop and utilize your positive leadership traits to inspire others. The power of that leader comes from their personal quality, such as his or her communication, background, optimism, intelligent, confidence, etc.....

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II. What make leader?

- Visionary
- Optimism
- Confidence
- Strong Communication skills
- Decision Making Capabilities
- Commitment and passion
- Trustworthy



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II . Building trust as a leader

- Talking straight
- Show respect
- Create transparency
- Right wrongs
- Show loyalty
- Deliver results



By Stephen Covey

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II . Building trust as a leader

- Get better
- Confront reality
- Clarify expectation
- Practice accountability
- Listen first
- Keep commitments
- Extend trust first



By Stephen Covey

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II . Charismatic Leadership

Charismatic leadership is basically the method of encouraging particular behaviors in others by way of eloquent communication, persuasion and force of personality. Charismatic leaders motivate followers to get things done or improve the way certain things are done.

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II . Characteristics of Charismatic Leadership

- Maturity
- Sense of humor
- Intelligence
- Extra ordinary communication skill
- Compassion
- Confidence
- Self-improvement



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II . Leadership styles

There are three main styles of leadership:

- Autocratic leadership
- Participative leadership
- Laissez-Faire Leadership

By kurt Lewin

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II . Leadership styles

Autocratic leadership



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II . Leadership styles

Autocratic leadership

This is where the leader makes all the decisions. There is little or no discussion with workers who are just expected to obey orders.

Advantages – Quick decision making, Good in a crises situation, Good if the leader makes the right decisions, some workers need strong direction

Disadvantages – Workers may feel demotivated, Workers may have experience and ideas that may benefit the business

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II . Leadership styles

Participative leadership



PARTICIPATIVE
LEADERSHIP



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II . Leadership styles

Participative leadership

This is where the leader discusses plans with workers who can influence decisions.

Advantages – Workers may feel motivated and committed as their ideas have been heard, may benefit from workers ideas and skills

Disadvantages – Slower decision making, may not be appropriate if decisions need to be made quickly

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II . Leadership styles

Laissez Faire leadership



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II . Leadership styles

Laissez Faire leadership

The leader will decide upon the objectives and leave the workers to achieve them

Advantages – if workers are independent and motivated it may be appropriate

Disadvantages – Workers may lack direction, workers may take advantage

ma not suit all workers

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II . Source of power

Feldman writes that according to French and Raven (1959), and later Raven (1974), there are six bases of power:

- Reward Power
- Coercive Power
- Referent Power
- Legitimate Power
- Expert Power
- Informational Power

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II. Difference Between Manager & Leader

Managers Leaders

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Focus on things	<input type="checkbox"/> Focus on People
<input type="checkbox"/> Do things right	<input type="checkbox"/> Do the Right Things
<input type="checkbox"/> Plan	<input type="checkbox"/> Inspire
<input type="checkbox"/> Organize	<input type="checkbox"/> Influence
<input type="checkbox"/> Direct	<input type="checkbox"/> Motivate
<input type="checkbox"/> Control	<input type="checkbox"/> Build
<input type="checkbox"/> Managers manage tasks	<input type="checkbox"/> Leaders lead people

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DON'T FORGET

“Manager as a leader”

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III. Conflict

Cole (1995) defined conflict as:

" A condition that arises whenever the perceived interests of an individual or a group clash with those of another individual or group in such a way that strong emotions are aroused and compromise is not considered to be an option."

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III. The Causes of Conflict

There are a number of factors which may lead to conflict between two or more parties within the organization. By the most important of these, in organizational terms, is goal conflict. However, there are other significant factors – not least to the individuals concerned. Potential sources would include:

- Conflicts between individual, group and organizational goals
- Inter-group conflicts
- Inter-departmental conflicts
- Conflict between superiors and subordinates

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III. The Causes of Conflict (Cont.)

- Conflict between individuals
- Conflict between the formal and informal organizations
- Conflict between the individual and the job requirements

The specific types of conflict are highlighted below.

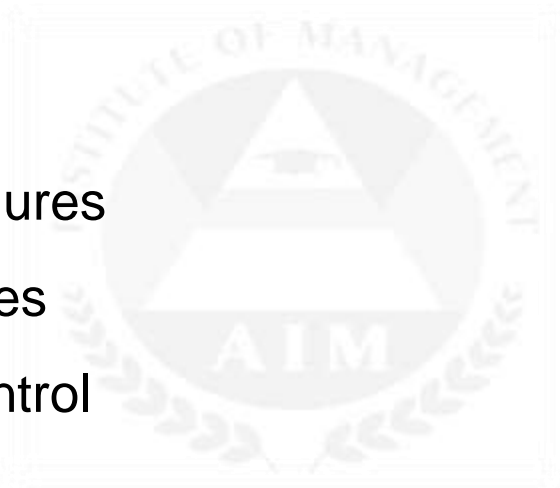
- Goal conflict
- Role conflict
- Task interdependency

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III. The Causes of Conflict (Cont.)

- Competition
- Communication failures
- individual differences
- Leadership and control
- Specialization



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III. Conflict-handling strategies and Appropriate Situations

Strategy	Appropriate situation
Avoidance	Where other issues are involved

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III. Conflict-handling strategies and Appropriate Situations

Strategy	Appropriate situation
Accommodation	Where the issue is less important to you than to others
Competition	Where non-competition will be seen as weakness and exploited

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III. Conflict-handling strategies and Appropriate Situations

Strategy	Appropriate situation
Collaboration	When both viewpoints are equally valid and important
Compromise	When collaboration or competition is unsuccessful

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Controlling



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Controlling

" Management control is the process of monitoring and regulating performance to ensure that it conforms to the plans and goals of organization."

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I. Process of Control

Following process of control can be identified:

- Setting performance standards
- Measure Actual Performance
- Compare Performance with the Standards
- Analyzing deviations
- Take Corrective Action and Reinforcement of Successes

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I. Process of Control

- **Setting performance standards** -Managers must translate plans into performance standards. These performance standards can be in the form of goals, such as revenue from sales over a period of time. The standards should be attainable, measurable, and clear.

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I. Process of Control

- **Measuring actual performance** - If performance is not measured, it cannot be ascertained whether standards have been met.
- **Comparing actual performance with standards or goals:** Accept or reject the product or outcome.

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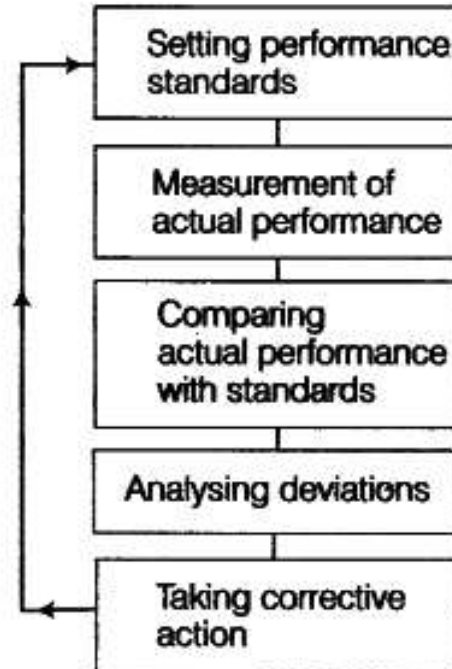
I. Process of Control

- **Analyzing deviations:** Managers must determine why standards were not met. This step also involves determining whether more control is necessary or if the standard should be changed.
- **Taking corrective action:** After the reasons for deviations have been determined, managers can then develop solutions for issues with meeting the standards and make changes to processes or behaviors.

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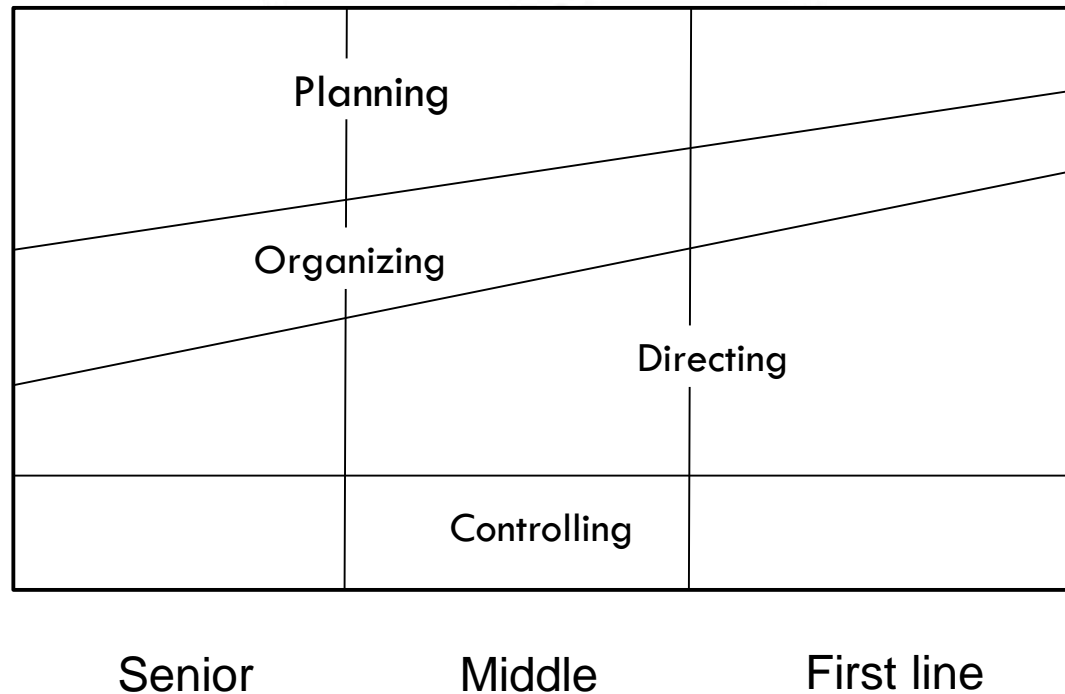
I. Process of Control



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Management Functions at Different Hierarchical levels





Thank You For Your Attention!

Daw Myat Mon Zaw

Founder and Principal

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