

# **The Entrepreneurial Mind**

## **Lecture 5: Management**

**Lecturer: Fidela R. Balajadia**  
**Associate Professor 2**  
**University of the Assumption, Philippines**

## Lecture Learning Objectives:

At the end of the lecture, you will be able to:

1. Define management and understand its functions
2. Realize the value of management skills and management's role in attaining business goals
3. Read organization structures
4. Compare leaders with managers
5. Trace the evolution of management thoughts
6. Learn from the contribution of management thinkers to the field of management

## Functions of Management

**Management** is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading and controlling organizational resources. **Organization** is an entity that is goal-directed and deliberately structured. **Effectiveness** is the degree to which the organization achieves a stated goal. **Efficiency** is the use of minimal resources to produce a desired volume of output.

The **Four Management Functions** are planning, organizing, leading, and controlling as shown in the figure below.

**Planning** is the defining of goals for future organizational performance and deciding on the tasks and resource needed to attain them. **Organizing** assigning tasks, grouping tasks into departments and allocating resources departments. **Leading** is the use of influence to motivate employees to achieve the organization's goals. **Controlling** is the monitoring of employees activities and making corrections needed. The organization resources are (1) human, (2) financial, (3) materials and (4) technology. From technology comes machine, equipment and installation.

**Goals** are what the organization wants to achieve. **Goals** are written in the vision and mission of the firm. A **vision** is a dream. It is what the organization wants to achieve. **Mission** is what the business is doing. It is the reason for existence.

## Guidelines for Setting Goals

Goals should be SMART Specific, Measurable, Achievable, Realistic and Time-based.

S - Specific. To be specific, goals should be expressed in quantitative terms.

For example:

"The company's sales target for this year is a 15% increase in unit sales compared to last year's figures."

M - Measurable. The target is exact as seen in the example above -15% increase in unit sales.

A - Achievable. Given increasing population, a stable economy, peace and other situation and other environmental factors, 15% is achievable.

R - Realistic. Again, based on environmental factors, 15% is a very conservative estimate considering that 15% of 100 is only 15.

T- Time-based. The above example of a goal is bound by time - "last year" and "this year".

They should cover key result areas. Key result areas are those activities that contribute much to company performance. They should be challenging but realistic. The achievement of goals is a factor in determining the extent of salary increases, promotions and awards.

### **The Purpose of Planning**

The uses of planning are:

1. establishes coordinated effort gives direction, helps the organization towards its objectives or goals.
2. help the organization to look ahead, to anticipate or expect changes, to address or provide solutions to problems that may arise from changes or uncertainties.
3. reduces duplications, overlapping and wasteful activities.
4. sets standards for control.
5. serves as reference - planners refer to previous plans for guidance.

### **The Planning Types and Models are:**

1. **Management by Objectives (MBO)** is a method whereby managers and employees define goals for every department, project and person and use them to monitor subsequent performance. The four major activities for MBO to be successful are:

- a. Setting goals
- b. Developing actions plans
- c. Reviewing progress
- d. Appraising overall performance

2. **Single Use Plans** are plans that are developed to achieve a set of goals that are unlikely to be repeated in the future.

3. **Standing Plans** are ongoing plans used to provide guidance for tasks performed repeatedly within the organization.

4 **Contingency Plans** are plans that define company responses to specific situations, such as emergencies and setbacks.

## **Organizing**

Knowledge of the following terminology is important to understand organizing -the second function of management.

1. **Organizing** is the development of organizational resources to achieve strategic goals.

2. **Organizational Structure** is the framework in which the organization defines how tasks are divided, resources are developed, and departments are coordinated.

3. **Organizational Chart** is the visual representation of an organization's structure

4. **Work Specification** is the degree to which organizational tasks are subdivided into individual jobs also called division of labor.

5. **Chain of Command** is an unbroken line of authority that links all individuals

6. **Authority** is the formal and legitimate right of a manager to make decisions, issue orders and allocate resources to achieve organizationally desired outcomes.

7. **Responsibility** is the employees' duty to perform the assigned task or activity

8. **Accountability** is the duty of people with authority and responsibility to report and justify task outcomes to those above them in the chain of command.

9. **Delegation** is the process managers use to transfer authority and responsibility to positions below them in the hierarchy

### **How to Delegate:**

- a. Delegate the whole task.
- b. Select the right person
- c. Ensure that authority equals responsibility
- d. Give thorough instructions
- e. Maintain feedback
- f. Evaluates and reward performance

10. **Line Authority** is a form of authority in which individuals in management positions have the formal power to direct and control immediate subordinates.

11. **Staff authority** is a form of authority granted to staff specialists in their areas of expertise.

12. **The Span of Management** or **Span of Control** is the number of employees who report to a supervisor.

**Departmentalization** is the basis on which individuals are grouped into departments and departments into total organizations.

1. **Functional Structure** is an organizational structure in which positions are grouped into departments based on skills, expertise and resource use.

2. **Divisional Structure** is an organization structure in which departments are grouped based on similar organizational outputs.

3. **Cross-functional Team** is a group of employees assigned to a functional department that meets as a team to resolve mutual problems.

4. **Permanent Team** is a group of participants from several functions who are permanently assigned to solve ongoing problems of common interest.

5. **Network Structure** is an organization structure that disaggregates major functions into separate companies that are broken by a small headquarters organization.

6. **Tall Structure** is a management structure characterized by an overall narrow span of management and a relatively large number of hierarchical levels.

7. **Flat Structure** is a management structure characterized by an overall broad span of control and relatively few hierarchical levels.

8. **Centralization** is the location of decision authority near top organizational levels.

9. **Decentralization** is the location of decision authority near lower organizational levels.

10. **Formalization** is the written document used to direct and control employees.

**Leading** is the rise of influence to motivate employees to achieve organizational goals. **Leadership** is the quality that inspires and motivates people beyond their normal levels of performance.

Leaders come in different types, such as:

1. **Transactional Leader** is one who classifies subordinates' role and task requirements, initiates structure, provides rewards and displays consideration for subordinates.
2. **Charismatic Leader** - is a leader who has the ability to motivate subordinates to transcend their expected performance.
3. **Transformational Leader** is a leader distinguished by a special ability to bring about innovation and change.
4. **Interactive leader** - is a leader who is concerned with consensus building, is open and inclusive, and encourages participation.
5. **Servant Leader** - is a leader who works to fulfill subordinates' needs and goals as well as to achieve the organization's larger mission.

### **Comparison of Manager and Leader**

Manager

- (1) appointed
- (2) ability to influence is based on the formal authority inherent in their position

Leader

- (a) appointed or emerge within the group
- (b) can influence others to perform beyond the action by formal authority

### **Six Traits that Differentiate Leaders from Nonleaders**

1. **Drive.** Leaders exhibit a high effort level. They have a relatively high desire for achievement, they're ambitious, they have a lot of energy, they are tirelessly persistent in their activities, and they show initiative
2. **Desire to Lead.** Leaders have a strong desire to influence and lead others. They demonstrate the willingness to take responsibility.
3. **Honesty and Integrity.** Leaders build trusting relationships between themselves and followers by being truthful or non-deceitful and by showing high consistency between word and deed.
4. **Self-confidence.** Followers look to leaders for an absence of self-doubt. Leaders, therefore, need to show self-confidence in order to convince Followers of the rightness of goals and decisions.
5. **Intelligence.** Leaders need to be intelligent enough to gather, synthesize and interpret large amounts of information, and to be able to create visions, solve problems and make correct decisions.

6. **Job-relevant Knowledge.** Effective leaders have a high degree of knowledge about the company, industry, and technical matters. In-depth knowledge allows leaders to make well-informed decisions and to understand the implications of those decisions

**Motivation** is defined as the arousal direction and persistence of behavior. This definition was introduced by psychologists and management thinkers who also came up with theories in motivation. Some of these theories are:

1. **Content theory** is a group of theories that emphasize the needs that motivate people

2. **Hierarchy of needs theory** is a content theory that proposes that people are motivated by five categories of needs physiological, safety, being esteem and self actualization that exist in a hierarchical order.

3. **ERG Theory** is a modification of needs hierarchy theory that is three categories of needs existence, relatedness and growth.

- Existence needs. These are the needs for physical well-being
- Relatedness needs. These pertain to the need for satisfactory relationships with others.
- Growth needs. These focus on the development of human potential and the desire for personal growth and increased competence

## **Control**

**Organizational control** is the systematic process through which managers regulate organizational activities to make them consistent with expectations established in plans, targets, and standards of performance

Establish standards of performance

Measure actual performance

Compare performance to standards

Take corrective action

Revise standards when necessary

Figure 5-4. Control Process

**Standards** are established prior to performance. For example, the grading system in schools are planned and put in place before students are accepted. Students are graded based on their day-to-day performance in class such as recitations, tests, projects and participations in class activities

**Grades** are monitored and compared with the passing and failing mark. If many are fighting, probably a corrective action is necessary, such as a change in teaching method, if many students are still failing perhaps a revision of the grading system is necessary to allow them to meet expectations.

This process is also applied in business organizations. For example: a reward is given to an employee who has never been late to reporting for work for the last five (5) years. Officer time is set at 6:00 AM up to 12:00 noon and 1:00 PM 5:00 PM. To determine the punctuality of the employees, a dally time record (DTR) needs to be punched in a Bundy clock every time employees come in and out of the office. This DTR is reviewed periodically and kept for future verification. But who can meet the standard for five years? This is absurd. Six months or one year would be more reasonable.

### **The Types of Control are:**

1. **Feed Forward Control** or **Preliminary** or **Preventive Quality Control** is one that focuses on human, material and financial resources flowing into the organization
2. **Concurrent Control** consists of monitoring ongoing employee activities to ensure their consistency with established standards.
3. **Feedback Control** or **Output Control** focuses on the organization's output
4. **Bureaucratic Control** is the use of rules, policies, hierarchy of authority, reward systems and other formal devices to influence employee behavior and assess performance.

### **Qualities of Effective Control Systems**

The control systems:

1. are linked to strategy
2. are accepted by members
3. are accurate
4. are flexible
5. are timely
6. point out exceptions
7. within reasonable costs
8. provide corrective measures

To be effective, the control system should be **linked to strategy**. For example, the strategy is attaining goals through motivated human resources. Thus, a reward system is put in place (as seen in the Control Process diagram). The reward system is also **accepted by employees**. Hence, their willingness to punch in and out their DIR's. Entries in the DTR are **accurate**. Realizing that five (5) years is unrealistic, the stand is changed from five years to six months or one year. Therefore, the control system should not be fixed but flexible and timely for people to meet the standard on time. Exceptions are included to make it clear that there are, for example, people who are not qualified in the reward system like supervisors and managers.

Rewards are limited. The cost of the reward is equated with the standard required. For example, not being late for six months or one year cannot be equated with a 100,000 pesos reward.

As mentioned, corrective measures are essential if the system is found to be defective.

### **The Importance of Control**

1. To ensure that activities are done according to plans
2. To ensure that goals are attained
3. To assist managers in delegation of authority – controls will motivate managers to delegate

### **Areas of Control**

1. **Information** - the managers need the right information at the right time and in the right place. Information should be accurate, complete, available when needed and not voluminous or not excessive.
2. **Finance** – the company sets budgets or standards, collects data on actual operation, compares budget with actual, uses analytical financial tools like ratios and trends.
3. **Operations** – the company monitors activities to ensure they are on schedule, within allowable costs, according to quality standards and that equipment are properly monitored.
4. **Employees Behavior** – the company sets criteria for hiring employees, designs job specifications, orients and supervises, trains, mentors, sets rewards systems and develops organizational culture.

### **The Traditional Bureaucratic Control are:**

1. **Rules and Regulations**
  - a. Standard operating procedures (SOP)
  - b. Policies that prescribe correct employee behavior
2. **Management Control Systems**
  - a. Budgeting
  - b. Financial report
  - c. Reward system
  - d. Operations management
  - e. Management by objective (MBO)
3. **Hierarchy of Authority**
  - a. central authority

b. supervision

**4. Total Quality Control (TQC)**

**5. Formalized Selection and Training**

**6. Information Technology**

**Evolution of Management**

These approaches attempt to explain the real issues facing managers and provide them with tools to solve future problems. Some authors call them management theories. **Theory** is a coherent group of assumptions that explains the relationship between two or more observable facts and to provide a sound basis for predicting future events.

A. **Classical Approaches** - provide the foundation for management and organization as they exist today.

**1930**

Human Relationship

➤ Elton Mayo

➤ Fritz Roethlisberger

➤ Abraham Maslow

- Psychological and social processes influence performance
- Maslow's hierarchy of needs

1. Productivity and employee behavior are influenced by the informal work group.
2. Cohesion, status and group norms determine output.
3. Managers stress should employee welfare, motivation and communication
4. Social needs have precedence over economic needs

B. **Contemporary Approaches** - represent the cornerstones of modern management thoughts.

**Management Theorists**

**Contributions of Key Advocates of Management Theories**

Over the years, many management advocates or writers of management theories have contributed concepts, theories and principles that enriched the field of management as a science. Most of them are listed here, such as:

**Barnard, Chester.** Mr. Barnard observed that people in the organization come together to achieve goals that they cannot achieve alone and that organizations can operate efficiently and survive the difficult times if goals are kept in balance with the needs of the individuals working for such goals. This can be done if

managers understand the individual's zone of indifference. This means, what workers would do without questioning the authority of the manager.

**Deming, Edwards.** He introduced the concept of total quality management (TQM) which means quality is the concern of everybody in the organization from the directors down to the rank and file. He also came up with the **14 points of quality**, which are:

1. Create constancy of purpose for improvement of product/service
2. Adopt a new philosophy
3. Cease dependence on mass inspection
4. End the practice of awarding business on price tag alone
5. Constantly and forever improve the system of production and service
6. Institute modern methods of training on the job
7. Institute leadership
8. Drive out fear
9. Breakdown barriers between staff areas
10. Eliminate slogans, exhortations and targets for the workforce
11. Eliminate numerical quotas
12. Remove barriers to pride of workmanship
13. Institute a vigorous program of education and training
14. Take action to accomplish the transformation

**Drucker, Peter.** He is a modern management thinker who introduced the concept of efficiency and effectiveness.

**Fayol, Henri.** He was a French industrialist who believed that management can be viewed from the top level and covers the whole organization. He introduced the fourteen principles of management. These are:

1. Division of work
2. Authority
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of individual interest to the common good
7. Remuneration
8. Centralization and decentralization
9. Hierarchy
10. Order
11. Equity
12. Stability of the staff
13. Initiative
14. Esprit de corps

**Follet, Mary.** She defined management as “the art of getting things done through people”. She believes in the power that people can accomplish if their diverse talents are combined.

**Gantt, Henry.** Mr. Gantt was an industrial engineer, who introduced the "bonus" system as conceived by Frederick Taylor. Worker's performance was posted on colored charts - black if his performance was within standards and red if he fell below the expectations. This chart, called Gantt Chart, was improved and then later used in production scheduling. The Gantt Chart is more commonly represented by bars showing time required to complete activities in a project.

**Gilbreth, Frank and Lilian.** They concluded in their "time and motion study". , that motion and fatigue are intertwined. Therefore, if motion is reduced, fatigue is also reduced.

**Mayo, Elton and his associates.** They concluded in their study, called the "Hawthorne Effect", that the workers perform well if they are treated well; that man is a social being and therefore respond more to work-group relationships than to management pressures.

**McGregor, Douglas.** He introduced theory X and theory Y about the manager's perception of the behavior of workers. **Theory X** is a negative belief that workers are lazy and need to be watched. In **theory Y**, the manager believes workers love their work and that they are professionals and are responsible people.

**Munsterberg, Hugo.** He introduced the use of psychology in organizations emphasizing on the behavior of people in the workplace. He is known as the father of applied psychology.

**Murphy, Edwards Jr.** Murphy's Law states that (1) nothing is as simple as it seems (2) everything takes longer than it should: (3) if anything can go wrong, it will; and (4) if there are two or more ways of doing something and one of them can lead to catastrophe, then someone will do it. This law is important in planning for the worst scenario to be able to cope with the unexpected.

**Ouchi, William.** He studied how Japanese business organizations are managed hoping to find solutions to some of the problems of American business. His study resulted in his introduction of **Theory Z**.

**Pareto, Vilfredo.** Mr. Pareto was a mathematician who introduced the 80/20 principle or theory of distribution. For example, 80% of the total budget for materials is spent for 20% of the materials, or 80% of the total absences in the class was incurred by 20% of the student or 80% of the total store sales is to 20% of all customers. His contribution led the way to the use of quantitative techniques in management.

**Parkinson, Northcote Cyril.** Parkinson's Law suggests that organizational growth is based on two premises, such as (1) the desire of managers to have more subordinates as a measure of success, and (2) the personnel of an organization perform work for another. Based on the Parkinson's Law, work tends to expand to fill the time of employees.

**Peter, Lawrence.** According to him, managers tend to be promoted to their level of incompetence.

**Peters, Thomas J.** Considering rapid changes in the environment. Mr. Peters introduced the **concept of dynamic engagement**. He challenged managers to think beyond change.

**Taylor, Frederick.** Having introduced the use of science in management, Mr. Taylor was named the **father of scientific management**. He believed that there is one best way of performing tasks and selecting workers. He also introduced the differential rate system and cost analysis. Specially, Mr. Taylor introduced the following principles:

1. The development of scientific approach in work activity
2. Efficient selection and training of employees
3. Cooperation and harmonious relationship between management and labor
4. Division of work between managers and workers

**Waterman, Robert.** He together with his partner, Tom Peters, introduced the **MBWA**, technique or **Management by Walking Around**. The technique calls for managers to take time out of their offices and "walk around" through various departments and company facilities to observe operations, identify problems and solve them on the spot and interact with employees.

**Weber, Max.** According to Mr. Weber, organizations operate on a formal and hierarchical structure that defines lines of authority.

### **Theories in Organizational Behavior**

The three major theories of organizational behavior are **Theory X, Theory Y and Theory Z**.

#### **A. Theory X**

The assumptions of Theory X are:

1. The average human being has an inherent dislike of work and will avoid it if he can.
2. Because of this human characteristic of dislike of work, most people must be coerced, controlled, directed or threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
3. The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition and wants security above all.

#### **B. Theory Y**

The assumptions of Theory Y are as follows. They are opposite of Theory X:

1. The expenditure of physical and mental effort in work is as natural as play or rest.

2. External control and the threat of punishment are not the only means of bringing about effort toward organizational objectives.
3. Commitment of objectives is a result of the rewards associated with their achievement.
4. The average human being learns, under proper conditions not only to accept but to seek responsibility.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
6. Under conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

### **C. Theory Z**

**Theory Z** is the Japanese Theory of Management. It features the creation of an industrial team and a stable, cohesive work environment where employees feel affiliated, independent, while sticking of the proper quality and control of the needs of the organization. The Theory involves:

1. Lifetime employment
2. Nonspecialized careers
3. Individual responsibilities
4. Concern for the total person
5. Less formal control systems
6. Consensus decision-making
7. Slower rates of promotion

## **Managing the Human Resources**

Workers work toward the fulfillment of business goals. They are the backbone of the enterprise. Hence, hiring the right workers is vital.

### **Sources of Manpower**

Potential employees can be sourced through:

- **Job Fair.** Schools, industry organizations, the government, or private institutions sponsor job fairs with the objective of helping job seekers and employers meet each other. Employers joining a job fair should know exactly what qualifications or traits of an applicant they are looking for and for what positions. Employers are guided by a job descriptions and job specifications.
- **Employment Agencies.** Employment agencies have mushroomed over the years. This is a kind of service that helps entrepreneurs or employers locate a job seeker for local or overseas employment.

- **Internet.** Posting in the internet a need for an employer is no longer uncommon these days given the computer technology. For this reason. international sourcing is no longer improbable.
- **Through Friends,** Friends usually recommend people they know with the aim of helping them find jobs, and normally friends help each other.

### **Recruitment and Hiring**

Employers do not look at the physical appearance only and hire the person. They would like to know a lot of information about the applicant, hence the many tools used in the process of recruitment and hiring. Some of these tools are:

- **Job Description.** This pertains to the list of functions that the worker is expected to perform. It includes the position title, the supervisor to whom he shall report, salary range and other information about the job.
- **Job Specification.** This refers to the qualifications, traits and skills needed to perform the job. Physical attributes like height may also be included.
- **Application Form.** This form asks about some personal details about the applicant, his educational qualifications, traits, skills, experience, training former employers (if previously employed) and other information which the employer feels is important.

Such information is checked and verified for truthfulness by asking some documents to be attached to the application form, like educational transcript of records, police/NBI clearance. etc. A recent photograph (front view) is also asked to be attached to the form.

- **Interview Questions.** A list of interview questions is prepared prior to the interview. Sometimes these questions are already answered in the application form, but it is asked just the same, for verification purposes.
- **Testing.** This can be either a written test or a performance test depending on the position applied for. A performance test is an actual test. For example, an applicant for the position of baker is tested by asking him to bake a cake and then the output is quality tested.

### **Recruitment and Hiring Process**

The recruitment and hiring process can be easily understood based on the diagram on Figure 5-2. **Recruitment** means trying to attract applicants to apply for a position in a company. This is done through advertisements in newspapers, radio/TV, the internet or through friends.

Assuming an applicant is already applying for the position, recruitment starts with a preliminary interview guided by a list of questions. If the applicant passed he is asked to fill up an Otherwise, he is rejected. If he passed the test, he is asked to subject himself for medical examination. If found to be fit for work, he is asked to report for final interview where situations may be discussed, and the applicant is asked how he will respond to such situations. Wage rates and the readiness to start work are also discussed. If all is well, an orientation is given to the new recruit. Company policies, rules, assignment, functions and others are discussed. He is also given a copy of his job description and is introduced to the other personnel in the organization. He is also asked to submit additional documents like birth certificate, marriage contract (if married), SSS number and Tax Identification Number (TIN).

### **Employee Categories**

Employees are categorized as follows:

- **Casual/Temporary.** As temporary employees, their stay should not reach six months. Otherwise, the entrepreneur will be forced to give them a regular status as provided by law. Many entrepreneurs terminate the services of casual workers after five months and rehire them if their performance is satisfactory.
- **Probationary.** Employees in probation are those intended for permanent position: The length of time involved is again not more than six (6) months.
- **Contractual.** Employees work in an organization based on a contract. The contract can be a year or more and the entrepreneur is not expected to hire the contractor for regular employment. The service of the contractual worker expires at the termination of the contract.
- **Permanent or Regular Employer.** Regular employees enjoy all the benefits mandated by law plus the benefits on the generosity of the employer. The stay in the business is also unlimited.

### **Training**

In spite of their background, employers still need to be trained. The first training that they receive upon joining the company is orientation.

Training could be in the form of meetings, keeping employees informed about changes in the company, like new policy, new rules, salary increases, new benefits, or even a change in their uniform, will motivate them, It will give them the feeling that they belong.

Employees may also be sent to attend seminars or conferences outside the company or trainers may be asked to conduct a seminar for the employees. Topics like "How to Answer the Phone Properly", talking to potential clients or receiving

inquiries may be trivial, but it still surely improves employee performance and outlook. And it will certainly improve the company's reputation.

For a growing business, loyal employees may be sent to take a **formal training** in a certain field where the business plans to expand, on company expense. For example, a bread bakeshop plans to expand to cakes and pastries, thus the loyal baker is sent to study cake decorating and pastry making.

### **Wage and Salary**

**The wage** is the price for services rendered. It is a determinant whether the applicant will accept the job offer or not or whether the entrepreneur will accept the applicant or not, especially if his asking price is too much. In all cases, the minimum wage law is the basis for remuneration.

Different positions require different wages. Clerical positions are paid within the minimum wage, while supervisory or managerial positions are paid more. To avoid wage inequalities, a wage schedule is prepared, like the one the next page:

The P 13,000 pay for a new supervisor will not be equal to the pay of a clerk who has been with the company for several years and is already receiving a maximum of 11,500. As maximum pay, he cannot expect any increase anymore unless he moves to the next level position -- that of a supervisor. It is important, therefore, to improve one's qualification for promotion purposes, otherwise the pay is stuck at a certain level. The steps on the schedule refer to the steps in salary adjustment.

### **Employee Benefits**

**Benefits** are classified as monetary and non-monetary. The former refers to bonuses, 13 month pay, allowances and SSS employer's contributions, while the latter comes in the form of free uniform, free accommodation, free food, free medical/dental assistance, and free use of company facilities like the library and others.

Many benefits are mandated by law while others are based on the generosity of the employer. Regular employees, for instance, are entitled to a 15-day paid sick leave and another 15 days paid vacation leave

**The Social Security System (SSS)** contribution as mandated by law covers all employee categories. Guided by the SSS schedule of premiums, a certain amount is deducted from the salary of the employee. This amount is added to the employer's contribution and is remitted to the SSS office on or before the 10th day of the following month of collection.

### **Reward System**

Part of managing human resources is motivation and to motivate the personnel to give their best job performance, a reward system is organized. This is made known to everybody so that everybody is a candidate for the reward.

Sales personnel, for example, are given rewards based on the amount of sales or sales above targets. Non-sales personnel are rewarded based on punctuality, high rating on performance evaluation, distinctive contributions or company operation loyalty or number of years in service and so on.

### **Discipline**

On the other side of the reward system is discipline. Erring employees are disciplined for non-compliance of rules and regulations and violation of policies.

The wearing of uniform, for example, is an important rule. Customers would know who are the bona fide employees of the establishment.

### **Labor Unions**

A labor union is an organization of workers, ideally to work as partners of the business owners or managers in operating the business. In practice, however, this is not the case. The general feeling is animosity. Workers believe management is taking advantage of them and is depriving them in terms of wages and benefits. The owners or managers, on the other hand, wants too much more than what the business is capable of giving them. Many times, both parties do not agree on issues, hence a deadlock is declared. Consequently, a strike or work stoppage is called by the **Union**.

Strikes can be peaceful or very unruly. A sit-down strike is peaceful because workers continue to report to their place of work but refuse to do their job. Unruly strikes, on the other hand, is where workers shout invectives directed to the owners/managers and sometimes cause damage to company property. That is why, companies with unruly strikers are heavily guarded by policemen

Workers also picket the company premises. Placards are paraded in front of the company for people to see their demands and appeals to management. More often a boycott (a call to customers not to patronize the company's products) is also called.

### **Reference:**

**Entrepreneurship, Cristina B. Banastao and Solita A. Frias, Unlimited  
Books Library Services & Publishing Inc.**

**2022**