

## UNIT 1

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# NATURE AND SIGNIFICANCE OF MANAGEMENT

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Management is an art of getting things done through others. Management can be defined as, the process of getting things done with the aim of achieving goals effectively and efficiently.

### Efficiency and Effectiveness

Efficiency means doing the task correctly at minimum cost while effectiveness means completing the task correctly. Although Efficiency and effectiveness are different but they are interrelated. It is important for management to be both i.e. effective and efficient.

Example : A business produces targeted 1000 units but at a higher cost is effective but not efficient. Therefore if the business has to be effective and efficient then it has to produce 1000 units within cost.

### Characteristics of Management

1. **Goal oriented Process** : It is a goal oriented process, which is undertaken to achieve already specified and desired objectives.
2. **Pervasive** : Management is pervasive in nature. It is used in all types of organizations whether economic, social or political and at every level.
3. **Multidimensional** : It is multidimensional as it involves management of Work, People and operations.
4. **Continuous** : It is a continuous process i.e. its functions are being performed by all managers simultaneously. The process of management continues till an organisation exists for attaining its objectives.
5. **Group Activity** : It is a group activity since it involves managing and coordinating activities of different people as a team to attain the desired objectives.
6. **Dynamic function** : it is a dynamic function since it has to adapt to the

changing environment.

7. **Intangible Force** : It is an intangible force as it cannot be seen but its effect are felt in the form of results like whether the objectives are met and whether people are motivated or not.

### **Objectives of management**

- (A) Organizational objectives of Survival (Earning enough revenues to cover cost); Profit (To Cover cost and risk); & Growth (To improve its future Prospects).
- (B) Social Objectives of giving benefits to society like using environmental friendly practices and giving employment to disadvantaged sections of society etc.
- (C) Personal Objectives because diverse personal objectives of people working in the organization have to be reconciled with organizational objectives.

### **Importance of management**

- (1) **Achieving Group Goals** : Management helps in achieving group goals. Manager give common direction to the individual effort in achieving the overall goal of the organisation.
- (2) **Increases Efficiency** : Management increases efficiency by using resources in the best possible manner to reduce cost and increase productivity.
- (3) **Creates Dynamic Organisation** : Management helps in creating Dynamic organisation which could adopt changing situations easily.
- (4) **Achieving Personal Objectives** : Management helps in achieving objectives of individuals working in the organisation.
- (5) **Development of Society** : Management helps in the development of society by producing good quality products, creating employment opportunities and adopting new technology.

### **Management as an Art**

Art refers to skillful and personal application of existing knowledge to achieve desired results. It can be acquired through study, observation and experience. The features of art are as follows.

- (2) **Existence of theoretical knowledge** : In every art systematic & organised study material should be available compulsorily to acquire theoretical knowledge.

- (2) **Personalised application :** The use of basic knowledge differ from person to person and thus, art is a very personalised concept.
- (3) **Based on practice and creativity :** Art involves the creative practice of existing theoretical knowledge.

All the features of art are present in management so it can be called an art.

### **Management as a science**

Science is a systematised body of knowledge that is based on general truths which can be tested anywhere, anytime. The features of science are as follows

- (1) **Systematized body of knowledge :** Science has a systematised body of knowledge based on principles and experiments.
- (2) **Principles based on experiments & observation :** Scientific principles are developed through experiments and observations.
- (3) **Universal Validity :** Scientific principles have universal validity and application. Management has systematic body of knowledge and its principles are developed over a period of time based on repeated experiments & observation, which are universally applicable.

As the principles of management are not as exact as the principles of pure science, so it may be called inexact science.

### **Management as a profession :**

Profession means an occupation for which specialised knowledge and skills are required. The main features of profession are as follows.

- (1) **Well defined body of knowledge :** All the professions are based on well defined body of knowledge.
- (2) **Restricted entry :** The entry in every profession is restricted through examination or through some minimum educational qualification.
- (3) **Professional Associations :** All professions are affiliated to a professional association which regulates entry and frame code of conduct relating to the profession.
- (4) **Ethical code of conduct :** All professions are bound by a code of conduct which guides the behaviour of its members
- (5) **Service Motive :** The main aim of a profession is to serve its clients.

Management does not fulfill all the features of a profession and thus it is not a full pledged profession.



## **Levels of Management : Top, Middle and operational levels.**

### **Top Level**

Consists of Chairperson, Chief Executive Officer, Chief Operating Officer or equivalent and their team.

Chief task is to integrate and to coordinate the various activities of the business, framing policies, formulating organisational goals & strategies.

### **Middle Level**

Consists of divisional heads, Plant Superintendent and Operations Manager etc.

Main tasks are to interpret the policies of the top management, to ensure the availability of resources to implement Policies & to coordinate all activities, ensure availability of necessary personnel & assign duties & responsibilities to them.

### **Lower Level / Supervisory Level**

Consists of Foremen and supervisors etc.

Main task is ensure actual implementation of the policies as per directions, bring workers grievances before the management & maintain discipline among the workers.

## **Functions of Management : Planning, Organizing, Staffing, Directing and Controlling.**

Planning is deciding in advance what to do in future and how to do it.

Organizing is to assign duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.

Staffing is finding the right people for the right job.

Directing is leading, influencing and motivating employees to perform the tasks assigned to them.

Controlling is monitoring the organizational performance towards the attainment of organizational goals.

**Coordination :** The essence of Management : Coordination is the force which synchronizes all the functions of management and activities of different departments.

It integrates the group efforts.

It ensure unity of action.

It is a continuous process.

It is an all pervasive function.

It is a deliberate function.

It is the responsibility of all managers

## **IMPORTANT QUESTIONS**

### **1 Mark Questions** (To be answered in one word or one sentence)

1. In order to be successful an organization must change its goals according to the needs to the environment. Which characteristic of management is highlighted in the statement? (Answer: It is a dynamic function).
2. To meet the objectives of the firm the Management of Angora Limited offers employment to Physically Challenged persons. Identify the organizational objective it is trying to achieve (Answer : Social Objective).
3. Management of any organization strives to attain different objectives. Enumerate any two such objectives.
4. Give any two characteristics of management.
5. Management is multidimensional. Enumerate any two dimensions of management.
6. Managerial activities are performed in all types of organizations in all departments at all levels. Which management character is highlighted here? (Answer : It is all pervasive)
7. Your grandfather has retired where he is responsible for implementing the plans developed by the top management at which level of management was he working? State one more function of this level of management. (Answer: Middle level management) (Write any one function of this level).
8. List any two social objectives of management.
9. Your grandfather has retired as a Director of manufacturing company. At which level of management was he working? Different functions are performed at this level. State any one such function. (Answer : Top level of management) Write any one function of this level).
10. What is meant by management ?

**3/4 Marks Questions (To be answered in about 50 to 70 words)**

1. There are different Business Objectives and Economic Objectives are one among them. Explain these economic objectives.
2. Explain how management is an art
3. Explain why management is not considered a full fledged profession.
4. Explain how management is science.
5. Coordination is the essence of management . Explain.

**5/6 Marks Questions (To be answered in about 150 words)**

1. Management is a Profession like Accounting, Medicine and Law as it also has a well defined body of knowledge. Yet management does not qualify to be a full fledged profession. Why? (Hint : No formal qualification is prescribed to enter management, no code of conduct is prescribed).
2. Success of an organization largely depends upon its management Explain any five reasons to justify the statement. (Hint : Give five points of Importance of management).