

Chapter 1- Nature and Significance of management

1. DEFINITION OF MANAGEMENT

Management is the process of working with and through others to effectively achieve the organisational objectives by efficiently using limited resources in the changing environment.

-- Kreither

2. MEANING/CONCEPT OF MANAGEMENT

Management is the process of getting things done with the aim of achieving goals effectively and efficiently.

a) Process: refers to the primary function like planning, organising, staffing, directing and controlling performed by the management to get things done.

b) Effectiveness: means completing the right task to achieve the deputed goal within the time frame.

c) Efficiency: means completion of task using minimum resources.

3. EFFECTIVENESS VS. EFFICIENCY

a) Effectiveness is about doing the right task, completing the assigned job on time, no matter whatever the cost.

b) Efficiency is about doing the job in cost effective manner i.e., getting the maximum output with the minimum input.

Basis	Effectiveness	Efficiency
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Meaning	It refers to the completion of work on time.	It refers to the completion of work correctively with minimum cost and maximum profit
In simple words	It simply means doing right things	It simply means doing things correctly in a faster and cost efficient manner.
Objective	To achieve end results on time	Performing task with least wastage of time and effort(cost)
Main Focus	Is on time	Is on cost

4. CHARACTERISTICS OF MANAGEMENT



a) Management is a goal oriented process: An organization has a set of simple and clearly stated goals, which are the basic reason for its existence. Management unites the efforts of the individuals in the organisation towards achieving these goals.

b) Management is all pervasive: Management is common to all organisation whether economic, social or political. For ex- management is applicable for a government company, school or a NGO.

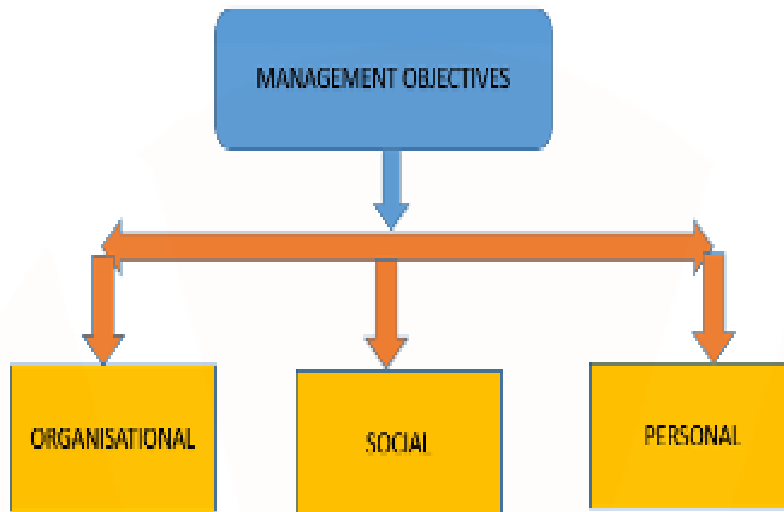
c) Management is multi-dimensional: Management is a complex activity that has 3 main dimensions: * Management of work, * Management of people and * Management of operation

d) Management is a continuous process: It is a series of continuous, composite but separate functions, performed by all managers all the time.

e) Management is a group activity: All the individuals in the organisation contribute towards achieving the goals set by the organisation.

f) Management is a dynamic function: It has to adopt itself to its changing external environment, which consists of various social, economic and political factors.

5. OBJECTIVES OF MANAGEMENT



a) Organizational objectives: Organizational objectives can be divided into survival, profit and growth.

* Survival- Earning enough revenues to cover cost management by taking positive decisions with regard to different business activities ensures survival of business for long term.

* Profitability- Earning adequate profit in order to survive and grow. Profits provide a vital incentive for the continued successful operation of the enterprise.

* Growth- Growth indicates how well it exploits the potential opportunities. Growth of a business can be measured in terms of sales volume increase, number of employees, products, etc.

b) Social objectives: Is to provide quality products at reasonable rates and generating employment opportunities for disadvantaged sections of the society. To provide basic amenities like schools and medical facilities to employees and by using environmental friendly methods of production.

c) Personal objectives: Includes meeting the financial needs like competitive salaries and perks and social and safety needs of the employee like basic amenities, peer recognition, etc.

6. IMPORTANCE OF MANAGEMENT



- a) Management helps in achieving group goals: Management creates teams and coordinates with individuals to achieve individual goals along with organisational goals.
- b) Increases efficiency: Management increases efficiency by using resources in the best possible manner to reduce cost and increase productivity.
- c) Creates dynamic organisation: Management helps the employees overcome their resistance to change and adapt as per changing situation to ensure its survival, growth and its competitive edge.
- d) Achieving personal objectives: Through motivation and leadership management helps the individuals in achieving personal goals while working towards organisational objective.
- e) Development of society: Management helps in the development of society by producing good quality products, creating employment opportunities and adopting new technologies.

7. NATURE OF MANAGEMENT

l) Management as an art- Art refers to skillful and personal application of existing knowledge acquired through study, observation and experience. The features of art are as follows:

1. Existence of theoretical knowledge: In every art, systematic and organised study material is available to acquire theoretical knowledge and experts in the respective fields apply these principles to their respective art forms.
2. Personalised application: The use of basic knowledge differs from person to person and thus, art is a very personalized concept.

3. Based on practice and creativity: Art involves creativity and practice of the experts. For ex- the music created by musicians are different though the musical notes used are the same.

II) Management as a science- Science is a systematized 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 systematized body of knowledge based on cause and effect relationship.

2. Principles based on experiments and observations: Scientific principles are developed through experiments and observations.

3. Universal validity- Scientific principles have universal validity and application.

III) Management as a profession-

Profession means an occupation for which specialized knowledge and skills are required and entry is restricted. The main features of profession are as follows:

1. Well defined body of knowledge: It is a complete set of principles, concepts, terms and activities that make up a professional domain.

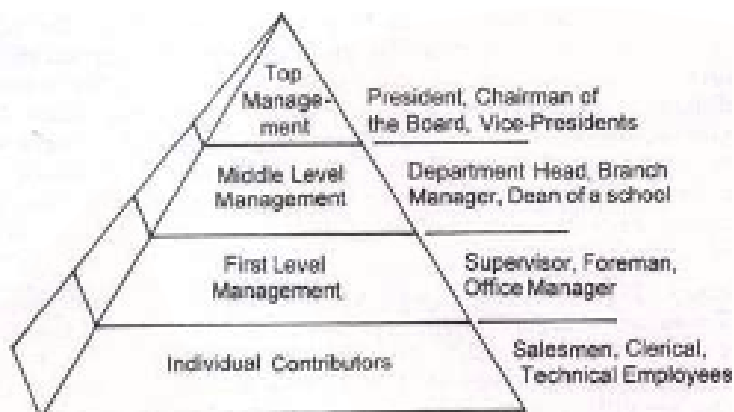
2. Restricted entry: The entry in every profession is restricted through examination or through educational degree.

3. Professional associates: All professionals are affiliated to a professional association, which regulates entry and frames code of conduct relating to the profession.

4. Ethical code of conduct: All the professionals are bound by code of conduct, which guides the behavior of its members.

5. Service motive: The main aim of a profession is to serve it's clients.

8. LEVELS OF MANAGEMENT



1. Top Level Management: Comprises of CEO, BOD, MD, GM, V. P. The main task is conceptualizing of organisational goals, policy and strategy formulation and organizing, controlling and monitoring activities and resources. Controlling the work performance of individuals and approving budgets.

2. Middle Level Management: Comprises of departmental, sub-departmental and divisional heads, it's main task is execution of plans, policies framed by the top level management and preparing organisational set up and appointing employees and issuing instructions and motivating employees. Ensuring interdepartmental cooperation as well.

3. Supervisory and Operational Level: Consists of foremen and supervisors etc. The main task is to ensure actual implementation of the policies as per directions of top and middle level managers and also to bring worker's grievances before the management and maintain discipline among the workers.

9. FUNCTIONS OF MANAGEMENT

The Functions of Management



1. Planning: Setting objectives and targets and formulating an action plan. It bridges the gap between where we are and where we want to reach.

2. Organising: Involves assigning duties, grouping tasks, establishing authority and responsibility relationships and allocating the resources required to perform a specific plan.

3. Staffing: Finding and placing the right person for the right job at the right time. It involves recruitment, selection, placement, induction and development of employees.

4. Directing: Refers to leading, influencing, motivating the staff chosen to perform the assigned task efficiently and effectively.

10. COORDINATION

Coordination is the force which synchronizes all the functions of management and activities of different departments. Lack of coordination results in overlapping, duplication, delays and

chaos. It is concerned with all the three levels of management as if all the levels of management are looked together, they become a group and as in the case of every group, they also require coordination among themselves. Coordination is implicit and inherent in all the functions of an organization.



FEATURES OF COORDINATION

1. Coordination integrates group efforts: It is an orderly arrangement of group efforts to ensure that performance is at par with the plans and schedules.
2. Coordination ensures unity of action: It is the binding force between various departments and ensures that all efforts are focused towards achieving the organisational goals.
3. Coordination is a continuous process: It is a never ending process as its needs are felt at all levels and in all activities in the organisations. It begins at the planning stage and continues until controlling.
4. Coordination is the responsibility of all the managers: Coordination is equally important at all levels of management. It is the responsibility of all individuals in organisation to carry out their work in a responsible manner and coordinate with each other to achieve organisational goals.
5. Coordination is a deliberate function: A manager has to coordinate the efforts of different people in a conscious and deliberate manner. In other words, coordination is never established by itself rather it is a conscious effort on the part of every manager.

IMPORTANCE OF COORDINATION

1. Growth in size: An organization's growth results in the increase in the number of people employed with varied individual aspirations and culture. So it is important to harmonize individual goal with the organisational goals through coordination.

2. Functional differentiation: All the departments and divisions may have their own objectives, policies and their own style of working. However all departments and individuals are interdependent and cannot work in isolation. The coordination is necessary for linking the activities of various departments.

3. Specialization: Mostly specialists have a feeling of superiority and prioritize their zone of activities. Coordination seeks to sequence and integrate all the specialists' activities into a wholesome effort.

EXERCISE

1. VERY SHORT QUESTIONS:

a) Which is not a function of management of the following -

i) planning

ii) staffing

iii) cooperating

iv) controlling

b) Management is-

i) an art

ii) a science

iii) both art as well as science

iv) neither

c) Policy formulation is the function of _____ level managers.

d) State whether the following statement is T/F and give reason in support of your answer.

"Coordination is the essence of management."

2. SHORT ANSWER QUESTION:

a) Define management.

b) Name any two important characteristics of management.

c) Ritu is the manager of the northern division of a large corporate house. At what level does

she work in the organisation? What are her basic function?

d) Why is management considered a multi-faceted concept?

e) Discuss the basic features of management as a profession.

3. LONG ANSWER QUESTION:

a) Management is considered to be both an art and science. Explain.

b) Do you think management has the characteristics of a full fledged profession?

c) Coordination is the essence of management. Do you agree? Give reasons.

d) "A successful enterprise has to achieve its goals effectively and efficiently." Explain.

e) Management is a series of continuous interrelated functions. Comment.