

Chapter-1

Nature and Significance of Management

Definition- Management

According to Mary Parker Follet “Management is the art of getting things done through others”

According to modern concept “Management is the process of getting things done through others with the aim of achieving desired common goals effectively and efficiently”.

Effectiveness Vs Efficiency in management

The two terms ‘Effectiveness’ and ‘Efficiency’ are different but they are inter-related. **Effectiveness means accomplishment of goals in allotted time** whereas **efficiency means accomplishment of goals at minimum possible cost** through optimum utilization of resources.

Difference between Effectiveness and Efficiency

Point of difference	Effectiveness	Efficiency
Meaning	Achieving targets on time	Targets are achieved with minimum resources and cost
Focus	Completion of work	Optimum utilization of resources
Purpose	It is concerned with end result	It is concerned with cutting down the cost

Characteristics or Features of Management

1. Management is a goal-oriented process

Management always aims at achieving the organizational objectives.

2. Management is pervasive

Management is a universal phenomenon. Management is necessary for all the organizations irrespective of its size, nature and functions.

3. Management is a continuous process

Management is a continuous or never-ending process. Management functions like planning,organizing,staffing,directing and controlling are performed by all managers on a continuous basis.

4. Management is a group activity

The management functions cannot be performed in isolation. Each individual performs his role at his department and their efforts are directed towards a common goal.

5. Management is a dynamic function

Management has to make change in goal, objectives and other activities according to changes taking place in the environment.

6. Management is an intangible force

Management cannot be seen but its presence can be felt when targets are achieved according to plans. Efficiency of management of an organization can be felt in the form of high profit, disciplined staff etc.

Objectives of Management

Management objectives can be classified into **organizational** objectives, **social** objectives and **personal** objectives.

1. Organizational Objectives

Organizational objective aims at prosperity and growth of the organization. The three important organizational objectives of a manager are:

a. Survival – Survival is the basic objective of every organization. It is possible only when it is able to cover its cost and earn profit.

b. Profit – Management must ensure that the organization makes a decent profit. Profit is essential to cover cost and risk of the business. Actually profit is the reward for risk bearing. Profit is the sun, which enlighten every corner of the business.

c. Growth – The success of any organization is measured by the growth rate and growth is measured in terms of sales, number of branches, number of products, number of employees etc.

2. Social Objectives

A business organization has to fulfill some social responsibility. Social objectives of the organization deal with the commitment of the organization towards the society. The major social objectives of organizations are:

- Supply quality goods at reasonable price
- Generation of employment opportunities
- Using environmental friendly methods of production.
- Pays reasonable wages to workers.
- Ensure decent return to shareholders as dividend.

- Provide financial support to society

3. Personal objectives

Personal objectives are concerned with the employees of the organization. The main individual objectives of management are:

- Pay competitive salary and perks
- Give opportunities for Personal growth and development (Promotion, training etc)
- Provide good and healthy working conditions to employees.

Importance/ Significance of Management

1. Management helps in achieving group goals

Management gives a common direction to individual effort in achieving group goals of an organisation. Management insists on efficiency and effectiveness in the work through planning, organizing, staffing, directing and controlling.

2. Management creates a dynamic environment

All organizations working in an environment which is changing frequently. The employees in the organization are generally resist to adapt changes. Efficient management motivates employees to adopt changes by convincing them about the benefits of it.

3. Management helps in the development of the society

An effective management honours its commitment to all interested parties like owners, employees, investors, government and general public.

4. Management helps in achieving personal objectives

An efficient management is one who brings maximum prosperity for business man as well as workers. Through motivation and leadership, management helps individuals to develop team spirit, cooperation and commitment to group success, thereby achieving personal objectives. Employees can earn more by producing more.

Nature of Management-it is an art, science or profession?

The debate on whether **management is an art or science or profession** is very old. Some authors advocate that management is an art, some authors argue that management is science and some others argue that it is a profession.

I. **Management as an Art:**

Art can be defined as systematic body of knowledge which requires skill, creativity and practice to get perfection. It can be acquired through study, observation and experience. Main features of an art are as follows:

1. Systematic body of knowledge- In case of every art, there is systematic and organized study materials available to acquire theoretical knowledge. Literature on dancing, public speaking etc. is widely recognized. Like in case of art, in management also, there is several books have been published giving knowledge about different aspects of management.

2. Personalised application- Art is a very personalized concept. Personal skill is important in management also. For example, even though different dancers are trained by the same trainer, some of them excel by adding their natural talents. In management also all managers learn the same theories and principles, but their efficiency depends on how well they use these principles under different situations by applying their creativity and skill.

3. Perfection through constant practice- Success of an art is mainly depends on practice. Artist gains perfection through constant practice. As in case of art, the managers become more perfect from their experience.

Conclusion: On comparing the features of art with management we find all the features of art are present in management so we can call management as an art of getting the things done by others.

II. **Management as Science**

A group of management experts are of the view that management is a science. Science may be defined as a systematic body of knowledge based on logically observed findings facts and events.

The basic features of science are as follows:

1. Systematised body of knowledge

Science is a systematic and organized body of knowledge. Its principles are based on a cause-and-effect relationship. Management also has some principles and it also establishes cause and effect relationship, example, division of work leads to specialization.

2. Principles based on experimentation: Scientific principles are first developed through observation and then tested through repeated experimentation under controlled conditions. In case of management also, its principles are developed after years of research and experimentations.

3. Universal validity-Scientific principles have universal application and validity. They can be applied in all situations and at all times. Management principles are not exact like scientific principles because they can't be blindly applied in all situations. They have to be modified according to persons and situations.

4. Principles based on observation Like scientific principles, management principles are also derived through observation and repeated experimentation. So, this feature of science is present in management also. Since management deals with human beings, the outcome of these experiments is not accurately predicted. Therefore, management can be called an **inexact science**.

Conclusion: No doubt, management is science, but being a social science, its results are not definite and exact as that of physics and Chemistry. In case of Physics or chemistry, scientific principles are applied in physical materials; they will respond identically and get the identical result in all situations. So, we can say management is a science, but not a pure science, it is a social science.

III. Management as a profession

Profession can be defined as an occupation backed by special knowledge and training, in which entry is restricted. A profession has the following characteristics:

1. Well defined body of knowledge
2. Restricted entry
3. Professional association
4. Code of conduct

Let us compare the features of profession with features of management.

1. Well defined body of knowledge-All professions are based on well-defined body of knowledge that can be acquired through instruction. In management also there is a systematic body of knowledge involving formal methods of training. There are many institutions that provide education and training in the field of management. This feature of profession is present in management also.

2. Restricted Entry-To become a professional one must pass the prescribed examination such as CA, MBBS, LLB etc. But in management there is no such strict restriction till now. Anyone can be appointed as a manager. So, the second criterion has not been strictly met in case management.

3. Professional Association-All professions are affiliated to a professional association which regulates entry, grants certificate of practice, and formulates and enforces a code of conduct. There are several associations of practicing managers in India, like the All-India Management Association that has laid down a code of conduct to regulate the activities of their members. However, there is no compulsion for managers to be members of such an association.

4. Code of conduct- All professionals should follow the code of conduct laid down by the concerned professional body. In management All India Management Association (AIMA) has laid down code of conduct to regulate the activities of their members. But there is no compulsion for the managers to follow the same. Therefore, this feature is not present in management.

On comparing the features of profession with management we can conclude that presently all the features of profession are not present in management but very soon, may be the next decade, these will be included in the management with statutory

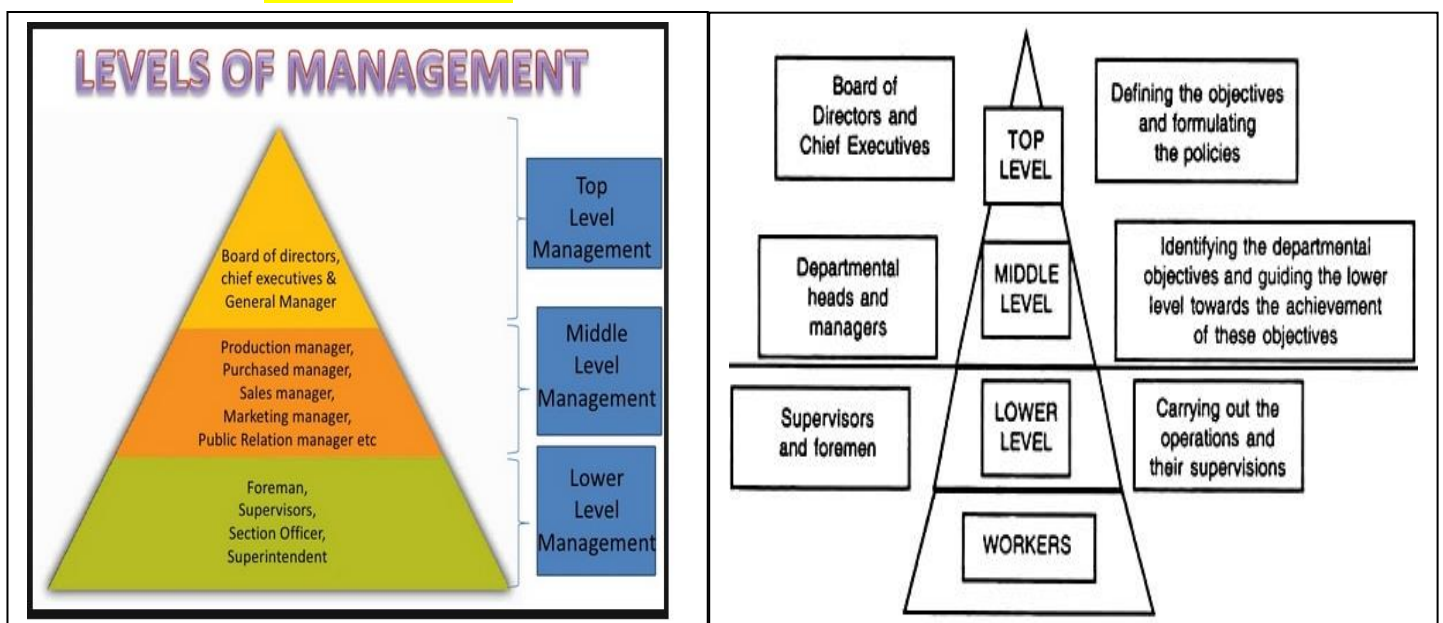
backing. So we can say management is on the path of becoming a profession. Today it may not be recognized as a full- fledged profession like doctor or a Chartered Accountant.

Levels of Management

Management does not refer to a single individual but it refers to a group of persons. There are several persons in every organization who occupy different positions (levels) and perform different responsibilities. Levels of management mean the hierarchy of organization representing the relationships among managers and subordinates on the basis of their relative authority status and responsibility. Organisational hierarchy is essential to fix authority – responsibility relationship. The levels of management determine a chain of command.

There are **three levels** in the hierarchy of an organization. They are:-

- i. **Top Level**
- ii. **Middle Level**
- iii. **Lower Level**



I. Top Level Management

Top level management consists of the highest-level officials of an organization. Top level management include Chairman, President, Vice President Chief Operating Officer (COO),

Chief Executive Officer (CEO) etc. These top managers formulate overall organizational goals and strategies. Important decisions are taken at this level. Top level management performs administrative functions more than the managerial functions.

Functions of Top Level Management

- Determining the objectives of business
- Framing the plans and policies to achieve the set objectives.
- Coordinating the activities of different departments according to the overall objectives of the organization.
- Assembling the required resources like fiancé, fixed assets etc to carry on the activities of an organization.
- Maintains liaison with outside parties like government,workers,competitors,media etc.
- Analysing the business environment and its implications for the survival of the firm.

II. Middle Level Management

Middle level management consists of **departmental heads** like production manager, purchase manager, sales manager etc.They are responsible for implementing the plans and strategies developed by top level managers. They receive orders and instructions from top managers and get the work done through lower managers. They act as a link between top management and supervisory management.

Functions of Middle Level Management

- Implement the policy decision taken by the top management
- Organizing the activities of their concerned department.
- Middle level management selects and appoints employees of their department.
- Motivating employees based on their performance.
- Middle level managers keep a watch on the activities of lower level managers and they prepare their performance appraisal reports.

III. Lower level / Supervisory level / first line Management

This level consists of **supervisors, foreman, inspectors; clerk** etc.Lower level managers actually carry on the work according to the plans of top and middle level management. These managers are directly related to workers. They pass on the instructions to workers and they attend and solve the problems of workers. They act as a link between middle level managers and workers.

Functions of Lower Level Management

- Planning of day-to-day work
- Assigning duties to individual workers.
- Ensuring safety of workers, machines, tools, and equipment's.
- Supervising the workers and assisting them by explaining work procedures.
- Evaluating the operating performance.
- Preventing wastage and misuse of raw material, machines, etc.
- Ensuring standard of quality and steady flow of output.
- Providing on-the-job training to workers.
- Responsible for maintaining discipline among the workers.

Functions of Management

The activities which a manager performs are called functions of management. Regardless of size, nature and type of organization, all managers have to perform some basic functions .They are:-

1. Planning:-It is the first function performed by all managers. Planning means deciding in advance what to do, how to do, when to do and who is going to do it. Planning bridges the gap between where we stand today and where we want to reach. Planning is a process of thinking before doing. Planning is the base of all other functions of management.

2. Organising- After setting up of plans next function of management is to organize the activities and establishing an organizational structure to execute the plan. Setting up organizational structure means deciding the framework of working how many units or departments are needed, how many posts or designations are needed in each department, how to distribute the authority and responsibility among different people.

3. Staffing- Staffing refers to procure suitable employees to fill various jobs in the enterprise. Its aim is to place the right person for the right job and at the right time. Staffing includes recruitment of employees, their selection, placement, training, promotion, transfer, remuneration etc.

4. Directing – Directing is the process of instructing, guiding, motivating and leading people in the organization to achieve its objectives. Directing is said to be the heart of management process. Supervision, motivation, leadership and communication are the four major activities related to directing.

5. Controlling – This is the last function of management. The task of controlling involves establishing standards of performance, measuring the current performance, comparing this with the established standards and taking corrective action where any deviation is found.

Coordination

[Coordination is the process by which managers synchronize/coordinate the activities of different departments to ensure unity of action. For example, suppose in a water tank manufacturing company, its sales department has received an order of 500 units. It cannot execute the order unless production department produces 500 units. The production department cannot produce 500 units unless purchase department purchases raw materials and provides the same to production department. Thus, if production and sales plans are not properly coordinate, objectives in respect of these activities of the enterprise cannot be efficiently accomplished.]

Coordination is the process by which managers synchronize/coordinate the activities of different departments to ensure unity of action. It is rightly said that coordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of common purpose. Coordination is needed at all levels of management and for all functions of management. Coordination is considered as the **essence of management** because it is the force that connects all other managerial functions.

Coordination: The Essence of Management

Coordination brings unity of action and integrates different activities of organization. Coordination is considered as the **essence of management because** of following reasons

1. **Coordination is needed to perform all the functions of management:** In planning coordination is required between main plan and supportive plans of different departments. In directing coordination is required between superior and subordinates. Thus it is the key to all managerial functions.
2. **Coordination is required at all levels of management:** Top level requires coordination to integrate all the activities of an organization to achieve organizational goals. Middle level requires coordination to balance the activities of different departments. Lower level requires coordination to integrate the activities of workers towards achievement of organizational objectives.
3. **Coordination is the most important function of an organization:** Any company which fails to coordinates its activities cannot survive and run successfully for a long period of time. There should be coordination of activities of different departments which work independently.

Thus, we can say that coordination is not a simple function of management but it is the essence of management. Coordination ensures that planned objectives are achieved with a minimum of conflict.

Features of Coordination

Coordination Integrate Group Efforts: The concept of coordination always applies to group efforts. There is no need for coordination when only single individual is working. Coordination gives a common focus to group effort thereby unifying their diverse activities.

Coordination ensures unity of action: Coordination always focus on unifying the efforts of different individuals working in various departments because conflicting efforts may cause damage to organization.

Coordination is a continuous process: Coordination is not a onetime function; it is a continuous process. It begins with planning and continues to controlling.

Coordination is the responsibility of all managers: Coordination is a function which every manager performs in an organization. Top level managers coordinate the overall plans and policies of organization, middle level try to coordinates the departmental activities and lower level coordinates the activities of workers.

Importance of coordination

The need for coordination arises because of the following reasons:

1. Growth in size: The need for coordination increases with the increase in size of organization. In large organization there are more number of persons working, each individual has his own needs and objectives, so there is more need to harmony individual goals and organizational goals through coordination.

2. Functional Differentiation: The functions of an organization are divided into various departments like production, finance, marketing, human resources etc. All these departments have their own objectives, policies, strategies etc. So, there may arise conflict between them. Therefore, coordination is needed to ensure unity of action of various departments.

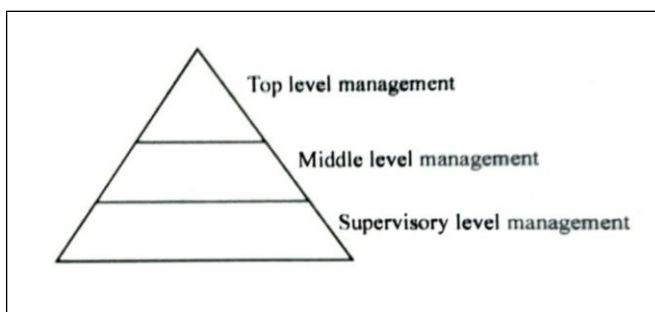
3. Optimum Utilization of Resources: Coordination helps to avoid duplication, overlapping and misuse of resources. Through coordination every department know the operations of various departments and its stage wise progress. For the smooth running, production department should coordinate with sales department.

4. Specialisation

Modern organisations are characterized by a high degree of specialization. All individuals/specialists have their own goals which are more important to them than the organization's goals. Coordination helps to reconcile the departmental/specialists' goal with organizational goals.

Expected Questions:

1. Management is
 - a. An art b. Science c. **Both art and science** d. None of these
2. Find the odd one:
 - a. Management is a goal-oriented process b. Management is all pervasive
 - c. Management is multi dimensional, d. **Management by Exception**
3. Which one of the following is not an organizational objectives of management.
 - a. Growth b. Survival c. **Employment opportunity** d. profit
4. Management is
 - a. Exact Science. b. Pure science. c. **Inexact Science.** d. None of these.
5. " Management is a science".- Give any two reasons to justify this statement.
6. Management is considered as an art. Express your views in this regard
7. Do you think management has the characteristics of a full fledged profession?
8. Mr. Ashok is working as a supervisor in Lunnar Rubbers.
 - a. Name the level management he is working
 - b. List out any three functions performed by him
9. Following is the managerial personnel working in an organization. Place them in appropriate tiers of of the given pyramid.
Supervisor, CEO, General Manager, Foreman, Purchase Manager, Section Officer, Deputy Manager, Managing Director



Hint: Deputy Manager (Middle Level), Section Officer (Lower level)

10. "Coordination is the essence of management". Comment
11. All the functional departmental heads come under this category of management.
 1. Identify the level of management
 2. What are the general functions performed by this level of management
12. Management is a continuous process. It is one of the features of management. State any other three features of management. (3 score)