

## **1.4 Importance of Management**

Management is the art of getting maximum prosperity with minimum of effort. Whenever there is a group of people doing some work collectively, there arises a necessity to have adequate managerial control. The following points highlight the importance of management:

- a) Optimum Utilization of resources: Management ensures that the various factors of production such as land, labor, capital and machinery are optimally utilized. It finds out the best possible methods to make the best use of available physical resources and motivates employees for achieving the organizational goals.
- b) Achievement of Organizational Goals: One of the significant roles of management is to set the goals for the organization and channelize the resources in an optimum manner to

achieve the set targets. It brings together the physical and human resources and mobilizes them to strive towards the achievement of business goals.

- c) Growth and Development of Business: Every business strives for growth and development. Management facilitates in improving the efficiency and performance of people in the organization. Thus, the available resources are channelized into productive areas thereby enhancing the profitability of the business. This further helps in business expansion and diversification. Thus, we can say that effective planning and control help a business to grow and develop.
- d) Improved Quality: Management helps in producing better quality products at a minimum of cost. It implements various controls over the production processes and attempts to curb wastages at various levels. It also creates quality consciousness among people concerned with the production activity.
- e) Development of Human Skills: Human resource development is one of the key concerns in the modern times. A good management gives due importance to improvement of skills and technical competence of its personnel as it develops a confidence and boosts their morale. In the modern era, only those organizations can survive who equip their manpower with the latest techniques and methods of work.
- f) Risk Minimization: Risk is inherent in every business, but an effective management always makes an effort to control or diversify it. The different policies and procedures designed for the organization have to be evaluated and corrective measures need to be taken, if required, so as to minimize the element of risk present in it.
- g) Providing Innovation: In the dynamic business environment, there is a need to work for continuous improvement in the methods or techniques of work so as to abreast with the latest thinking. A sound management offers new ideas, phenomenon and visions to the organization so that it can compete in the market.
- h) Enhanced Profits: Profit maximization is the key objective for any organization to grow and develop. In order to maximize the profits, the organization has to either increase its sales revenue or reduce its cost. An efficient management helps in reducing the cost by reducing wastages and thereby maximizing the profitability of the organization.
- i) Social Welfare: Management plays a significant role of fulfilling its social responsibility as well. It is beneficial not only to the business concern, but also serves the society. It

provides quality goods at reasonable prices. It generates employment opportunities and hence helps in raising the standard of living of the people. It ensures optimum utilization of available scarce resources and thus strives for the growth and development of economy as a whole.