

# Chapter-1

## Nature and Significance of Business

### **1. Management - Meaning**

Management is the process of **getting work done through others** to achieve organisational goals **effectively and efficiently**.

**Effectively** → Completing work on time.

**Efficiently** → Minimum cost & optimum use of resources.

### **2. Characters/Features of Management**

#### **1. Goal-oriented**

→ Focuses on achieving organisational goals.

#### **2. Multidimensional**

→ Management of **work, people and operations**.

#### **3. Pervasive**

→ Applicable at **all levels and all departments**.

#### **4. Continuous Process**

→ Never-ending activity.

#### **5. Group Activity**

→ Requires efforts of all employees.

#### **6. Dynamic**

→ Adapts to changes in environment, technology & society.

#### **7. Intangible**

→ Cannot be seen, only felt through results.

### **(i) Organisational Objectives**

- **Profit** → Earning more than cost
- **Growth** → Expansion in sales, profits & resources
- **Survival** → Continuing business operations

### **(ii) Social Objectives**

- Providing quality goods & services
- Generating employment
- Protecting the environment

### **(iii) Personal Objectives**

- Salary & incentives
- Career growth
- Job satisfaction

## **4. Importance of Management**

- Helps in achieving group goals
- Increases efficiency (minimum cost)
- Creates a flexible organisation
- Helps employees achieve personal goals
- Contributes to development of society

## **5. Nature of Management**

### **(i) Management as a Science**

- Based on systematic knowledge
- Uses logic & cause-effect relationship
- Principles are tested, but not rigid

### **(ii) Management as an Art**

- Application of theoretical knowledge
- Requires skill, creativity & experience
- Improves with practice

### **(iii) Management as a Profession**

- Requires specialised knowledge ✓
- No compulsory professional association ⊗
- No restricted entry ⊗
- No strict ethical code ⊗
- Profit motive present ✓

## **6. Levels of Management**

### **(i) Top Level Management**

**Who:** CEO, MD, Board of Directors

**Role:** Highest authority & policy making

**Functions:**

- Setting goals & policies
- Making plans
- Coordinating departments
- Arranging resources
- Responsible for overall success

### **(ii) Middle Level Management**

**Who:** Departmental heads, sales/purchase managers

**Role:** Linking top & lower management

**Functions:**

- Implementing policies
- Hiring & appointing staff
- Coordinating departments
- Motivating employees
- Supervising first-line managers

### **(iii) Lower / Supervisory Level Management**

**Who:** Supervisors, foremen, inspectors

**Role:** Direct control over workers

- **Functions:**
  - Directing & supervising workers
  - Ensuring safety
  - Reducing wastage
  - Maintaining working conditions
  - Communicating workers' problems

## **7. Functions of Management**

(According to **George R. Terry** there is only 4 functions of Management)

### **(i) Planning**

- Primary function
- Deciding goals & ways to achieve them

### **(ii) Organising**

- Division of work
- Creating departments
- Defining authority & responsibility

### **(iii) Staffing**

- Recruitment & selection
- Training & development
- Promotion & salary management

### **(iv) Directing**

- Giving orders
- Motivating employees
- Supervising work

### **(v) Controlling**

- Comparing actual performance with plans
- Ensuring work is done as planned

## **8. Coordination - Meaning**

Coordination means integrating the efforts of different departments to achieve a common goal. **It is the essence of management**

## **9. Importance of Coordination**

1. **Growth in size**  
→ Helps align employees' goals with organisational goals.
2. **Functional differentiation**  
→ Ensures smooth working of interdependent departments.
3. **Specialisation**  
→ Brings harmony among experts for better results.

## **10. Nature / Features of Coordination**

1. Integrates group efforts
2. Ensures unity of action
3. Continuous process
4. Needed at all levels
5. Responsibility of all managers
6. A deliberate function

# **Thank You**

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