

01 a. Concept and Nature of Management

Meaning of the term Management

- Management is an activity, a function, a process, a discipline and much more.
- Planning, organizing, leading, motivating, controlling, coordination and decision making are the major activities performed by the management.
- Management is focused on managing resources, in particular people, and how they are utilized by an organisation in order to achieve a common goal or outcome.

Meaning of the term Management

- Management is an inevitable element for directing and unifying the group efforts towards a common objective.
- Management creates an environment under which the manager and his subordinates can work together for the attainment of group objective. It is a group of people who use their skills and talent in running the complete system of the organization.

Meaning of the term Management

- Managers work in an environment where they need to pool resources together, such as people, plant or equipment, financial resources and industry knowledge, into a cohesive unit that has the capability to achieve this goal.
- Management brings together **5M's of the organization**, i.e. Men, Material, Machines, Methods, and Money. It is a result oriented activity, which focuses on achieving the desired output.

Meaning of the term Management

- Functioning more as a coordinator, Managers have to often juggle the competing priorities of various stakeholders, limited or hard to attain resources, all while taking account of competition and changing market conditions, to achieve a positive outcome.
- Beyond this process of management, there is also the human element that brings with it emotions, relationships, desires and fears that all need to be managed.

Definition of the term Management

- *To manage is to forecast and plan, to organize, to command, to coordinate and to control -*
Henry Fayol
- *Management is the art of knowing what you want to do.... in the best and cheapest way -*
F.W. Taylor
- Management is defined as an act of managing people and their work, for achieving a common goal by using the organization's resources.

Definition – Key Words

- *To manage is to forecast and plan, to organize, to command, to coordinate and to control .*
- *Management is the art of knowing what you want to do.... in the best and cheapest way .*
- Management is defined as an **act of managing people and their work, for achieving a common goal by using the organization's resources.**

Management as a Science or an Art

- Management can be considered as both science as well as an art as it combines features of both science as well as art.
- A manager, to be successful in his profession, must acquire the knowledge of science & the art of applying it.
- Science teaches to 'know' and art teaches to 'do'.
- It is not sufficient for a manager to first know the principles but he must also apply them in solving various managerial problems.
- Science and art are not mutually exclusive but they are complementary to each other.

Management as a Science or an Art

- **Elements of science in management**

Concepts Methods and principles

Theories Organized knowledge Practice

- **Elements of art in management**

Practical Knowledge Personal Skill Creativity

Perfection through practice Goal-Oriented

Management is Science, because

- Main characteristics/features of science are:

1. Systematic body of knowledge:

- In science, organized and systematic study material is available which is used to acquire knowledge.
- In management also there is availability of systematic and organized study material.
- So this feature of science is **present** in management.

Management is Science, because

- Main characteristics/features of science are:
 2. Scientific principles are derived on the basis of logical and scientific observations:
- The scientists perform logical observation before deriving any principle or theory. They are very objective while doing the observations.
- But when managers are observing they have to observe human beings and observation of human being cannot be purely logical and objective. Some kind of subjectivity enters in the observations.
- So this feature of science is **not present** in management.
- All the scientific principles have same effect, wherever we try them whereas effect of management principles varies from one situation to other.

Management is Science, because

- Main characteristics/features of science are:

3. Principles are based on repeated experiments:

- Before developing scientific principles, scientists test these principles under different conditions and places.
- Similarly, managers also test and experiment managerial principles under different conditions in different organisations.
- So this feature of science is **present** in management.

Management is Science, because

- Main characteristics/features of science are:

4. Universal Validity:

- Scientific principles have universal application and validity.
- Management principles are not exactly like scientific principles so their application and use is not universal. They have to be modified according to the given situation.
- So this feature of science is **not present** in management.

Management is Science, because

- Main characteristics/features of science are:

5. Replication is possible:

- In science replication is possible as when two scientists are undertaking the same investigation working independently and treating the same data under the same conditions may desire or obtain the identical or exactly same result.
- But in management managers have to conduct research or experiments on human beings. So if' two managers are investigating same data, on different sets of human beings they will not get identical or same result because human beings never respond in exactly identical manner.
- So this feature of science is **not present** in management.

Management is Art, because

- The main features of art are:
 1. Systematic body of knowledge/Existence of theoretical knowledge:
- In every art there is systematic and organized study material available to acquire theoretical knowledge of the art.
- In management also there is systematic and organized body of knowledge available which can help in acquiring managerial studies.
- So this feature of art is **present** in management also.

Management is Art, because

- The main features of art are:

2. Personalized application:

- In the field of art only theoretical knowledge is not enough. Every artist must have personal skill and creativity to apply that knowledge.
- In management also all managers learn same management theories and principles. But their efficiency depends on how well they use these principles under different situations by applying personal skills and creativity.
- So this feature of art is also **present** in management.

Management is Art, because

- The main features of art are:

3. Based on Practice and creativity:

- The artist requires regular practice of art to become more fine and perfect. Without practice artists lose their perfection. Art requires creative practice, i.e., artist must add his creativity to the theoretical knowledge he has learned.
- Same way, with experience, managers also improves their managerial skills and efficiency.
- So this feature of art is also **present** in management.

Management as a Profession

- A profession may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative body.
- **The essentials of a profession are:**
 1. Well defined body of Specialized Knowledge
 2. Restricted Entry (Formal Education & Training)
 3. Presence of Professional Representative Association
 4. Existence of Ethical Code of Conduct
 5. Social Obligations (Service Motive)

Management as a Profession

- The essentials of a profession are:
 1. **Well defined body of Specialized Knowledge –**
 - In every profession there is practice of systematic body of knowledge which helps the professionals to gain specialized knowledge of that profession.
 - In case of management also there is availability of systematic body of knowledge. There are large numbers of books available on management studies. Scholars are studying various business situations and are trying to develop new principles to tackle these situations.
 - So this feature of profession is **present** in management also.

Management as a Profession

- The essentials of a profession are:
2. **Restricted Entry (Formal Education & Training)** –
- The entry to a profession is restricted through an examination or degree. For example a person can practice as Doctor only when he is having MBBS degree.
 - But, there is no legal restriction on appointment of a manager. No minimum qualifications or a course of study has been prescribed for managers by law. Anyone can become a manager irrespective of the educational qualification. MBA may be preferred but not necessary.
 - So this feature of profession is **not present** in management.

Management as a Profession

- The essentials of a profession are:

3. Presence of Professional Representative Association –

- For the regulation of any profession, existence of a representative body is a must. For most professions, special associations are established and every professional has to get himself registered with his association before practicing that profession. For example, Institute of Chartered Accountants of India for the auditors; Medical Council of India for the doctors; Bar Council of India for the lawyers.
- In management, various management associations are set up at national and international levels which have some membership rules and set of ethical codes. AIMA (Alternative Investment Management Association) in New Delhi, National Institute of Personal Management at Calcutta etc., but legally it is not compulsory for managers to become a part of these organisations by registration. Such organizations do not have any statutory powers to regulate the activities of managers either.
- So, this feature of profession is **not present** in management.

Management as a Profession

- The essentials of a profession are:

4. Existence of Ethical Code of Conduct –

- For every profession there are set of ethical codes fixed by professional organisations and are binding on all the professionals of that profession. A code of conduct is enforced by a representative association. Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics. Any member violating the code of conduct can be punished and his membership can be withdrawn.
- The AIMA has prescribed a code of conduct for managers but it has no right to take legal action against any manager who violates it. Legally, it is not compulsory for all the managers to get registered with AIMA and abide by the ethical codes.
- So this feature of profession is **not present** in management.

Management as a Profession

- The essentials of a profession are:

5. Social Obligations (Service Motive) –

- Profession is a source of livelihood but professionals are primarily motivated by the desire to serve the society. The basic motive of every profession is to serve the clients with dedication.
- Basic purpose of management is achievement of management goal. For a business organisation the goal can be profit maximization. But, nowadays, only profit maximization cannot be the sole goal of an enterprise. To survive in market for a long period of time, a businessman must give due importance to social objectives along with economic objectives. A manager is responsible not only to its owners but also to the society and therefore he is expected to provide quality goods at reasonable prices to the society.
- So this feature of profession is, somewhat, **present** in management.

Management as a Profession

- Management fulfills several essentials of a profession, even then it is not a full fledged profession because: -
 - a. It does not restrict the entry in managerial jobs for account of one standard or other.
 - b. No minimum qualifications have been prescribed for managers.
 - c. No management association has the authority to grant a certificate of practice to various managers.
 - d. All managers are supposed to abide by the code formulated by AIMA,
 - e. Competent education and training facilities do not exist. .
 - f. Managers are responsible to many groups such as shareholders, employees and society. A regulatory code may curtail their freedom.
 - g. Managers are known by their performance and not mere degrees.
 - h. The ultimate goal of business is to maximize profit and not social welfare.

Management as a Process

- Management as a process involves interrelated activities by which the administration within an organization develops and controls the resources of the organization to achieve targeted results.
- Management is a process embarked upon with the sole aim of achieving a purpose. The purpose could be to increase the client base of the firm, develop the knowledge, skills, and capacity of employees, or to achieve a specific sales target.
- Managers placed at the helm of affairs in an organization need to follow due process to set goals and come up with plans on how to achieve results.
- Both the planning and execution phases involve due processes that the manager must abide by, strictly.
- Management process is a process of setting goals, planning and/or controlling the organizing and leading the execution of any type of activity. An organization's senior management is responsible for carrying out its management process.

Management as a Process

- **Management process involves 4 basic activities:**
 - 1. Planning and Decision Making – – Determining Courses of Action**
- For a manager, planning and decision making require an ability to foresee, visualize, and look ahead purposefully.
- Planning means setting an organization's goal and deciding how best to achieve them.
- It means determining what the organization's position and the situation should be in the future, and decide how best to bring about that situation. The most vital quality and job of a manager is looking ahead into the future, and predicting possible trends or occurrences which are likely to influence the working situation. Planning involves selecting missions and objectives and the actions to achieve them, it requires decision-making or choosing future courses of action from among alternatives.

Management as a Process

- **Management process involves 4 basic activities:**

2. Organizing – Coordinating Activities and Resources

- Organizing can be defined as the process by which the established plans are moved closer to realization.
- A manager organizes human resource and other resources that are identified as necessary by the plan to reach the goal.
- Organizing involves determining how activities and resources are to be assembled and coordinated.
- Organizing produces a structure of relationships in an organization and it is through these structured relationships that plans are pursued.
- Staffing is related to organizing and it involves filling and keeping filled, the positions in the organization structure.
- Organizing is deciding where decisions will be made, who will do what jobs and tasks, who will work for whom, and how resources will assemble.

Management as a Process

- **Management process involves 4 basic activities:**

3. Leading – Managing, Motivating and Directing People

- Leading is influencing or prompting the member of the organization to work together with the interest of the organization.
- Creating a positive attitude towards the work and goals among the members of the organization is called leading.
- The functions of direction, motivation, communication, and coordination are considered a part of the leading process.
- Coordinating is also essential.

Management as a Process

- **Management process involves 4 basic activities:**

4. Controlling – Monitoring and Evaluating activities

- Controlling consists of activities, like; measuring the performance, comparing with the existing standard and finding the deviations, and correcting the deviations.
- Control activities generally relate to the measurement of results of actions that were taken to attain the goal.

Management as a Process

- As a process, management consists of three aspects:
- 1. Management is a **social process** - Since human factor is most important among the other factors, therefore management is concerned with developing relationship among people. It is the duty of management to make interaction between people - productive and useful for obtaining organizational goals.
- 2. Management is an **integrating process** - Management undertakes the job of bringing together human physical and financial resources so as to achieve organizational purpose. Therefore, is an important function to bring harmony between various factors.
- 3. Management is a **continuous process** - It is a never ending process. It is concerned with constantly identifying the problem and solving them by taking adequate steps. It is an on-going process.

Difference between Management & Administration

- Management and administration are both important functions that support the success of any business or organisation. Both management and administration are needed in any organisation in order for it to function successfully.
- Management is concerned with getting things done, whereas administration looks at how these things are done.
- The administration is a systematic process of administering the management of a business organization, an educational institution like school or college, government office or any nonprofit organization.
- The main function of administration is the formation of plans, policies, and procedures, setting up of goals and objectives, enforcing rules and regulations, etc.

Difference between Management & Administration

- Management is focused largely on getting things done. While there is process involved in the management and coordination of resource this is more often an art rather than a science.
- The “science” of business is however more evident in the administration of business. Essentially administration is concerned with the process around which a business operates.
- So while a Manager may be responsible for achieving a given revenue target, the administration of that goal would focus on how sales opportunities are managed, forecast and eventually closed.
- Similarly, a Manager may be responsible for the hiring and firing of people on the team. The administration of that role, especially if the company is of sufficient size, is often handled by an administrative focused person in Human Resources. There is a policy or procedure that will be followed that instructs them how the company should operate when making these decisions.

Difference between Management & Administration

- Administration lays down the fundamental framework of an organization, within which the management of the organization functions.
- Management takes into account the directing and controlling functions of the organization, whereas administration is related to planning and organizing function.
- The most important point that differentiates management from the administration is that management is concerned with directing or guiding the operations of the organization, whereas administration stresses on laying down the policies and establishing the objectives of the organization.
- Administration is the establishment of procedures, policies, plans, objectives, goals and enforcing not only rules but also regulations. It comes up with an important organizational framework through which the organization management functions. And this is where the relationship between management and administration exists.

Difference between Management & Administration

COMPARISON BASIS	MANAGEMENT	ADMINISTRATION
Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Area of operation	It works under administration.	It has full control over the activities of the organization.
Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.
Decides	Who will do the work? How will it be done?	What should be done? When should it be done?
Work	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives
Focus on	Managing work	Making best possible allocation of limited resources.
Key person	Manager	Administrator
Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.
Function	Executive and Governing	Legislative and Determinative

Difference between Management & Administration

- With the passage of time, the distinction between these two terms is getting blurred, as management includes planning, policy formulation, and implementation as well, thus covering the functions of administration.
- Theoretically, it can be said that both are different terms, but practically, you will find that the terms are more or less same.
- The managers who are working on the topmost level are said to be the part of administration whereas the managers working on the middle or lower level represent management.
- So, we can say that administration is above management.

Levels of Management

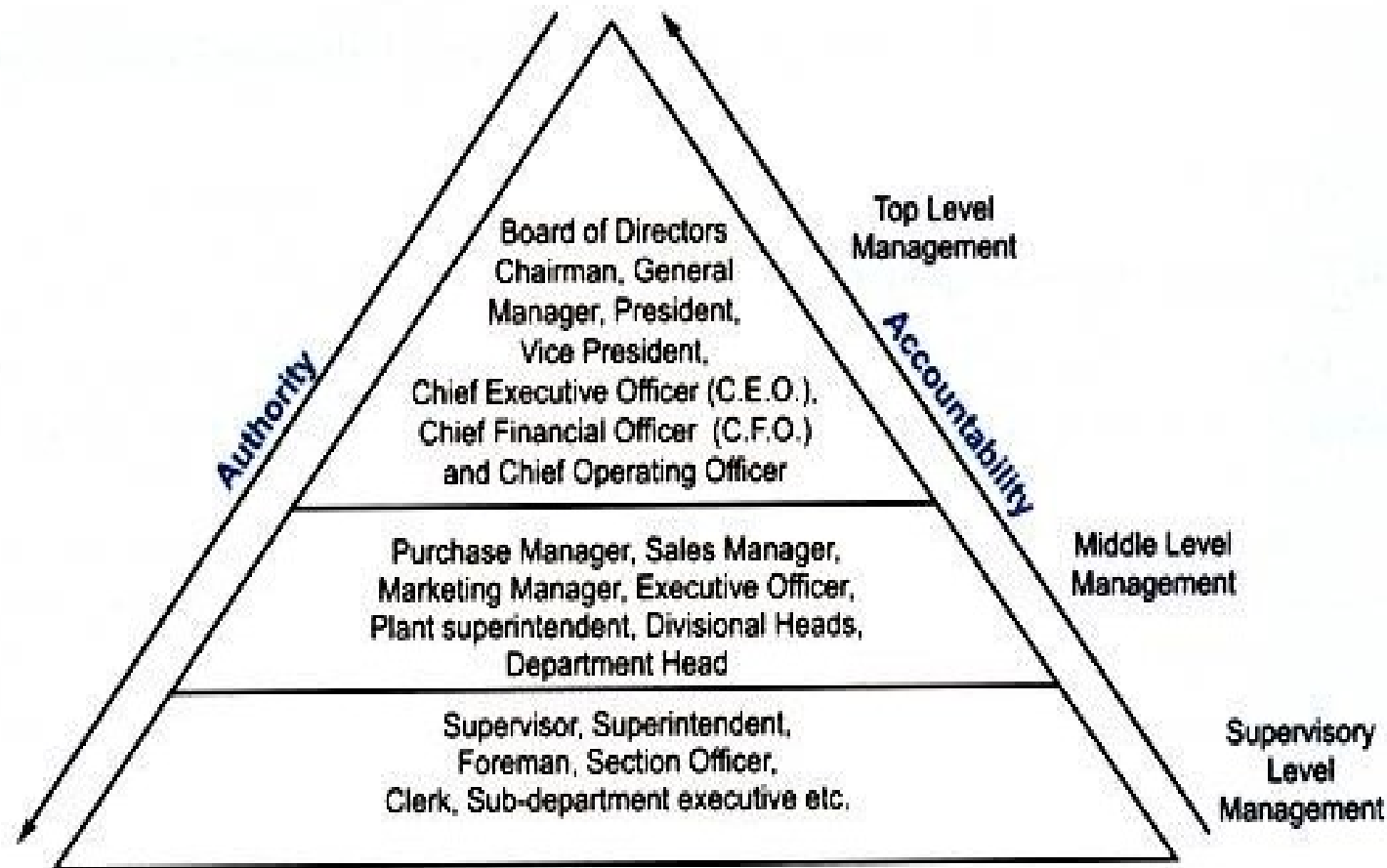
- Management does not refer to a single individual but it refers to a group of persons.
- In companies large number of persons are placed at different places to perform different managerial activities.
- To carry on these activities these employees are given necessary authority and responsibility.
- This grant of authority results in creation of chain of authority.
- This chain is divided into three levels which result in creation of three levels of management.

Levels of Management

- The term “Levels of Management’ refers to a line of demarcation between various managerial positions in an organization.
- The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position.
- Segmenting the management of an organization into levels is vital to maintaining the productivity and work performance of employees.
- The number of levels in management increases when the size of the business and work force increases and vice versa.

Levels of Management

- There are three levels of management found within an organization, and the levels are:



Levels of Management

Levels of Management

1. Top-Level Management/ Administrative level

- Top level management consists of Chairman, Board of Directors, Managing Director, General Manager, President, Vice President, Chief Executive Officer (C.E.O.), Chief Financial Officer (C.F.O.) and Chief Operating Officer etc.
- It includes group of crucial persons essential for leading and directing the efforts of other people. The managers working at this level have maximum authority.

Levels of Management

- **Main functions of top level management are:**
 - (a) **Determining the objectives of the enterprise.** The top level managers formulate the main objectives of the organisation. They form long term as well as short term objectives.
 - (b) **Framing of plans and policies.** The top level managers also frame the plans and policies to achieve the set objectives.
 - (c) **Organizing activities to be performed by persons working at middle level.** The top level management assigns jobs to different individuals working at middle level.
 - (d) **Assembling all the resources such as finance, fixed assets etc.** The top level management arranges all the finance required to carry on day to day activities. They buy fixed assets to carry on activities in the organisation.
 - (e) **Responsible for welfare and survival of the organisation**—Top level is responsible for the survival and growth of the organisation. They make plan to run the organisation smoothly and successfully.
 - (f) **Liaison with outside world**, for example, meeting Government officials etc. The top level management remains in contact with government, competitors, suppliers, media etc. Jobs of top level are complex and stressful demanding long hours of commitment towards organisation.
 - (g) **Welfare and survival of the organisation.**

Levels of Management

2. Middle-Level Management/ Executory level

- This level of management consists of departmental heads such as purchase department head, sales department head, finance manager, marketing manager, executive officer, plant superintendent, etc.
- People of this group are responsible for executing the plans and policies made by top level.
- They act as a linking pin between top and lower level management.
- They also exercise the functions of top level for their department as they make plans and policies for their department, organize and collect the resources etc.

Levels of Management

- **Main functions of middle level management are:**
- **(a) Interpretation of policies framed by top management to lower level.** Middle level management acts as linking pin between top level and lower level management. They only explain the main plans and policies framed by top level management to lower level.
- **(b) Organizing the activities of their department for executing the plans and policies.** Generally middle level managers are the head of some department. So they organize all the resources and activities of their department.
- **(c) Finding out or recruiting/selecting and appointing the required employees for their department.** The middle level management selects and appoints employees of their department.
- **(d) Motivating the persons to perform to their best ability.** The middle level managers offer various incentives to employees so that they get motivated and perform to their best ability.
- **(e) Controlling and instructing the employees, preparing their performance reports etc.** The middle level managers keep a watch on the activities of low level managers. They prepare their performance appraisal reports.
- **(f) Cooperate with other departments** for smooth functioning.
- **(g) Implementing the plans framed by top level.**

Levels of Management

3. Low-level Management/ Supervisory level

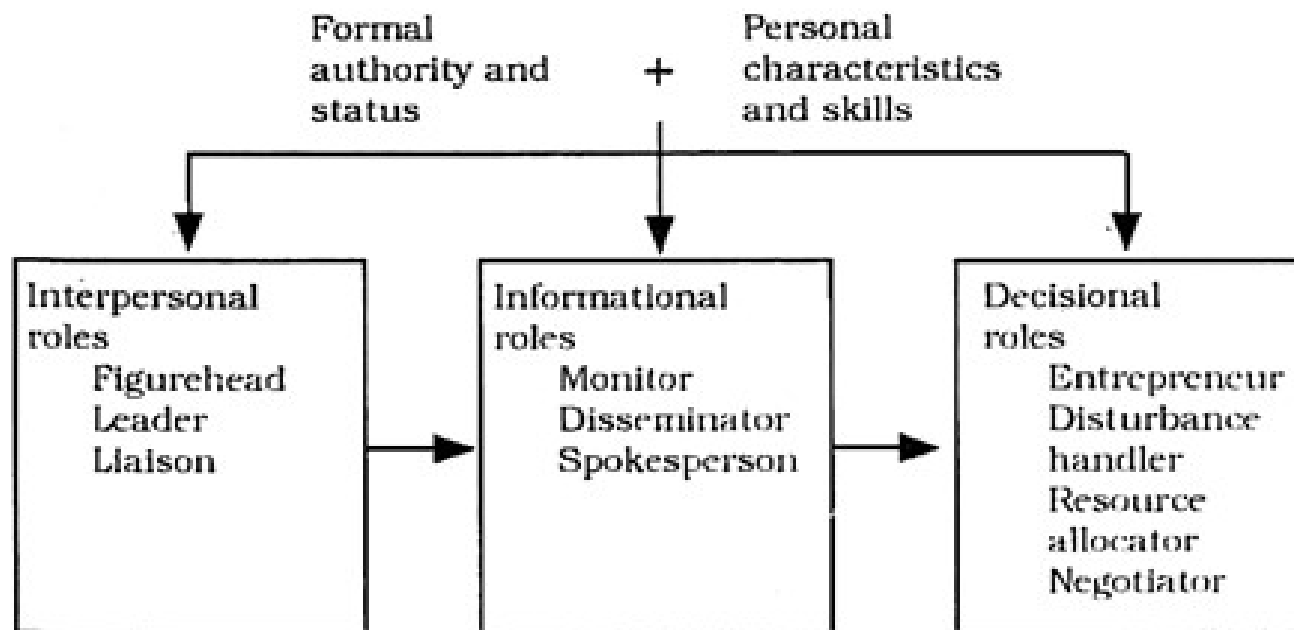
- This level consists of supervisors, superintendent, foreman, sub-department executives; clerk, etc.
- Managers of this group actually carry on the work or perform the activities according to the plans of top and middle level management.
- Their authority is limited.
- The quality and quantity of output depends upon the efficiency of this level of managers.
- They pass on the instruction to workers and report to the middle level management.
- They are also responsible for maintaining discipline among the workers.

Levels of Management

- **Functions of lower level management are:**
- **(a) Representing the problems or grievances of workers before the middle level management.** The supervisory level managers are directly linked with subordinates so they are the right persons to understand the problems and grievances of subordinates. They pass these problems to middle level management.
- **(b) Maintaining good working conditions and developing healthy relations between superior and subordinate.** The supervisory managers provide good working conditions and create supportive work environment which improve relations between supervisors and subordinates.
- **(c) Looking to safety of workers.** Supervisory level managers provide safe and secure work environment for workers.
- **(d) Helping the middle level management in recruiting, selecting and appointing the workers.** The supervisory level managers guide and help the middle level managers when they select and appoint employees.
- **(e) Communicating with workers and welcoming of their suggestions.** The supervisory level managers encourage the workers to take initiative. They welcome their suggestions and reward them for good suggestions.
- **(f) They try to maintain precise standard of quality and ensure steady flow of output.** The supervisory level managers make sure that quality standards are maintained by the workers.
- **(g) They are responsible for boosting the morale of the workers and developing the team spirit in them.** They motivate the employees and boost their morale.
- **(h) Minimizing the wastage of materials.**

Roles of a Manager

- A role is concerned with the behavior pattern of a manager within an organization.
- Henry Mintzberg, in the late 1960's, showed that formal authority gives rise to ten different roles that managers perform – 3 interpersonal roles, 3 informational roles, and 4 decisional roles.



Roles of a Manager

1. Interpersonal Roles:

- Interpersonal Roles are primarily social in nature. They are the roles in which manager's main task is to relate to other people in certain ways.
- Three important interpersonal roles are the figurehead, the leader, and the liaison.
- This set of roles derives directly from the manager's formal position.

Roles of a Manager

1. Interpersonal Roles:

- As the figurehead for his unit, he stands as a symbol of legal authority, performing certain ceremonial duties e.g., signing documents and receiving visitors.
- The manager in a leader role hires, trains, and motivates his personnel.
- In the liaison role, manager interacts with many people outside the immediate chain of command, those who are neither subordinates nor superiors.

Roles of a Manager

2. Informational Roles:

- Informational Roles involve some aspect of information processing.
- Informational roles are important because information is the lifeblood of organizations and the manager is the nerve center of his unit.
- Three key informational roles are the monitor, the disseminator, and the spokesperson.

Roles of a Manager

2. Informational Roles:

- As a monitor, the manager is a receiver and collector of information. Information is acquired through meetings, conversations, or documentation. The monitor activity seeks information that might be of value to the organization in general or to specific managers.
- In the disseminator role, managers distribute information to subordinates daily.
- As a spokesperson, the manager transmits information to individuals outside the organization.

Roles of a Manager

3. Decisional Roles:

- To get the work done, managers have to make decisions.
- In performing the decision-making role, managers act as entrepreneur, disturbance handler, resource allocator, and negotiator.

Roles of a Manager

3. Decisional Roles:

- In playing the entrepreneurial role, managers actively design and initiate changes within the organization. It involves some improvements.
- As a disturbance handler, the manager handles difficult problems and non-routine situations such as strikes, energy shortages etc.
- As resource allocator, the manager decides how resources are distributed, and with whom he will work most closely.
- The fourth decisional role is that of negotiator. Managers negotiate with suppliers, customers, unions, individual employees, the government, and other groups.

Quality of a good Manager

- A manager is a person in the organization who directs the activities of others.
- He is a planner, coordinator, producer and a marketer.
- The success of an organization will depend upon the caliber of the manager in utilizing the resources for achieving business goals.
- A manager has to perform a number of jobs.
- It necessitates that a manager should have proper skills to perform different jobs.

Quality of a good Manager

- **Henry Fayol** put the qualities required by managers into the following six categories:
 - (i) **Physical** – health, vigour, address.
 - (ii) **Mental** – ability to understand and learn; judgement, mental vigour and adaptability.
 - (iii) **Moral** – energy, firmness, willingness to accept responsibility, initiative, loyalty, tact, dignity.
 - (iv) **Educational** – general acquaintance with matters not belonging exclusively to the function performed.
 - (v) **Technical** – peculiar to the function.
 - (vi) **Experience** – arising from the work proper.

Quality of a good Manager

- **Robert L. Katz** conducted research during early 1970's and found that managers need three essential skills or competencies:
 - **Technical Skills:** Ability to work with the resources, tools, techniques, procedures etc. Technical skills include knowledge of and proficiency in certain specialized fields such as engineering, computers, finance or manufacturing. Technical proficiency helps in taking decisions.
 - **Human Skills:** Ability to work well with other people both individually and in a group. Managers with human skills can get best out of the people working with them. How to communicate, motivate, lead and inspire enthusiasm and trust - These skills are needed by managers at every level.
 - **Conceptual Skills:** Ability to integrate and co-ordinate various activities. Ability to think and to conceptualize about abstract solutions, to see the organization as a whole and the relationships among its various subunits and to visualize how the organization fits into its broader environment.

Quality of a good Manager

- **A manager should have the following qualities in order to perform his/her work properly:**

1. Education 2. Intelligence 3. Leadership

4. Training 5. Technical Knowledge 6. Maturity

7. Positive Attitude 8. Self-confidence 9. Foresight

Quality of a good Manager

- 1. **Education:** A manager must have proper educational background. These days managers are expected to have management education, with other educational qualifications. Education not only widens mental horizon but also helps in understanding the things and interpreting them properly. The knowledge of business environment is also important for dealing with various problems the organization may face.
- 2. **Intelligence:** A manager has to perform more responsibilities than other persons in the organization. He should have higher level of intelligence as compared to other persons. Intelligence will help a manager in assessing the present and future possibilities for the business. He will be able to foresee the things in advance and take necessary decisions at appropriate time.
- 3. **Leadership:** A manager has to direct and motivate persons working in the organization. He will provide leadership to subordinate. The energies of the subordinates will have to be channelized properly for achieving organizational goals. If a manager has the leadership qualities then he can motivate subordinates in improving their performance and working to their full capacity for the benefit of the organization.

Quality of a good Manager

- **4. Training:** A manager has to acquire managerial skills. These skills consist of technical skills, human skills and conceptual skills. These skills have to be acquired through education, guidance, experience etc. These skills are needed for all levels of managers.
- **5. Technical Knowledge:** A manager should have technical knowledge of production processes and other activities undertaken in the enterprise. He will be in a better position to inspect and guide if he himself has a knowledge of those activities.
- **6. Maturity:** A manager should have mental maturity for dealing with different situations. He should be patient, good listener and quick to react to situations. He has to take many awkward decisions which may adversely affect the working if not taken properly. He should keep calm when dealing with subordinates. All these qualities will come with mental maturity.

Quality of a good Manager

- **7. Positive Attitude:** Positive attitude is an asset for a manager. A manager has to deal with many people from inside as well as from outside the organization. He should be sympathetic and positive to various suggestions and taken humane decisions. He should not pre-judge the things and take sides. He should try to develop good relations with various persons dealing with him. He should understand their problems and try to extend a helping hand.
- **8. Self-confidence:** A manager should have self- confidence. He has to take many decisions daily, he may analyze the things systematically before taking decisions. Once he takes decisions then he should stick to them and try to implement them. A person who lacks self-confidence will always be unsure of his decisions. This type of attitude will create more problems than solving them.
- **9. Foresight:** A manager has to decide not only for present but for future also. There are rapid changes in technology, marketing, consumer behavior, financial set up etc. The changes in economic policies will have repercussions in the future. A manager should visualize what is going to happen in future and prepare the organization for facing the situations. The quality of foresight will help in taking right decisions and face the coming things in right perspective. In case the things are not rightly assessed then the organization may face adverse situations.

Significance of Management

- Proper management makes sure that each part of the company works towards achieving a common goal without disarray.
- Management actually plans, executes and balances the resources of a company in such a way that there is maximum work output to attain the goals of organization swiftly, while retaining work quality.

Significance of Management

- The following are the significance of Management:
 1. Achieves Group Goals
 2. Increases Efficiency
 3. Reduces Costs
 4. Establishes Sound Organization
 5. Establishes Equilibrium
 6. Essentials for Development and Prosperity of Society
 7. Achieving personal objectives

Significance of Management

- It helps in **Achieving Group Goals** - It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.
- **Increases Efficiency** by Optimum Utilization of Resources - Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

Significance of Management

- **Reduces Costs** - It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.
- **Establishes Sound Organization** - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

Significance of Management

- **Establishes Equilibrium** - It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change in external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.
- **Essentials for Development and Prosperity of Society** - Efficient management leads to better economical production which helps to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business; society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.
- **Achieving personal objectives:** Management promotes leadership and furnishes motivation to the employees to operate effectively in order to accomplish their personal aims while working towards the organizational goals.

Limitations of Management

- Like other social sciences, management is also subject to certain limitations. They are as follows:
 1. **Management techniques and policies should be adjusted according to specific circumstances.** One principle may be good for one enterprise, but it may not be suitable for another. A technique may be extremely useful in England, but it may not work in India.
 2. **Principles of management are not static in nature.** The concepts about management change with the development of science and technology. New ideas are innovated, new products are put on the market, new likes and dislikes are developed every year. So what was successful in 2015 may lead to failure in 2016. Thus, a great deal of adjustment is to be done to cope with the changing times.
 3. **Management is concerned with human element** in an organization. Different groups and different persons even in the same group, behave differently under different circumstances. This human aspect of management provides the greater challenge to its scientific treatment.

Business Environment and its interaction with Management

A business operates within the given environmental factors.

Internal (Micro)

Environment Elements:

1. The Company
2. Suppliers
3. Marketing Channels
 - Firms /Intermediaries
4. Customers
5. Publics

External (Macro)

Environment Forces:

1. Political and Legal Forces
2. Economic Forces
3. Socio-Cultural Forces
4. Technological Forces
5. Demographic Forces
6. Natural Forces

Micro Environmental Elements

- The Company's Internal Environment consists of the Top Management, Departments like Finance, R& D, Purchasing, Manufacturing, Accounting etc. All of them need to work at tandem and in an amicable and synchronized manner in order to attain the goals of the organization and maximize profits.
- Suppliers provide resources needed by the company to produce goods/services. Marketing department, with the help of purchasing department, has to monitor availability of supplies and suppliers. Scarcities, delays, labour strikes, etc. at the suppliers' end can harm company's sales (in short-run) & lead to customer dissatisfaction (in long-run). Managers also need to monitor the price trends of supplies that can affect Company's pricing and sales volume.
- Managers need to fine-tune the distribution channel so as to attain the goals of distribution. Marketing Intermediaries include Resellers (wholesalers & retailers), Physical distribution firms (warehouses, transportation firms), Marketing Service Agencies (MR Agencies, Ad Agencies, Media Houses, Marketing Consultants) and Financial intermediaries (Banks, Insurance Companies, etc.).

Micro Environmental Elements

- Customers are the central focus of today's marketing organizations. A manager has to focus on the specific needs and wants of each customer and provide effective solutions economically and conveniently. Customers include:

Consumer markets: individuals, households.

Business markets: buy goods for further processing.

Resellers markets: buy goods to resell at a profit

Govt. markets: Govt. buys goods/services to produce public services.

International markets: All the buyers in other countries.

Micro Environmental Elements

- A manager needs to keep his ears and eyes open to the issues brought forward by each public and keep each of them in good humour.
 - 1) Financial Public: Banks, Investment Companies, Shareholders.
 - 2) Media Public: Newspapers, magazines, radio & TV Channels
 - 3) Govt. Public: All govt. regulatory authorities like Tax, Law, Excise, PCB etc.
 - 4) Citizen Action Public: Social activists, Environmental groups, Minority groups, HR Activists, Consumer Protection Groups.
 - 5) Local Public: Local residents, Community Organizations etc.
 - 6) Internal Public: Workers; Managers, Directors etc.
 - 7) General Public: Anyone anywhere who may or may not be affected by the Company's affairs directly.

Macro Environmental Forces

- Political and Legal Environment consists of laws, govt. agencies and pressure groups that influence and limit various organizations and individuals. The political system prevailing in a country influences business decisions. In a democratic set up, the ideology of the ruling party influences economic and business policies.

Macro Environmental Forces

- A business manager has to cope with the thinking of the ruling party in following economic policies. The rules, regulations and laws of the country affect the day to day activities of the enterprise. A business has to comply with sales and excise laws, labour laws, taxation laws etc. A manager should be well conversant with prevailing political environment and try to benefit from various schemes and programmes of the government.

Macro Environmental Forces

- Economic environment constitutes of factors like capital & labour. Capital consists of owner's funds and borrowed funds. Borrowed funds are supplied by investors and creditors. Business needs for funds arise for purchaser of plant and machinery, land and building, equipment, materials, payments to labour and other day to day expenses. These needs are met both from internal sources and external sources.

Macro Environmental Forces

- A manager has to remain in touch with investors and creditors for meeting financial needs of the business at the time of need. The labour normally comes from nearby surroundings. Labour unions try to regulate labour supply. A manager has to assess his labour requirement, its quality and price etc. He has to maintain contacts with trade unions and see that the unit is not adversely affected by labour supply.

Macro Environmental Forces

- A business is directly influenced and affected by prevalent social environment. Society provides labour force to the business and has consumers for the products and services. In a democratic set up, as at present, a manager comes in contact more than often with the people in all walks of life, various social organizations, educational institutions etc. All these contacts are useful and essential for the business because it depends upon the society for various inputs as well as outputs. The very survival of business depends upon society.

Macro Environmental Forces

- The state of technology greatly influences the operations of an enterprise. It is concerned with inventions and techniques. The technological changes may give birth to new products as well as new industries. One has to keep a watch on the developing situation of technology and think of the ways for making its use. The manager has to keep himself abreast of the technological developments particularly in product improvement and new opportunities.

Macro Environmental Forces

- Natural Environment involves the natural resources that are needed as inputs by businesses. Industry invariably pollutes the natural environment. Air & water pollution have reached dangerous levels in many cities. There is increased apprehension that the ozone layer in the atmosphere is getting depleted which can result in global warming. Disposal of chemical & nuclear wastes, the dangerous levels of mercury in the ocean, increasing chemical pollutants in the soil and in crops, the degradation of the environment with non-biodegradable plastics, bottles and other packaging materials have become areas of serious concern.

Macro Environmental Forces

- There is growing shortage of raw materials. The fast depletion of forests, oil, coal and minerals pose a serious threat to future generations. As a result of all these, environmental concerns as also govt. intervention to conserve the environment have increased steadily over the years. This has led to the growth of the green movement. Today, socially responsible Companies go beyond govt. regulations to develop ecologically safer products, recyclable or biodegradable packaging, to cut hazardous waste to reduce energy use.

Macro Environmental Forces

- Demographic Environment is the study of the human population in terms of size, density, location, age, gender, occupation, education etc. A growing population means more human needs and wants to satisfy and hence more opportunities for managers. People of different age groups have different needs and wants. These provide marketers opportunities for diversification. Men & women have different needs/wants and different habits and preferences. The family composition also has different implications in terms of buying and consuming habits. In nuclear families, children play a major role in influencing buying decisions.

Macro Environmental Forces

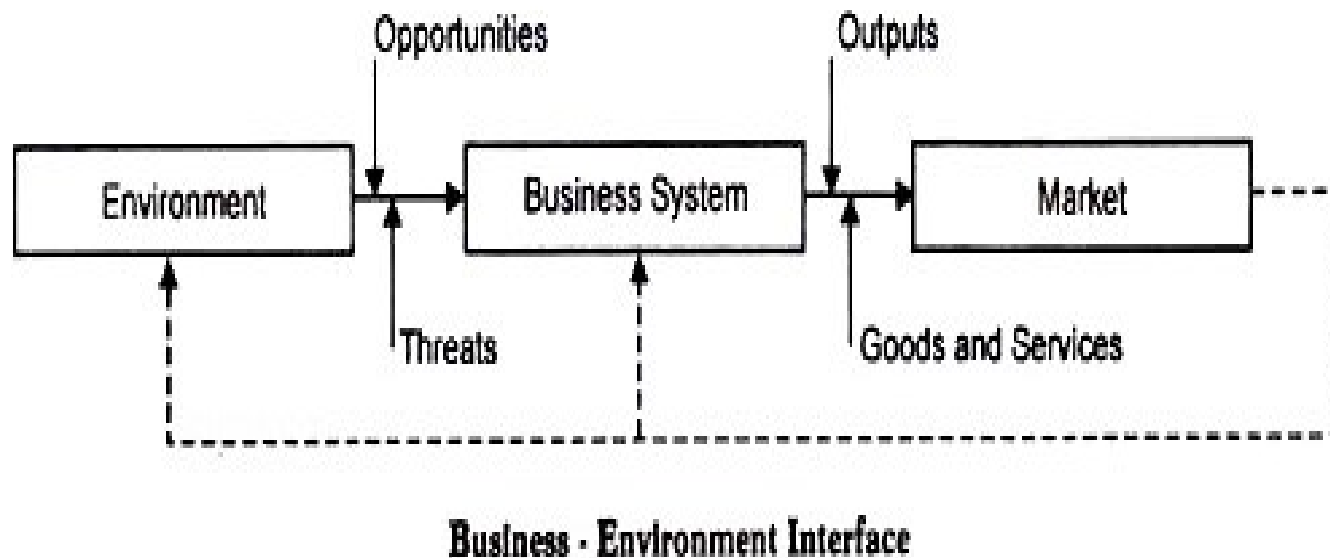
- Different people have different occupations. Colleagues and peers influence buying behaviour. Differences in occupation lead to significant difference in tastes and preferences and also in buying habits. Densely populated locations offer more marketing opportunities. Different geographical locations can mean different climatic conditions and diverse linguistic, cultural and social groups with diverse needs and wants. Different generations of the population have different tastes and preferences requiring different products and services. Increasing numbers of working women present different opportunities to marketers. Increasing numbers of dual income families present opportunities to marketers. Increasing numbers of educated people have important implications for marketers.

Business Environment and its interaction with Management

- The continuous interaction of environment with business leads to new expectations of environment from business (in terms of social responsibilities & business ethics) and business from environment (in terms of regular supply of inputs at reasonable prices).
- This involves changes in business & environmental policies leading to new levels of business-environment interface or business-environment equilibrium.

Business Environment and its interaction with Management

- Interaction of business with environment can be shown as follows:



- The business and environment have much to give and take from each other. The economy is structured by effective interaction of the business and its environment.
- The business-environment interaction is a continuous process.

Business Environment and its interaction with Management

- Environment is closely related with business. There is a constant 'give and take' relationship between environment and business. The business receives inputs, information and technology from the environment and gives it back in the form of outputs (goods and services).
- If these outputs are accepted by the environment, the environment-business interaction continues but if they are unacceptable to the environment, firms adapt to the environmental requirements and change their operations.
- The organisation has to look after the interest of stakeholders like shareholders, consumers, workers, suppliers etc. The environment also offers threats and opportunities to which organisations have to respond positively.

Business Environment and its interaction with Management

- Business and environment interaction takes place in the following ways:
 1. Business is affected by **economic conditions of the environment**. During recessionary conditions, for example, firms reduce the production or pile their inventories to sell during normal or boom conditions. Business, on the other hand, can create artificial scarcity of goods by piling inventories and force the economic conditions to show signs of adversity while it is not actually so. **Both business and environment, thus, affect and are affected by each other.**
 2. When financial institutions increase the **lending rates**, firms may resort to other sources of funds, like bank loans or internal savings (reserves). This may force the financial institutions to lower the interest rates. **The financial environment and the business system, thus, act and interact with each other.**

Business Environment and its interaction with Management

- Business and environment interaction takes place in the following ways:

3. The **firm's micro environment** consisting of workers, suppliers, shareholders etc. affects the business activities and is, affected by them. Workers demand high wages, suppliers demand high prices and shareholders demand high dividends.

Firms reconcile the interests of diverse groups and satisfy their demands. If management resolves these demands, it will be positively affected by the environmental forces but if it fails to satisfy these demands, it becomes a victim of the environment.

4. Business receives useful **information from the environment** regarding consumers' tastes and preferences, technological developments, Government policies, competitors' policies etc. and provides useful information to the environment regarding its goals, policies and financial returns.

Business Environment and its interaction with Management

- Business and environment interaction takes place in the following ways:
5. The basic function of a business enterprise, **input-output conversion**, is carried through active interaction with the environment. It receives inputs from the environment, converts them into outputs through productive facilities which are also received from the environment and sends them back to the environment. A constant feedback is received from the environment to improve its performance.
 6. The environment offers **threats and opportunities** to business systems which they overcome and exploit through their strengths and weaknesses. SWOT analysis helps in integrating external environment with the internal environment.

Modern Challenges for Managers

To ensure survival, organizations must respond to environmental developments with speed and effectiveness. Some key challenges are information technology, globalization and intellectual capital which have an impact on the job of managing.

Information Technology (IT):

There is a revolution in information technology. There are computers, internet, intranets, telecommunications, and infinite range of software applications available to get the things done in a better way. A manager has to make a choice for using the best technology available.

Managers must use technology to perform their work and achieve desired results. The selection of IT must be made by keeping in view the end user and work to be completed. Managers must learn how to work with IT specialists to determine the most effective technologies for the work to be achieved and then consider the best way to implement those technologies. Managers have to determine the best way to network an organization's system, also deciding about what network information will be available to whom and what types of security are necessary to protect the network.

IT adept managers will have a bright future. Some may start working for more than one organization without leaving their home office. Managers must remain aware of the opportunities and threats posed to the organizations by the unabated technology revolution.

Modern Challenges for Managers

To ensure survival, organizations must respond to environmental developments with speed and effectiveness. Some key challenges are information technology, globalization and intellectual capital which have an impact on the job of managing.

Globalization:

The communication revolution has brought the whole world closer. The use of satellites for information communication has improved the things fast. The major component of globalization of business, culture and economics is the ability and freedom to connect to almost anyone, anytime, anywhere. The communication revolution has helped the development of global trading blocks and world trade agreements.

The trading blocks such as North American Free Trade Agreement (NAFTA), Latin America's MERCOSUR, Asia's ASEAN and European Union (EU) have originated in the past twenty years. European countries have joined hands for economic interests. The creation of World Trade Organization (WTO) has facilitated the opening of markets for world trade.

The multinational companies have started shifting their manufacturing activities to those countries where cheap and trained labour is available. This has helped these companies in reducing the costs of the products. The opening up of Indian markets to multinational companies has changed the complexion of markets. The Indian producers are now trying to improve the quality of products and supplying goods at competitive rates. The consumers are the happiest lot in globalized marketing.

A manager has to plan his business strategies by keeping in view the world economy. Modern managers should be mentally prepared to face the global competition in the future.

Modern Challenges for Managers

To ensure survival, organizations must respond to environmental developments with speed and effectiveness. Some key challenges are information technology, globalization and intellectual capital which have an impact on the job of managing.

Intellectual capital is relatively recent term that has been coined to reflect that principal assets of modern organizations lie in the minds of their workers rather than in machinery, bricks and mortar. Thomas Stewart has defined intellectual capital as the “intellectual material-knowledge information, intellectual property, experience-that can be put to use to create wealth. It is the sum of everything everybody in a company knows that gives it a competitive edge.”

The Knowledge Worker is quite different from the worker of F.W. Taylor. The knowledge worker is expected to think of new and better things for improving his work and performing the job in a best possible way. In Taylor's system, 'one best way of doing the things' was suggested by the supervisor but the knowledge worker is supposed to determine his own best way of doing the things. Today's workers are also supposed to keep abreast with the new changes in the technology and make use of it. They are expected help in improving the overall productivity of the organization. Such workers are the intellectual capital that is the most important asset of the modern organization.

Modern managers have to use techniques for capturing and using the knowledge generated in the organization. In order to stay competition managers have to use the knowledge of workers which has been stored in their minds. They have to use techniques which can help the best possible use of knowledge of workers for the betterment of the organization.