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# Nature and Significance of Management

## Definition of Management

“Management is defined as the process of planning, organizing, actuating and controlling an organization’s operations in order to achieve coordination of the human and material resources essential in the effective and efficient attainment of objectives.”

**Robert L. Trewelly and M. Gene Newport**

## Concept of Management

Management is a process that aims to bring the efforts of the people working in the organization to achieve a common objective effectively and efficiently.

- **Process:** The term process refers to the primary activities performed in an organization by the management to achieve the objective. It includes planning, organizing, staffing, directing and controlling.
- **Effectively:** The term effectively refers to completion of the given task in the allotted time frame.
- **Efficient :** The term efficient means completing the task within minimum cost as well as optimum utilization of resources.

## Difference between Effectiveness and Efficiency

Basis	Effectiveness	Efficiency
Meaning	It refers to the process of completing the assigned task within the given time frame.	It refers to completing the assigned task with minimum wastage and at a minimum cost.
Objective	To achieve the targets on time.	Optimum use of resources and at minimum cost.
Main element	Time	Cost

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## **Characteristics of Management**

**1. Goal Oriented Process:** Every organization has its own set of objectives to achieve as an end result. It is through management that the efforts of the people working in the organization are directed towards accomplishment of these objectives. Hence, we can say management is a goal oriented process. It is fruitless to operate if an organization doesn't have a set goal.

**2. All Pervasive:** Management is a universal process. It is necessary in all types of organization whether big or small and is performed at every level of authority; top, middle or lower. The five activities of management are the same for all the organizations irrespective of economic, social or political boundaries. Its just that the methodology differs but the basics and foundation remains the same.

**3. Multidimensional:** Management has three important dimensions. These are as follows:

- **Management of work:** Every enterprise has a purpose behind its existence. The major purpose is performance of certain works for accomplishment of end results. Management converts the work to be performed in terms of goals and helps in achieving them.  
For example: A hospital operates for the treatment of patients. A super market exists for the fulfillment of day to day demands of people.
- **Management of people:** Management unites the efforts of the group of individuals working in the enterprise so that they can work together as a team. Human resource or manpower is said to be the biggest asset of an organization. The task of a management is to get things done by individuals as well as groups of people.
- **Management of operations:** Every enterprise has some basic product or service to deliver which requires a production process, and a set of operations where the inputs are converted to final product, this is management of operations.

**4. Continuous Process:** Management is a continuous process as it consists of a series of interrelated activities. These functions should be performed in a systematic and orderly manner and in a proper sequence. It is a never ending process. The activities include functions like planning, organizing, directing, staffing and controlling.

**5. A Group Activity:** Management is a group activity as it is concerned with the efforts of a group of individuals. It unites the efforts of the members in the group and directs them towards attainment of a common objective.



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**6. A Dynamic Function:** The business policies and practices of the organization needs to be changed according to the business environment which consists of various social, economic and political factors. The world is changing dynamically in all aspects so new practices and conventions must be followed to cater to the ever-changing needs of the environment.

**7. Intangible Force:** Management is an invisible force. It cannot be seen, but it can be felt through the achievement of objectives.

### **Objectives of Management**

Objectives are the desired results that drive the management to work towards it. There are three objectives of management:

**1. Organizational Objectives:** Organizational Objectives are those objectives that are set by the management of an organization within a predetermined time period. An organization has different types of objectives to be achieved, these objectives are determined in consideration to the different interests of the stakeholders. The main objective of an organization is optimum utilisation of resources in the most effective and efficient manner. It is further divided into three parts- survival, profit and growth.

- **Survival:** Ensuring survival in the market in the long run by taking positive decisions in respect of business activities is the primary objective of management. Earning enough revenues to cover the cost of production is of utmost importance to an organization.
- **Profitability:** Any person or individual who runs a business has the ultimate objective of earning profit. Management ensures to earn sufficient profit to meet its various needs. Management makes best use of men, money, material, machinery and other resources in order to earn profit. Good amount of profit provides better return to investors in terms of dividend, interest etc.
- **Growth :** Management should aim towards continuously improving the performance of the organization. It is the general objective of management to secure maximum results through minimum resources to increase prosperity and growth. Growth of an organization can be measured in various ways and depending upon various parameters. The growth indicators can vary from organization to organization. Some may consider an increase in sales volume, some may look for an increasing number of products, etc.

**2. Social Objectives:** Any organization that operates, doesn't solely have an objective of profit making. It also has some social obligations or social objectives



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to fulfill towards the society. This may differ from organization to organization. For example: Some aim at providing basic infrastructure to the people living around, some aim at providing maximum employment, some aim at producing products that are environment friendly.

**3. Personal Objectives:** Each and every individual joins an organization for pursuing their personal objectives. Some join for a good package of salary, some join for greater recognition, some just for survival. So, this depends upon individual to individual. It is important for an organization to identify the personal objectives to integrate it with the organizational objectives to bring harmony in the organization.

### **Importance of Management**

**1. Achievement of group objectives:** Management creates coordination and team spirit in the group of individuals. Management also inspires the members of the groups to make their best contribution towards the achievement of the common objective. This common objective is set by the management itself.

**2. Optimum utilization of resources:** Management brings together men, money, material, machine in the right proportion to reduce cost and maximize production.

**3. Minimization of Cost:** Management improves efficiency and reduces cost through better planning, sound organization and effective control. By eliminating wastage and minimum cost, management helps an organization to face cut throat competition.

**4. Social development:** Management increases the standard of living of the people by providing good quality products and services at minimum cost. It also helps in generating employment opportunities and adopting new technologies.

**5. Achievement of personal objectives:** Each and every individual joins an organization for pursuing their personal objectives. Some join for a good package of salary, some join for greater recognition, some just for survival. So, this depends upon individual to individual. Management plays an important role in identifying the personal objectives so as to integrate it with the organizational objectives to bring harmony in the organization, as well as successful fulfilment of the personal objectives of the individuals..

### **Nature of Management**

Management has evolved over time, it has become very dynamic in modern times. Earlier it was based on a set of rules and regulations or we may state them



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as conventions that evolve slowly and gradually as per the ever changing needs. Management can be an art, science or a profession.

### **Management as an Art**

Art refers to putting the knowledge and capabilities into practise so as to achieve the desired results. It can be acquired through various methods like observation, study and experience.

The basic features are as follows :

**1. Existence of theoretical Knowledge:** Art involves the application of theoretical knowledge. Management is an art of getting things done through individuals for accomplishment of desired results by putting the available knowledge into practice.

**2. Personalized application:** The use of knowledge varies from person to person and hence management is basically an individual skill. Two different people can perform the same type of work but will always differ in the way they perform. For example: two singers will always perform differently.

**3. Based on practice and creativity:** Management is goal-oriented and result-oriented. As for art, management also requires practice, continuous practice hones the skills and creativity of an individual.

Hence, management can be considered as an art, as both requires skills, practice and creativity.

### **Management as a Science :**

A systematized body of information that can be learned by observation and experimentation is referred to as science. It is made of universally acknowledged concepts that define the relationships between causes and effects.

The following are the essential characteristics of science:

**1. A well-organized body of knowledge:** Management is a systematised body of knowledge with its own set of ideas and concepts based on cause-and-effect relationships.

**2. Principle based on experiments and observation:** Fundamental principles of management are developed through experiments and observations. Their results can be tested and verified.

**3. Universal Validity:** The principles of management have no universal validity and application like that of science. The basics of management is imparted to the managers, rest has to be tailored as per the requirement of the organization and environment.

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Thus, management is definitely a science, but a social science as it is based on human behaviour. Human behaviour cannot be subjected to experiments and therefore management can be called soft science.

### **Management as a Profession.**

A vocation that requires specific knowledge, practical training, a service motivation, and a code of conduct is referred to as a profession.

The following are the essential characteristics of a profession:

**1. Specialized Knowledge:** Management has its own set of principles, concepts and is a well defined body of knowledge.

**2. Restricted Entry:** Every profession has restricted entry through examination or through educational degree. Though, to build a career in management, it is not necessary to have an educational degree etc.

**3. Statutory Body:** Every profession is regulated by a legally recognized body like ICAI for a chartered accountant. Management also have their association like All India Management Association but management associations are not statutory bodies.

**4. Code of Conduct:** Like every profession, managers also have a code of conduct, but it does not legally bind a manager as compared to the professional code of conduct.

**5. Service Motive:** Managers aim to serve the society similarly like other professions.

Hence we can say management does not possess all the characteristics of a profession.

### **Levels of Management**

There are three levels in management – top level, middle level, lower level.

- **Top Level Management:** Top level management comprises chief executing officer, board of directors, managing directors, president, vice presidents etc. Their responsibility is to decide organizational goals, frame policies, formulate strategies and approve budgets. They are responsible for all the major policy making in the organization.
- **Middle Level Management:** Middle level management comprises departmental heads, branch managers, divisional heads. Their responsibility is to execute the plans and policies framed by the top level management. They are the ones who connect with the lower level management and instructs, guides and motivates them to reach the goal.



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- **Lower Level Management:** Lower or operational level management comprises foremen, supervisors, office manager etc. Their responsibility is implementation of the work and policies under the guidance of middle level management. They also bring employees or workers' grievances in knowledge of middle level management and maintain discipline among the workers.

### **The Functions of Management**

- **Planning:** Planning is a process of setting goals and objectives and formulating a strategy and an action plan to achieve it. It bridges the gap between our current position and desired position. This is the basic function of an organization and is the first step of management.
- **Organizing:** Organizing is the process of establishing authority and responsibility relationships. It involves assigning tasks to individuals and allocating resources for the same.
- **Staffing:** Staffing is a process of placing the right person on the right job at the right time. It includes recruitment, selection, placement, induction and training of employees. It can be called as the Human Resource function of the organization.
- **Directing:** Directing refers to the process of leading, influencing and motivating the individuals working in the organization to complete the assigned task effectively and efficiently. The employees need to be constantly motivated to perform better. Leadership and motivation are the key components of directing as a function. It tends to bring out the best in an employee.
- **Controlling:** Controlling is the process of keeping a check on the performance of the organization and comparing it with the standards set. Also, corrective actions are taken, in case any deviation is found between the actual and desired results.

### **Coordination - The Essence of Management**

Coordination is a force which synchronizes all the five functions and levels of management in order to achieve the goal of the organization. Coordination is implicit and inherent in all the functions of an organization. Without coordination there are chances of overlapping, duplication, delays and chaos in the work. The function of coordination starts from the planning function itself. Coordination thus synchronises the different efforts and actions of various units of the organization.

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### Characteristics of Coordination

- **Coordination integrates group efforts:** Coordination integrates group efforts and ensures that the performance of the organization is as per the standards set.
- **Coordination ensures unity of action:** Coordination is a force which binds the various departments and ensures that all efforts are directed towards achieving the organizational goals.
- **Coordination is a never-ending process:** Coordination is a continuous and a never-ending process. It is required from beginning to end, at all the levels of management as well as in all the functions of the organization
- **Coordination is the responsibility of all managers:** It is the duty of all the people working in the organization to work in a responsible manner and coordinate with each other to achieve the objectives or the goals of the organization.
- **Coordination is a deliberate function:** Management deliberately needs to coordinate the efforts of different people working in the organization. Coordination cannot be established with itself rather it is a deliberate and conscious effort on part of every manager.
- **Coordination is an all pervasive function:** Coordination is something which is required everywhere and in every organization be it big or small. It is needed at all levels and at every function of the management.

### Importance of Coordination

- **Growth in Size:** Coordination harmonizes individual goals with the organizational goals. This results in the growth of the organization which results in an increase in the number of people employed with it.
- **Functional Differentiation:** The various departments of the organization have their own objectives, policies and their own style of working. But to achieve organizational objective coordination is important so as to link the activities of all departments.
- **Specialization:** Coordination integrates all the specialists activities into a collective effort.