

Nature and Significance of Management

Management

According to modern concept "Management is a process of getting things done with the aim of achieving goals effectively and efficiently."

"Getting things done by the people and through the people." — Koontz and O'Donnel

The concept of Management focus on:

- 1. Process:** Process refers to series or sequence of steps to be followed, management is a process because it performs series of functions to get the things done. These functions are planning, organising, staffing, directing and controlling.
- 2. Effectiveness:** Effectiveness is concerned with doing the right task, completing activities and achieving goal on time. In other words, it is concerned with end result. Being effective or doing work effectively means finishing the given task or achieving the goal on time.
- 3. Efficiency:** Efficiency refers to do the task in the right way, i.e., with minimum cost and optimum utilisation of resources. Efficiency involves cost benefit analysis. Management is concerned with efficient use of resources because reduction in cost leads to higher profit.

Effectiveness VS Efficiency

Basis	Effectiveness	Efficiency
Meaning	Completing the task on time, No matter whatever the cost.	Completing the task with minimum cost, optimum utilisation of resources and in cost effective manner.
Objective	To achieve end result	To conduct cost benefit analysis
Main Consideration	Doing the right task	Doing the task in right way

- Effectiveness and efficiency are equally important as being effective means completing the task but it is not enough to just complete the task, it must be done correctly without any wastage of resources.
- It is important that effectiveness and efficiency exist together.

- Effectiveness and efficiency together lead to higher profit and prosperity of an organisation. And failure of an organisation is due to inefficiency or ineffectiveness.

Characteristics and Significance of Management

1. Management is a Goal-oriented Process: Each organisation has a set of goals which it aims to achieve. Management always aims at achieving the organisational objectives. The functions and activities of manager lead to the achievement of organisational objectives.

2. Management is Pervasive: Managerial activities are performed in all types of organisations, in all departments and at all levels. Management is required in all organisations whether big or small, manufacturing or service organisation, profit or non-profit making organisation.

3. Management is Multidimensional: Management focus on three main areas:

(a) Management of work: Work means the main task or purpose for which organisation is set up.

(b) Management of people: Despite the developments in technology, getting work done from people is still a very important job of each manager. So management must make sure that they are happily working towards the achievement of organisational goal by making their strength effective and weaknesses irrelevant. Management make sure employees are satisfied in the organisation and they contribute their best.

(c) Management of operations: Operations refer to activities of production cycle such as buying inputs, converting them into semi-finished goods and finished goods. Management of operations concentrates on mixing management of work with management of people, i.e., deciding what work has to be done, how it has to be done and who will do it. Operation refers to day to day activities which are carried by people to get the work done effectively and efficiently.

4. Management is a Continuous Process: Management is a continuous and never ending function. All the functions of management are performed continuously, for example, planning, organising, staffing, directing and controlling are performed by all the managers all the time

5. Management is a Group Activity: Management requires teamwork and coordination of individual efforts in common direction. Management always refers to a group of people involved in managerial activities.

6. Management is a Dynamic Function: An organisation has to interact with External environment, which consist of various social, Economic and Political factors. In order to be successful an organisation must change itself and its goals according to the need of environment, for example Domino's keep introducing new varieties of Pizza in its menu as per the changes in the taste of people.

7. Management is an Intangible Force: Management function cannot be physically seen but its presence can be felt. The presence of management can be felt by seeing the orderliness and coordination in the working environment, when targets are met and employees are happy.

Objectives of Management

Objectives are the ends towards which the activities of an organisation are directed.

The managerial objectives of an organisation can be classified into three major categories:

1. Organisational objectives
2. Social objectives
3. Personal objectives

Organisational Objectives

These objectives aim at **prosperity and growth** of the organisation.

The three important organisational objectives of a management are:

- 1. Survival:** The basic purpose of every organisation is to **survive and exist** in the competitive market for a **long period of time** and it is possible only when it is **able to cover its cost**.
- 2. Profit:** The most important objective of every organisation is earning adequate amount of profit. **Profit is essential for survival, growth and expansion of business.**
- 3. Growth:** Business organisation must **grow and expand their activities**. Growth is measured in terms of sales, number of branches, number of products, number of employees, number of units produced etc.

Social Objectives

Business is a part of society, it **uses resources of society**, it earns from members of society so it must do something for society.

The major social objectives of organisations are:

- (a) Using **environmental friendly methods of productions**.
- (b) **Providing employment opportunities** specially to weaker section of society.
- (c) **Contribution** towards **desirable civic activities**.
- (d) **Generation of economic wealth**.
- (e) **Participating actively in social service projects** of Government and NGOs.
- (f) **Supply of quality products at reasonable prices**.

Personal Objectives/Human Objectives/Individual Objectives

Organisation is made up of **people**, who have different **personality background and experiences**, they all become part of organisation to satisfy their diverse need.

Personal objectives focus on **satisfying the needs of employees**.

The main individual objectives of management are:

- (a) **Competitive salary** to fulfill financial needs of employees.

- (b) **Promotion, training, personal growth and development** of employees to fulfill esteem and other higher level needs of employees.
- (c) **Peer recognition, self respect**, respect for colleague to fulfill social needs.
- (d) **Good and healthy working conditions** for safety of employees.

Importance of Management

1. Management helps in achieving group goal: Management is required **not for itself but for achieving the goals of the organisation**. Management tries to **integrate the objectives of individuals along with organisational goal**. Management directs the efforts of all the individuals in the common direction of achieving organisational goal.

2. Management increases efficiency: Managers try to **reduce the cost and improve productivity with minimum wastage of resources** through better Planning, Organising, Staffing, Directing and Controlling.

3. Management creates a dynamic organisation: Organisations have to survive in dynamic environment so managers **keep making changes in the organisation to match the environmental changes**. Employees in the organisation are generally resistant to change. Efficient management motivates employees to adopt changes willingly.

4. Management helps in achieving personal objectives: An efficient manager is the one who brings maximum prosperity for employer as well as employees. Managers lead the people in such a manner that **along with organisational goal, individual goal of employees is also achieved**. Management motivates the employees to develop team spirit, cooperation and commitments to group success.

5. Management helps in development of society: An organisation has **multiple objectives** to serve the purpose of different groups of society such as employees, customers, community, etc. To achieve these multiple objectives management provides

- (i) **Good quality** products and services
- (ii) **Creates employment opportunities**
- (iii) Adapting **new technology**
- (iv) Leading the organisational activities towards **growth and development of society**.

Nature of Management

Management as a Science

Science can be defined as a **systematic and organised body of knowledge** based on **logically observed findings, facts and events**. Science comprises exact principles which can be verified and it can establish cause and effect relations.

Main characteristics/features of science are:

1. Systematic body of knowledge: In science organised and systematic study material is available which is used to acquire the knowledge of science. Like science, in management also there is availability of systematic and organised study material. So first feature of science is present in management.

2. Principles are based on observation and experimentation: Scientific principles are developed through scientific observations and then tested through repeated experiments. The management principles are also developed through observation and experiments but since management deal with human being and human behaviour cannot be observed with full objectivity some kind of subjectivity may enter. This feature of science is partially present. So, management can be called as inexact science.

3. Universal validity: Scientific principles have universal application and validity that means they give same result in all situations. Management principles are not exact 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 as an Art

Art can be defined as skillful and personal application of knowledge in a creative way to achieve the desired results. The main features of art are:

1. Existence of theoretical knowledge: In every art there is systematic and organised study material available to acquire theoretical knowledge of the art. In management also there is organised literature available, in various areas of management, like marketing, finance, Human Resource, etc. which manager uses in his day to day job while performing managerial activities. So, this feature of art is present in management.

2. Personalised application: In the field of art only theoretical knowledge is not enough. Every artist must have personal skill 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. So, this feature of art is also present in management.

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 improve their managerial skills and efficiency. A good manager works through a combination of practice, creativity, imagination, initiative and innovation. So, this feature of art is also present in management.

Management: Both Science and Art

Management is both science as well as art. Like science it has systematic and well-organised body of knowledge and like art it requires personal skill, creativity and practice to apply such knowledge in the best possible way. Science and art are not in contrast to each other; both exist together in every function of management.

Management as a Profession

Profession can be defined as an occupation backed by specialised knowledge and training, in which entry is restricted.

The main features of profession are:

1. Well-defined body of knowledge: In every profession there is practice of systematic body of knowledge which helps the professionals to gain specialised knowledge of that profession. In case of management also there is availability of systematic body of knowledge. There are large number of books available on management studies.

So, presently this feature of profession is present in management also.

2. Restricted entry: The entry to a profession is restricted through an examination or degree. For example, a person can practise as a doctor only when he is having MBBS degree.

Whereas there is no legal restriction on appointment of a manager, anyone can become a manager irrespective of the educational qualification. But now many companies prefer to appoint managers only with MBA degree.

So, presently this feature of profession is not present in management but very soon it will be included with statutory backing.

3. Presence of professional associations: For all the professions, special associations are established and every professional has to get himself registered with his association before practising that profession.

In case of management various management associations are set up at national and international levels which have some membership rules and set of ethical codes, for example, AIMA in New Delhi, National Institute of Personal Management at Kolkata, etc., but legally it is not compulsory for managers to become a part of these organisations by registration.

So presently this feature of profession is not present in management but very soon it will be included and get statutory backing also.

4. Existence of ethical codes: For every profession there are sets of ethical codes fixed by professional organisations and are binding on all the professionals of that profession. In case of management there is growing emphasis on ethical behaviour of managers. All India Management Association (AIMA) has devised a code of conduct for Indian managers. But legally it is not compulsory to abide by the ethical codes.

So presently **this feature of profession is not present in management** but very soon it will be included with statutory backing.

5. Service motive: The basic motive of every profession is to **serve the clients with dedication**.

Whereas basic purpose of management is achievement of management goal, for example, for a business organisation the goal can be profit maximisation. But nowadays only profit maximisation 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.

So presently this **feature of profession is not present** but very soon it will be included.

Levels of Management

The main levels of management are:

1. Top level management.
2. Middle level management.
3. Supervisory level, operational or lower level management.



Top Level Management

They consist of the senior most executive of the organisation. Top level management consists of Chairman, Managing Director, President, Vice President, Chief Executive Officer (C.E.O.), Chief Financial Officer (C.F.O.) and Chief Operating Officer, etc. The managers working at this level have maximum authority. The job of top level managers is complex and stressful.

Main functions of top level management are:

- (a) To **integrate diverse elements and coordinate the activities** of different departments according to overall objectives.
- (b) Responsible for **welfare and survival** of the organisation.
- (c) **Analyse business environment** and its implications for survival of the firm.

- (d) Responsible for all the activities of the business and for its impact on society.
- (e) Liaison with outside world, for example, meeting Government officials, etc
- (f) Determining the objectives of the enterprise.

Middle Level Management

This level act as link between top-level and supervisory level. This level of management consists of departmental heads such as purchase department head, sales department head, finance manager, marketing manager, plant superintendent, etc. People of this group are responsible for executing the plans and policies made by top level. They are subordinates to top level managers and superior of first line managers.

Main functions of middle level management are:

- (a) Carry out plans formed by Top level management.
- (b) Interpret the policies framed by top management.
- (c) Ensure that their department has necessary personnels.
- (d) Assign necessary duties and responsibilities to employees.
- (e) Motivate employees to achieve desired objectives.
- (f) Cooperate with other departments for smooth functioning of the organisation.
- (g) Responsible for all the activities of first line managers.

Lower Level Management

This level consists of supervisors, superintendent, foreman, sub-department executives, 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.

Functions of lower level management are:

- (a) Maintaining good working conditions and developing healthy relations between superior and subordinate.
- (b) Looking to safety of workers.
- (c) They try to maintain precise standard of quality and ensure steady flow of output.
- (d) Minimising the wastage of materials and maintaining safety standards.
- (e) Responsible for quality, quantity of output and loyalty of workers.

Functions of Management

1. Planning: Planning function determines in advance what is to be done, when it is to be done and who is to do it. This function set up goals in advance and develop way of achieving them efficiently and effectively.

Planning prepares organisation to face future contingencies however it must be noted that planning can not prevent problems, but it can predict them and prepare contingency plans to deal with them if and when they occur.

2. Organising: Organising is a function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.

Once a specific plan has been established for accomplishment of an organisational goal the organising function.

(a) Examines the activities and resources required to implement the plan. It determines what activities and resources are required. It decides who will do a particular task, where it will be done and when it will be done by assigning duties.

(b) Involves the grouping of required tasks into manageable departments or work units and establishment of authority and reporting relationships within the organisational hierarchy.

3. Staffing: Staffing simply means: "Finding the right people for the right job". This function make sure:

Right person with right qualification at right place for accomplishment of goal. It is also called Human resource function involving Recruitment, Selection, Placement and training of personnels.

4. Directing: Once the employees are appointed there is need to instruct them and get the work done. Directing refers to giving directions or instructions to employees by motivating them, supervising the activities of employees, communicating with them. Managers act as leaders and guide them to right direction, so directing function includes, supervising, motivating, communicating and leadership. Directing initiate action.

5. Controlling: In this function, managers try to match the actual performance with the planned performance and if there is no match between both then managers try to find out the reasons of deviation and suggest corrective measures to come on the path of plan. Controlling functions refer to all the performance measurements and follow up actions that keep the actual performance on the path of plan.

Coordination

The process of synchronising the activities of different department is known as coordination. Every manager has to perform five basic functions. These functions are linked and synchronised by a concept called coordination.

It is sometimes considered as function of management, but it is not mere function rather it is the essence of management.

Coordination: The Essence of Management

Coordination is considered as the essence of management because of following reasons:

1. Coordination is needed to perform all the functions of management:

- (i) The process of coordination begins at planning stage when top management plans for whole organisation.
- (ii) Based on plans the organisational structure is developed.
- (iii) Staff is recruited, selected and trained as per organisation structure and plan.
- (iv) To ensure right execution of plan, directions are given.
- (v) Controlling ensures no discrepancy between plan and actual performance.

2. Coordination is required at all the levels:

- (i) Top level requires coordination to integrate all the activities of organisation.
- (ii) Coordination is required at middle level to balance the activities of different departments.
- (iii) Lower level requires coordination to integrate the activities of workers.

3. Coordination must for survival and success of an organisation: Any company which fails to coordinate its activities cannot survive and run successfully for a long period of time.

Nature/Features of Coordination

1. Coordination integrates group efforts: The concept of coordination always applies to group efforts. As different individuals come from different backgrounds, have different styles of working, so there is need to unify their efforts in common direction.

2. Ensure unity of efforts: Coordination always emphasises on unifying the efforts of different departments because conflicting efforts may cause damage to organisation. Coordination ensures all departments work hand in hand and creates balance in all the departments. It acts as binding force in all departments.

3. Continuous process: Coordination is a never ending function. It is a continuous function although its degree may vary. It begins at planning stage and goes on till controlling stage.

4. Coordination is a pervasive function: Coordination is a universal function, it is required at all the levels, in all the departments. Business as well as non-business organisation requires coordination.

5. Coordination is the responsibility of all managers: Coordination is not the task of only top level managers but managers working at different levels try to coordinate the activities of organisation.

(i) Top level requires coordination to integrate all the activities of organisation.

(ii) Coordination is required at middle level to balance the activities of different departments.

(iii) Lower level requires coordination to integrate the activities of workers.

6. Coordination is a deliberate function: Every manager tries to coordinate the activities of organisation to avoid confusion and chaos. While performing various activities in the organisation managers deliberately perform coordination function.

Importance of Coordination/Need of Coordination

1. Growth in size: The need of coordination increases with the increase in size of organisation because in large organisation there are more number of persons working each individual has his own needs and objectives, so there is more need to bring together or synchronise the efforts of these employees towards common goal.

2. Functional differentiation: Functions of an organisation are divided into departments, divisions and sections. In an organisation there may be separate departments of finance, production, marketing etc. All these departments may have their own objectives, policies and their own stages of working. For example, the objective of marketing department may be increase sale by 10% by offering discount, but finance may not approve of such discount as it means loss of revenue. Coordination removes such barriers as all departments by focusing on attainment of common organisational goal.

3. Specialisation: Modern organisations are characterised by high degree of specialisation, Therefore, organisation need to employ specialists or experts feel that they are the only qualified people and they always take right decision in right direction. There are number of specialists working in the organisation. If all of them work in their own way, it will result in chaos and confusion. So, there is need to coordinate the activities of all the specialists in a common direction and get maximum benefit of these specialists.