

CHAPTER -1

NATURE AND SIGNIFICANCE OF MANAGEMENT

Management is an activity which is necessary whenever there is group of people working in an organization. Management assembles and coordinates various resources such as men, materials, money, methods and machines in the best manner for the achievement of organizational objectives. Management is essential for all types of organizations irrespective of their size, form and nature of activity. Management is necessary so that individuals make their best contribution towards group objectives.



Definitions

“To Manage is to forecast and plan, to organize, to command to coordinate and to control”
- **Hendry Fayol**

“Management is getting things done through the effort of other people”
- **Lawrance .A. Appley**

“Management is the art of getting the work done through and with the people in formally organized groups”
- **Koontz and O’ Donnell**

Management is the process of getting things done with the aim of achieving goal effectively and efficiently. Management has to see that tasks are completed and goals are achieved (effectiveness) with the least amount of resources at a minimum cost(efficiency).

Effectiveness Verses Efficiency

The two terms effectiveness and efficiency are different but they are interrelated. Effectiveness and efficiency are two sides of the same coin. Effectiveness means doing the right task, completing activities and achieving goals. ie. End results. Whereas efficiency means doing the task correctly and minimum cost. It involved cost benefit analysis.

Example(1): If we take two workers, the first worker produces 100 item in a day without waste and the second worker produces 120 items in a day with high level of wastage and defective quality. In this case second worker is more effective but the first worker is more efficient.

Example (2): the Tata motors targeted a production of 1000 nano cars in a month. The management achieved this target by using more resources than actually needed, In this case, it is clear that the management is effective but not efficient.

Effectiveness	Efficiency
It refers to the completion of the work	It refers to the completion of task correctly with minimum cost and wastage
It relate with the achievement of the end results	It relate with the utilizing minimum resources and getting the maximum results
Producing targeted production on time is the sign of effectiveness	Producing targeted production at its minimum cost is the sign of efficiency

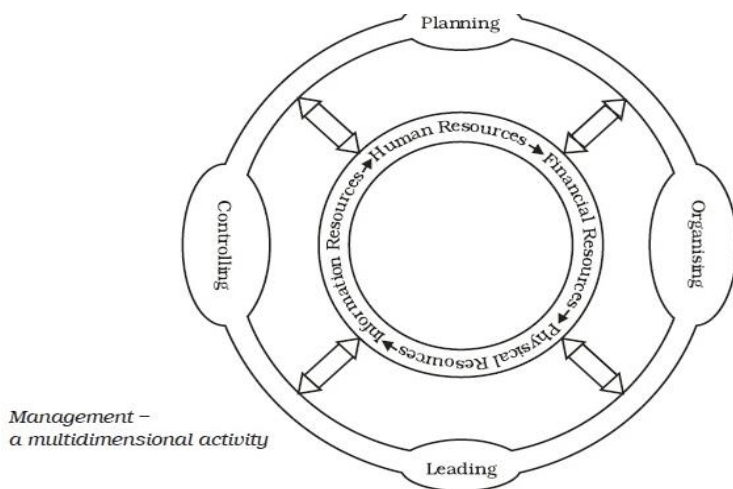
Usually high efficiency means high effectiveness. High efficiency without effectiveness is not desirable. Poor management is due to both inefficiency and ineffectiveness.

Characteristics / Features of Management



HSSLIVE.IN

1. **Management is a goal oriented process:-** Management always tries to attain the goals and objectives of the organization. It is the duty of management to make maximum results with minimum efforts. Management unites the efforts of different individuals in the organization towards attainment of goal.
2. **Management is all pervasive (Management is universal):** Management is an essential element of every organized activity irrespective of the size or type of activity. The basic function of management is same in every group activity. Thus management is a pervasive activity
3. **Management is multidimensional:-**



Management is a complex activity which has three dimensions

- (a) **Management of work:-** All organizations exist for the performance of some work.
Eg: In a factory a product is manufactured, in a hospital, a patient is treated.

Management translate this work in terms of goals to be achieved and assigns to achieve it.

- (b) **Management of people:-** Human resources are the most valuable assets to any organization. Despite all improvements in technology 'getting work done through people' is still major task for manager. The task of manager is to make people work towards the achievement of organizational goal.



HSSLIVE.IN

- (c) **Management of operations:-** Every organization provides some basic product or service in order to survive. This requires a a production process of transforming input material and the technology into the desired output for consumption.

4. **Management is a continuous / ongoing process:-** Management is a process because it comprises a series of interrelated functions such as planning, organizing, staffing, directing and controlling that leads to the achievement of desired objectives.it is a continuous process and it does not stop anywhere. These functions are performed again and again so long as the business continuous.
5. **Management is a group activity:-** All enterprises consists of a group of people with different needs. Management is a group activity. It reconciles personal interest with organizational objectives. This leads to better coordination among the human resources , which in turn improve the productivity of the organization.
6. **Management is a dynamic function:-**Principles of management are dynamic and not static. This is because management adapts itself to the environmental changes and introduces innovations.
7. **Management is an intangible force:-** Management is invisible and intangible. Its presence is visualized by the result of its efforts like high productivity, orderliness, achieved target etc. however one can see only the mangers and not the management because management is what manger does.

OBJECTIVES OF MANAGEMENT

In all organizations , there are different objectives. Objectives can be classified into (a) Organizational objectives (b) Social Objectives (c) personal objectives

1. Organisational objectives

Management is responsible for setting and achieving objectives for the organization. The main objectives of any organization should be utilize human and material resources to the maximum possible advantages. ie. Fulfill the economic objectives of the business. These are **survival, profit and growth**. Organizational objectives, include

- Reasonable profit so as to give a fair rate of return on the capital invested in the business
- Survival and solvency of the business, ie. Its continuity
- Growth and expansion of the enterprise
- Improving goodwill or reputation of the enterprise

2. **Social Objectives:**

The management is not only a representative of the owners and workers but is also responsible to the various groups outside the organization. It is expected to fulfill the objective of the society are

- Quality goods and services at fair prices to consumers
- Honest and prompt payment of taxes to the government
- Conservation of environment and natural resources
- Giving employment opportunities to the weaker sections of the society
- Provide basic amenities like schools or hospitals etc. to employees and general public.



3. **Personal Objectives(Individual Objectives)**

An organization consists of several persons who have their own objectives. These objectives are

- Fair remuneration for work performed
- Reasonable working conditions
- Opportunities for training, development and career growth.
- Participation in Management and prosperity of the enterprise
 - Reasonable security of service

Management has to reconcile personal goals with organizational objectives for harmony in the organisation

IMPORTANCE / NEED / SIGNIFICANCE OF MANGEMENT

Management is indispensable for the successful functioning of every organisation. Management is the force that holds everything in an organization together and that sets everything in motion. According to Peter F Drucker“ management is dynamic life giving element in an organisation.” The existence of management ensures proper functioning and running of an organisation.

The need and importance of management can be justified on the following heads:

1. **Achievement of group goals:-** Management is required not for itself but for achieving goals of the organization. Management create teamwork and coordination in the group. The task of the manager is to give a common direction to the individual effort in achieving the overall goal of the organization.
2. **Management increases efficiency:**
Only through right management we can economically and efficiently utilize scarce resources for the benefit of the organization
3. **Management creates a dynamic organization:-**Management enables the

organization to face challenges, by making plans and policy decisions. It analyses the environment properly and takes right decisions at the right time

4. Management helps in achieving personal objectives

A manager motivates and leads his team in such a manner that individual members are able to achieve their personal goals such as team spirit, co-operation, commitment while contributing to overall organizational objectives.

5. Management helps in the development of society

Well managed organisations create quality products and services for the country and create numerous employment opportunities. Such organisations facilitate economic development and industrial growth of the country



NATURE OF MANAGEMENT

The nature of management is studied in terms of its dynamic function. There has been arguments on whether management is a science, art, or both or a profession. A close examination into the features of management clearly establishes the fact that the management has the qualities and characteristics of a science, an art and a profession.

(a) Management as an art

Art is the skillful and personal application of a acquired knowledge for the achievement of desired result. It can be acquired through study observation and experience. The main features of art are the following

- i. Practical knowledge
- ii. Personal skill
- iii. Situational
- iv. Concrete result
- v. Creativity / result oriented approach
- vi. Perfection through practice

Management is an art can be seen from the following facts

1. **Practical Knowledge:-** The manager has to perform many valuable functions Such as planning, organizing, staffing, controlling, coordinating etc., which need practical knowledge and experience. Managers who have practical knowledge can forecast future events and prepare plan accordingly.
2. **Personal skill:-** Management is a personal and individual skill. Every manager has his own style in performing the managerial functions. Since existence of managerial function depends on the personal skill of the manager, one can treat management as an art.
3. **Situational:** Management deals with people who behave differently in different situations. Management has to perform their function on the basis of the particular situation and so managerial functions can be called as an art.

4. **Concrete results:-** Art seeks to achieve concrete result. Management as an art is also directed towards the accomplishment of desired goals.
5. **Creativity:-** Art is basically a creative activity that is an artist produces something which existed never before Likewise management is also creative. a manager efficiently combine the factors of production to create goods and services. i.e. Essence of management is getting things done
6. **Perfection through practice:** Practice makes man perfect. Like other art managerial skill can be improved through constant and dedicated hardworking. A person become an efficient manager after long practice
In short management is the art of getting things done through others because management requires theoretical knowledge and personal skill. Like any other art management is also creative.

(b) Management as a science

Science is the systematized body of knowledge which establishes relationship between causes and their effects. The basic features of science are as follows

- Science is the systematized body of knowledge
- It should establish cause and effect relationship
- This knowledge is obtained through observation and experimentation
- Its principles should have universal application

We can apply these features to management. Management is a body of knowledge. This knowledge is systematic, as it integrates various concepts and principles. The principles of management establish cause and effect relationship between different variables.eg. Lack of balance between authority and responsibility will cause management to become ineffective. Management principles are applicable to all types of organisations irrespective of their nature, size, location etc. Management principles are developed after thorough scientific enquiry. Similarly validity of the management principles can be tested the help of experiments.



Human behavior is depending upon socio economic situations, which go on changing. Absolute measurement is possible in science, but it is impossible in management. Human relations and behavior cannot be predicted. So management is an inexact science (soft science) or social science

Management is both art and science

Management is a combination of an organized body of knowledge and skillful application of this knowledge. Management can be rightly regarded as both science and art. It is a science with a systematized body of knowledge and universal application. But management can never be an exact science .management is an art as it requires specific skill to be applied as a situation demands. Thus management is a mixture of art and science. Science and art in management are not mutually exclusive but complement each other

(c) MANAGEMENT AS A PROFESSION

A profession is an occupation backed by specialized knowledge and training acquired after a formal study. The essential features of a profession are as follows

- a. Specialized body of knowledge or technique
- b. New entry is restricted by prescribing rigid rules and standard of qualification
- c. Establishment of a formal organization to regulate the members
- d. There should be an ethical code or standard of conduct which should be followed by the members
- e. Priority of service to the society over economic condition.

In order to ensure that management is a profession these features need to be matched with those of management.

1. **Specialised body of knowledge or technique:-** Management is a specialized body of knowledge. It has its own theories, principles and techniques. Management is taught in many universities and colleges. Moreover there is a number of books and journals in this subject.



2. **Restricted Entry:-**The entry to a profession is restricted through an examination or through acquiring an educational degree. But there is no restriction on anyone being designated or appointed as manager in any business enterprises. Even though professional knowledge and training considered as a desirable qualification., it has not been strictly met in management.
3. **Professional association:-**In every profession there is a statutory association or institution which regulate entry in the profession and grant certificate of practice. Management also formed associations for the regular exchange of knowledge and experience.
Eg. All India Management Association (AIMA)
4. **Ethical code of conduct:-**Every profession must have a code of conduct which specifies the norms and professional ethics for its members. The AIMA has framed a code of conduct for managers. The code requires the managers to fulfill their social and moral obligations.
5. **Service motive:-** The primary object of a profession is providing services to the society. Managers recognize their social responsibilities towards customers, workers and other groups.

LEVELS OF MANAGEMENT

In every organization there is a chain of supervisors and subordinators from highest to the lowest. This chain is known as chain of command or management hierarchy. The chain consists of managerial post like chief executive, departmental head, and supervisors. This series of management positions from top to bottom is referred to as levels of management as shown in the below figure.



TOP MANAGEMENT

Top management is also known as higher level management or administrative management. Board of directors, managing director, general manager, President, Vice president etc. comes under this category. This level of management establishes policies, plans and objectives



Functions of Top management are

- ✓ Determine the objectives of the organization
- ✓ Frame policies and plans
- ✓ Evaluate and control overall performance
- ✓ Coordinating the activities different departments
- ✓ It builds and maintain relations with the outside public
- ✓ They appoint the executives for the middle level.

MIDDLE LEVEL MANAGEMENT

Middle level management consists of heads of various departments (eg. Production manager, sales manager, personnel manager etc.), , superintendents branch managers etc. They are the link between the top management and lower management .Middle management is also known as executory management as they execute the plans of the top management.

Functions of Middle Management

- Receive order and instructions from the top level and pass on tower level.
- Interpret and implement the policies and plans of top management
- Supervise direct and control the lower level managers
- Planning the activities to be carried out their respective departments
- Evaluate the performance of the departmental employees and taking remedial actions if necessary.
- Reporting to the top level management

- Recruit and select the subordinates and provide them leadership and motivation.

LOWER/SUPERVISORY /FIRST LEVEL/OPERATIONAL/BOTTOM LEVEL MANAGEMENT

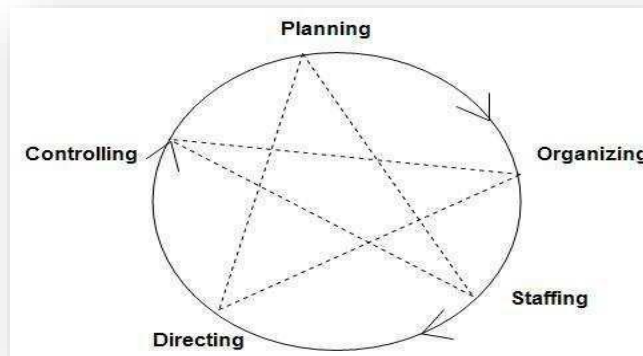
This level includes foremen, supervisors, finance and account officers, sales officers etc. This level of managers is directly related with the routine functions of the organization. They are responsible for the quality and quantity of work and completion in time.

Functions of Lower level Management:

- Planning of day to day work
- Assign duties to workers and supervise them
- Ensure safety of workers and equipment and solve their problems
- Maintain good personal relations and discipline in the unit
- Sending reports to higher authorities
- Evaluating operating performance
- Taking corrective actions, whenever necessary

FUNCTIONS OF MANAGEMENT

The activities which a manager performs are called functions of management. According to Koontz and O' Donnell Management functions are Planning, organizing, staffing, directing and Controlling. The scope and Nature of These Function differ from manager to manager and enterprise to enterprise.



1.PLANNING

Planning is deciding in advance what to do when to do, how to do and who to do it and how result are to be evaluated. Planning is a process of thinking before doing. Planning is deciding in the present what to do in the future. A plan is a future course of action. Planning bridges the gap between where we are and where we want to go.

2.ORGANISING

Organising function refers to identification and grouping of activities to be undertaken and assigning them to different departments. It also involves creating job positions at various levels of the organization. It is the process of establishing relationships among the members of the enterprise. The relationship is created in terms of authority and responsibility.

3.STAFFING

Staffing is concerned with placing the right person for the right job at the right time. This is also known as human resource function. And the department which performs the staffing function is known as personnel department.

“ the staffing function of management pertains to recruitment, selection, training, development and appraisal of personnel

4.DIRECTING



Direction means activating human resources towards attainment of the objectives. It is called management in action. Direction involves supervising, communicating and providing leadership to the subordinates and motivating them to achieve organizational objectives.

5.CONTROLLING

Controlling is the process of measuring the actual performance of the organization with predetermined plans and taking corrective action. The process of controlling involves the following steps

- Determination of standards of performance
- Measurement of performance
- Comparison of performance with standards
- Take corrective actions in necessary.

COORDINATION – The essence of management

Coordination is the orderly arrangement of dissimilar groups of activities to attain the common goals of business. Coordination ensures unity and synchronization of group efforts. Coordination is regarded as the essence of the management and not a separate function. Coordination is the force that binds all the other functions of management. It is the achievement of orderly group efforts and unity of action to in the pursuit of a common purpose. Co ordination avoid overlapping and duplication of work

Definition:

“ It harmonises, synchronises and unifies individual efforts for better action and betterment of business objectives” - **Henry Fayol**.

Nature / characteristics/ Features of coordination

1. Coordination integrate group effort:- Coordination is needed when there is group effort is involved and that group efforts are moving towards the fulfillment of organizational objectives.

2.Coordination ensures unity of action.:- Coordination acts as the binding force between departments and ensure that all action is aimed at achieving the goal of the organization. The heart of coordination is unity of efforts.

3.Coordination is a continuous process:- Coordination is not onetime function but a continuous process. It begins at the planning stage and continues till controlling.

4.Coordination is all pervasive function:-Coordination is required at all levels of management in all departments of an organization

5.Coordination is the responsibility of all managers.

Coordination is the function of every manger in the organization. Top Management coordinate their subordinates work to achieve organizational objectives. Middle level management coordinate with both top level and lower level managers. Lower level managers coordinates the activities of workers to ensure that works proceeds according to plans.

6.Coordination is a deliberate function: A manger has to coordinate the efforts of different people in a conscious and deliberate manner.

IMPORTANCE OF COORDINATION



Coordination is the essence of management. Without coordination management is meaningless. For an organization to effectively and efficiently achieve its objective, coordination is required. Coordination ensures co –operation of all departments of the organization Like a thread in a garland coordination is a part of all management functions . Coordination harmonises the activities of different departments .Coordination is the byproduct of good management. Its importance can be high lightened through the following terms

1. Growth in size/ Increase in efficiency:- As an organization grows in size, the number of employees also increases. All individuals differ in their habit of work, background, approaches to situations, relations to others. So it becomes quite essential to integrate their personal goals with organizational goals to smooth functioning of organization.

2. Functional differentiation:-In an organization there may be separate departments of production ,finance, marketing and human resources . All these departments

may have their own policies , objectives, strategies etc. So there may arise conflict between them. Therefore coordination is essential to link the activities of various departments.

3. **Specialisation:-**In modern business organization, there is high degree of specialization arising out of the complexities of modern technology and diversification. So there requires some mechanism to coordinate the efforts of various specialists in an organization.



4. **Importance to human relations:** There is a high degree of specialization in modern business. Specialisation arises the complexities of modern technologies and diversity of task needed to be performed. So there should be some mechanism to coordinate the efforts of various specialists in the organization

5. **Unity in diversity.** In many organisations there are large number of employees. They have different ideas , culture, views etc.it is only through co ordination we can bring about unity in diversity

Management in the Twenty first century

The management of twenty first century is dynamic in nature due to globalization and liberlisation. Globalization has brought a new economy, an economy based on a Digital Revolution. Due to the enormous progress of the information technology, the business environment of the twenty-first century is changing rapidly. The whole world is a global village where counties are exchanging technologies, goods and services with each other, therefore management is required to be globally efficient and competitive by integrating activities and coordinating resources across national borders. Today the modern organization is a global organization that has to be managed in a global perspective.
