

CHAPTER-1

NATURE AND SIGNIFICANCE OF MANAGEMENT

CONCEPT SUMMARY

1. MEANING / CONCEPT OF MANAGEMENT:

Management is the process of getting things done with the aim of achieving goals effectively and efficiently.

Process: refers to the primary function like planning, organizing, staffing, directing and controlling performed by the management to get the things done.

Effectiveness: means completing the right task to achieve the deputed goal within the time frame.

Efficiency: means completion of task using minimum resources.

2. DEFINITION OF MANAGEMENT

"Management is the process of working with and through others to effectively achieve the organizational objectives by efficiently using limited resources in the changing environment."

3. FUNCTIONS OF MANAGEMENT

(i) **PLANNING**- Setting objectives and targets and formulating an action plan of what is to be done, how to be done and when to do it.

(ii) **ORGANISING**- Assignment of duties, tasks, establishment of authority and responsibility relationships, allocating the resources required to perform the planned task.

(iii) **STAFFING**- Finding and placing the right person at the right job at the right time.

(iv) **DIRECTING**- Leading, influencing, motivating the staff chosen to perform the assigned task efficiently and effectively.

(v) **CONTROLLING**- Ensuring/Monitoring the activities in an organization are performed as per the plan.

4. NATURE OF MANAGEMENT: As an art, As a science and As a profession.

5. MANAGEMENT OBJECTIVES-ORGANISATIONAL OBJECTIVES:

SURVIVAL: Ensure that the organization survives and exists in the future.

PROFITABILITY: Earning adequate profit in order to survive and grow.

GROWTH: Growth indicates how well it exploits the potential opportunities.

SOCIAL OBJECTIVES:

- Producing quality products at reasonable rates,
- Generating employment opportunities,
- Community progress and development by providing schools and crèches to employees. In fact most of the firms have taken upon themselves the concept of social responsibility as one of the most basic elements of business objectives.
- Environmental friendly method of production.

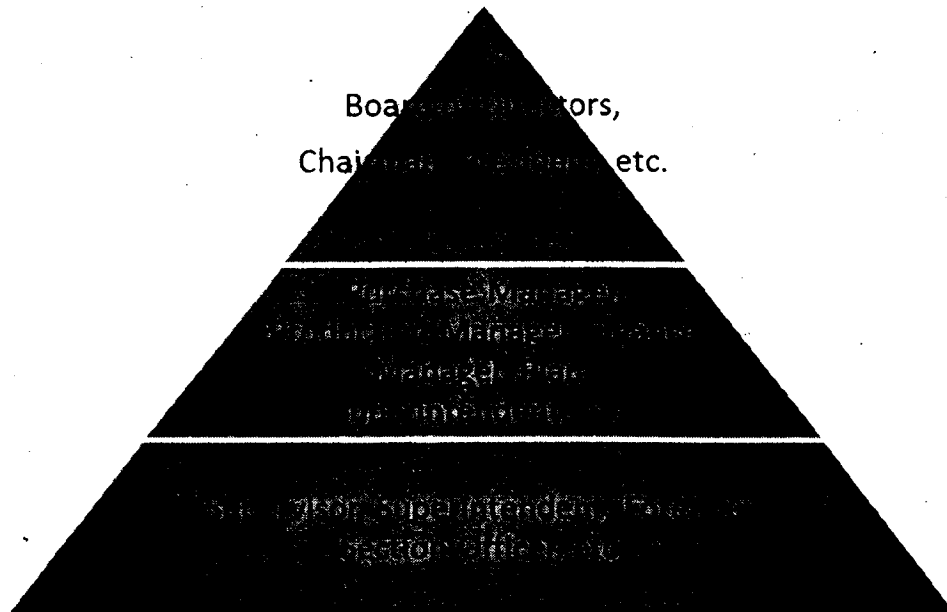
PERSONAL OBJECTIVES:

- Meeting the Financial needs like competitive salaries and perks.
- Social and safety needs of the employee like peer recognition, self-respect and respect for colleagues.
- Higher level needs like implementation and monitoring of policies for personal growth and survival.
- Reconcile and personal goals with organizational objectives for harmony in the organization.

6. IMPORTANCE OF MANAGEMENT

- Aids in achievement of individual and organizational goals.
- Increases efficiency.
- Enhances optimum utilization of resources.
- Creates a dynamic organization.
- Promotes development of society.

7. LEVELS OF MANAGEMENT



TOP LEVEL : DESIGNATIONS AND FUNCTIONS

- Comprises of CEO, Board of directors , MD, GM, VP.
- Conceptualizing of organizational goal, policy and strategy formulation.
- Organizing , Controlling and Monitoring activities and resource.
- Controlling the Work performance.
- Approving Budgets.

MIDDLE LEVEL: DESIGNATIONS AND FUNCTIONS

- Comprises of departmental, Sub Departmental and Divisional Heads.
- Execution of plans, policies framed by top level management
- Preparing organizational set up & appointing employees.
- Issuing instructions and motivating employees .
- Ensuring interdepartmental co-operation

LOWER LEVEL: DESIGNATIONS AND FUNCTIONS

- Forwarding suggestions and feedback to the top level .
- Comprise of Supervisors, Foreman and Inspectors.
- Maintain moral, safety and discipline amongst the work force.
- Oversee the work of the workers
- Assist the management in selection, training, placement and promotion of workers.

NATURE OF MANAGEMENT AS AN ART

- Existence of theoretical knowledge.
- Developed through practical and creative process.
- Personalized application and skill

AS A PROFESSION

- Well defined body of knowledge.
- Existence of code of conduct
- Professional association (AIMA)
- Restricted entry
- Fees as remuneration for their services

As a science:

- Arranged, organized systematic body of knowledge
- Universal validity
- Principles arrived at after experimentation

Conditions of a profession not fulfilled by management

- Restricted entry
- Affiliation with a professional association(AIMA)
- Not Legally enforceable code of conduct
- Service motive

Coordination meaning

It is the synchronization of various activities and efforts in an organization

Providing the required amount of quality, timing and sequence; thus ensuring the achievement of the planned goal with minimum content.

Features of coordination:

- **Integrates group efforts:** It is an orderly arrangement of group effort and not individual effort
- **Ensures unity of action:** It is a binding force between departments and ensures that all efforts are focused towards achieving the organizational goal

- **It remains the function and repossibility of every manager:** the top level coordinates the overall plan, middle level coordinates the efforts of the different sections and subsections and lower level management coordinates the activities of the workers.
- **A deliberate function** It does not occur spontaneously nor is it achieved by force it is a deliberate action taken.
- **All pervasive function** it is needed in all departments and at all levels. Lack of coordination can lead to overlapping of activities.

Need for coordination

The reasons that bring out the importance or the necessity for coordination are

- Growth in the size of the organization results in the increase in varied quality of manpower too with varied individual aspirations. Coordination seeks to match the individual goal with the organizational goal.
- Functional Differentiation arising out of departmentalization and division brings forth a motive for achievement of individual objectives, in isolation from other objectives leading to departmental clashes. Coordination seeks to iron out these variations.
- Specialization can give rise to feeling of superiority and prioritizing of their zone of activities. Coordination seeks to sequence and integrate all the specialists of activities into wholesome efforts.

Importance of coordination

- Ensures unity of action
- Erases interdepartmental conflicts
- Promotes harmonious implementation of plans
- Helps in maintaining a high degree of morale amongst employees

Coordination is the essence of management

Coordination is the management function of correlating and integrating the diverse goals and activities in the organizational process. It is the essence of management because:

It is needed at all management functions

Planning- coordination between the master plan and departmental plan.



Organizing- Required between authority, responsibility and accountability.

Staffing- Achieve balance between job requirement and qualities of personnel

Directing- Required between supervision, motivation and leadership.

Controlling- Ensured actual result conform to expected result.

Needed at all levels of management function-

Top level- needs coordination to integrate activities of the organization for accomplishing the organizational goal

Middle level- coordination of the efforts of different sections and sub-sections

Lower level -coordination in the activities of workers to ensure work progresses as per plans.

VERY SHORT ANSWERS

Q.1. what is meant by management?

Ans. Management is the **process** of designing and maintaining an environment in which **individuals working together in groups efficiently accomplish selected aims.**

Management is **planning, organizing, staffing, directing and controlling** the activities of an organization.

Q.2. 'Management Is multi-dimensional'. Enumerate any two dimensions of management.

Ans. Any two objectives from the following :

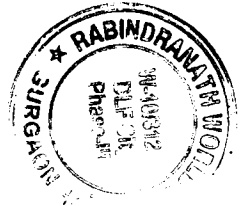
- i) Management of **work**
- ii) Management of **people**
- iii) Management of **operations**

Q.3. Why is "Management called a group activity"?

Ans. Management is called a group activity because it **requires team work** and /or coordination of individual efforts.

Q.4. Name that intangible force which operates productive relationships among resources of an organization.

Ans. Management



Q.5. "Management increases efficiency "How?"

Ans. Management increases efficiency by **reducing costs and increasing productivity** or Management increases efficiency by optimum utilization of available resources.

Q.6. Why it is said that "Management is all pervasive"?

Ans. It is said management is all pervasive because it can be **applied to all types / levels of organizations.**

Q.7. What is main objective of organization?

Ans. Main objective of any organization is **optimum utilization of resources.**

Q.8. List any two social objectives of management.

Ans. Social objectives of management (any two).

1. To use **environmental friendly** methods of production.
2. To give **employment opportunities** to the disadvantaged sections of the society.
3. To provide **basic amenities** like school and crèches.

Q.9. In order to achieve target production of 5,000 units per month, a Production Manager has to operate on double shifts. Due to power failure most of the time, the manager is able to achieve 5,000 units, but at a higher production cost .In your point of view, what is lacking in management?

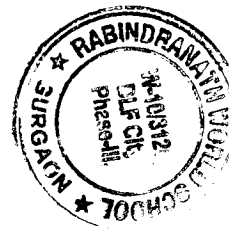
Ans. Efficiency.

Q.10. 'In an organization employees are happy and satisfied, there is no chaos and the effect of management is noticeable'. Which characteristics of management is highlighted by this statement?

Ans. Management is an **intangible force.**

Q.11. MC Donald's ,the fast food giant made major changes in its menu to be able to survive in the Indian market .Which characteristics of management is is referred to ?

Ans. Management is a **dynamic function.**



Q.12. Your grandfather has retired as the director of a manufacturing company. At what level of management was he working?

OR

Your grandfather has retired as the director of a manufacturing company. At which level of management was he working?

Different types of functions are performed at this level. State any one function.

**Ans. Top level management. Functions of the top level of management are :
(Any one)**

1. To co-ordinate the activities of different departments.
2. To be responsible for welfare and survival of organization.
3. To analyses the business environment and its implications for the survival of the firm.
4. To formulate overall organizational goals and strategies for their achievement.
5. They are responsible for all the activities of the business and for its impact on the society.

Q.13. your grandfather has retired from an organization in which he is responsible for implementing the plans developed by the top management .At which level of management was he working. State any one function performed at this level.

Ans. Middle level Management.

Functions performed by the middle level managers: (Any One)

1. To interpret policies framed by the top management.
2. To ensure that their department has necessary personnel.
3. To assign necessary duties and responsibilities to the employees of their respective departments to achieve desired goals.
4. To motivate employees of their respective departments to achieve the desired objectives.
5. To co-operate with other department for smooth functioning of organization.



Q.14. At which level of management are the managers responsible for maintaining the quality of output and the safety standards?

Ans. Lower level/ Supervisory level/Operational Level.

Q.15. Name the level of management at which the managers are responsible for implementing and controlling the plans and strategies of the organization.

Ans. Middle level management.

Q.15. Why is management called inexact science?

Ans. Management relates to human behavior, whose cause effort is not certain, that's why it is called an inexact science.

Q.16. Karan Enterprise Limited is facing a lot of problems .It manufactures pens. It is suffering losses due to surplus production of pens. The production department produces more of pens than required and sales department is not able to sell those many pens. What quality of management do you think the company is lacking?

Ans. Co-ordination.

SHORT ANSWERS

Q.1. 'Managers are not born they are made' Comment.

Ans.

- Earlier people believe that effective manger were born and not made.
- However, It has now been more established that inborn talent alone is not enough to make competent managers.
- They need knowledge and training as well to succeed as managers.
- Hence it has been rightly observed that mangers are not born they are made.

Q.2. 'Success of an organization largely depends upon its management'. Explain to justify the above statements.

Ans. Success of an organization largely depends upon its management .This can be justified with the following reasons:

- i) It helps in achieving group goals.

- ii) It **increases efficiency.**
- iii) It creates **dynamic organization.**
- iv) It helps in the **development of society.**
- v) It helps in **achieving personal objectives.**
- vi) It helps in **optimum utilization of resources.**

Q.3. 'Management is a set of functions '. Explain

Ans. Management is a set of functions that aim at **effective and efficient utilization of resources** to achieve common organizational goals of an organization .Various functions such as planning, Organizing, staffing, directing, controlling are necessary for desired results. These may be acronymed as – **POSDC.**

Where,

P stands for planning i.e. deciding on desired goals and action plans for same.

O stands for organizing i.e. collecting resources and creating necessary structures of jobs.

S stands for staffing viz filling job positions with right number and types of persons at the right time.

D stands for directing viz instructing, guiding and influencing subordinates to do their jobs in such a way as will lead to expected results.

C stands for controlling .i.e. comparing actual performance with plans; identifying gaps if any taking necessary corrective and /or preventive action.

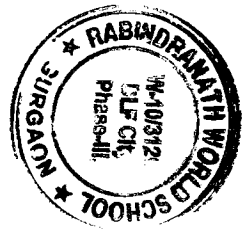
Q.4. Is management a full fledged profession? Give any three reasons in support of your answer.

Ans. No, management is not a full-fledged profession because of the following reasons (Any three):

(i) Restricted entry

The entry to a profession is restricted through a **prescribed qualification.** But there are no restrictions on anyone being appointed as a manager in any business enterprise.

So, presently this feature of profession is **not present** in management.



(ii) Professional association

All professions are affiliated to a **professional association** which regulates entry, grants certificate of practice and formulates and enforces a code of conduct. There are several associations of practicing managers in India, like the **AIMA** that has laid down a code of conduct to regulate the activities of their members. There is, however, no compulsion for managers to be members of such an association.

So, presently this feature of profession is not present in management.

(iii) Ethical code of conduct

All professions are bound by a code of conduct which **guides the behavior of its members**. AIMA has devised a code of conduct for Indian managers but there is no statutory backing for this code.

So, presently this feature of profession is **not present** in management.

(iv) Service motive

The motive of a profession is to **serve their client's interest by rendering dedicated and committed service**. The basic purpose of management is to help the organization achieve its stated goal. If an organization has a good management team that is efficient and effective it automatically serves society by providing good quality products at reasonable prices.

So, presently this feature of profession is **not fully present** in management.

Q.5 .Define coordination .Enumerate the features of coordination.

Ans. Coordination is an orderly arrangement of **group efforts** to maintain **harmony among individuals** 'effort towards the accomplishment of common goals of an organization.

Features of coordination

- (i) It integrates **group efforts**.
- (ii) It **unifies the action**.
- (iii) It is a **continuous process**.
- (iv) It is an **all pervasive function**.
- (v) It is the **responsibility of all managers**.
- (vi) It is a **deliberate function**.

LONG ANSWERS.**1 Explain any 5 features of management.**

ANS. 1. Management is a **group activity**:- management consists of a number of persons who work as a group .their efforts are directed towards the common goals . Members initiate, communicate, coordinate and join their hands for the achievement of organizational objectives.

2. Management is a goal-oriented process- management aims at common goals through a process of series of continues viz planning, organizing, direction, staffing and controlling. These composite functions of management are separately performed all managers all the time. Simultaneously to realize organizational goals. .

3. Management is all pervasive: - whether it is a commercial organization or non commercial organization, big or small all require management to handle their operation effectively and efficiently.

4. Management is a **continues process**: - the environment in which a business exists keeps on changing. Thus, in order to be successful, management must change its goal, plans and policies according to the needs of its environment.

2. Give the meaning of management and explain how it creates a dynamic organization and helps in the development of the society.

ANS. Management is a process of working with and through others to effectively achieve organizational objective by efficiently using limited resources in the changing environment.

- Management creates a dynamic organization by helping the organization to adapt itself to the changes taking place in the environment.
- Management helps in the development of society by providing good quality products and services, creating employment, adopting new technology, etc.



3. Explain management is an art.

OR

IS MANAGEMENT AN ART? GIVE ANY THREE REASONS IN SUPPORT YOUR ANSWER.

ANS. An art requires application of personal skills and knowledge to achieve the desired goals. It has the following features.

1. Existence of theoretical knowledge:- art involves existence of certain theoretical knowledge . Experts have derived certain principles of say public speaking in the form of abundant literature.
2. Personalized application: - the use of knowledge is a personalize concept and varies from individual to individual. For e.g. 2 different speakers after reading the same literature on “public speaking” will always differ in their demonstration.
3. Based on practice and creativity: - art demands the creative practice of theoretical knowledge, for e.g. regular practice of public speaking, develop requisite skills. Shiv khera a leader in public speaking is an example of practice and creativity of arts.

LET'S NOW LOOK AT MANAGEMENT.

1. The various areas of management like marketing, sales, finance, human resources, etc. involves a lot of literature.
2. A manger skillfully applies the acquired knowledge according to the situation in his own unique way.
3. A good manager works through a combination of continue practice, creativity and innovation. Over a period of time he gains a lot of experience and formulates his own theories for use in a given situation.

Thus, above feature like existence of theoretical knowledge, personalized application and practice and creativity strength the view that management is an art.

Q4 Raman is working as “plant superintendent” in Tifco ltd. Name the managerial level at which he is working? State any 4 functions he will perform as “start plant superintendent” in this company.

ANS. He is working at the middle level. Function that he will perform as the plant superintendent

1. Linking the top level and the lower level of management by transmitting orders and instructions downwards and problems and suggestions upwards.
2. Implementing the plan and strategies developed by top management.
3. Preparing the organizational setup in their environment.
4. Coordination and activities of various divisions or units within the same department.
5. Ensuring that their department has the necessary personnel.
6. Assigning necessary duties and responsibilities to subordinate their department
7. Motivating the subordinates to achieve desired objectives.
8. Co-operating with other departments for smooth functioning of the organization.

HOTS

1. In which two functions do manager at the top level spend more time than managers at lower level of the organization?

Ans. planning and Organization.

VALUE BASED

Q.1 Nishita is the marketing manager of a company selling laptops she has 6 subordinated working under her. On the last day of every month she rewarded the efficient employees to motivate them.

Name the values which an organization inculcates among its employees when it promotes efficiency

ANS.

- Accomplishment of individual objectives
- Sense of achievement

- Loyalty
- Belongingness.

Q2 Kushal Ltd is a leading automobile company in which the various departments are setting up their own objectives without paying any interest to the organizational objectives name the values which are ignored by the departmental heads and the impact of it on the organization.

ANS.

- Mutual cooperation
- Coordination
- Unity of action
- Achievement of organizational objectives.
- Optimum utilization of resources.

Q.3 A cloth manufacture distributes its defective product at free of cost after getting them repaired from nari niketan at lower cost to an orphanage which values are being attested in this solution.

ANS.

- Fulfillment of social responsibilities
- Help to needy class of society.
- Employment to members of nari niketan.
- Full utilisation of defective products after improvement.

