

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Management is an art of getting things done with and through others. Management can be defined as, the process of getting things done with the aim of achieving organizational goals effectively and efficiently.**

NATURE AND SIGNIFICANCE OF MANAGEMENT

Efficiency and Effectiveness

Efficiency (completing the work at low cost) means doing the task correctly at minimum cost through optimum utilization of resources while effectiveness (Completing the work on time) is concerned with end result means completing the task correctly within stipulated time. Although efficiency and effectiveness are different yet they are inter related. It is important for management to maintain a balance between the two.

	Effectiveness	Efficiency
1.	It refers to completion of task on time	It refers to completion of task correctly with minimum cost
2.	It is concerned with end result	It is concerned with cost benefit analysis i.e., using less resources and getting maximum benefits
3.	Producing target production on time	Producing target production to its minimum cost

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Rohini prepared a well-documented and factual report on Co's performance but she could not present it in Board meeting as she could not complete it on time.**
- **[Hint: Efficient but not effective]**
- **Best roadways promised to deliver goods in time and charged extra money from Mr. Singh. But the goods were not delivered on time.**

[Hint: Efficient but not effective]

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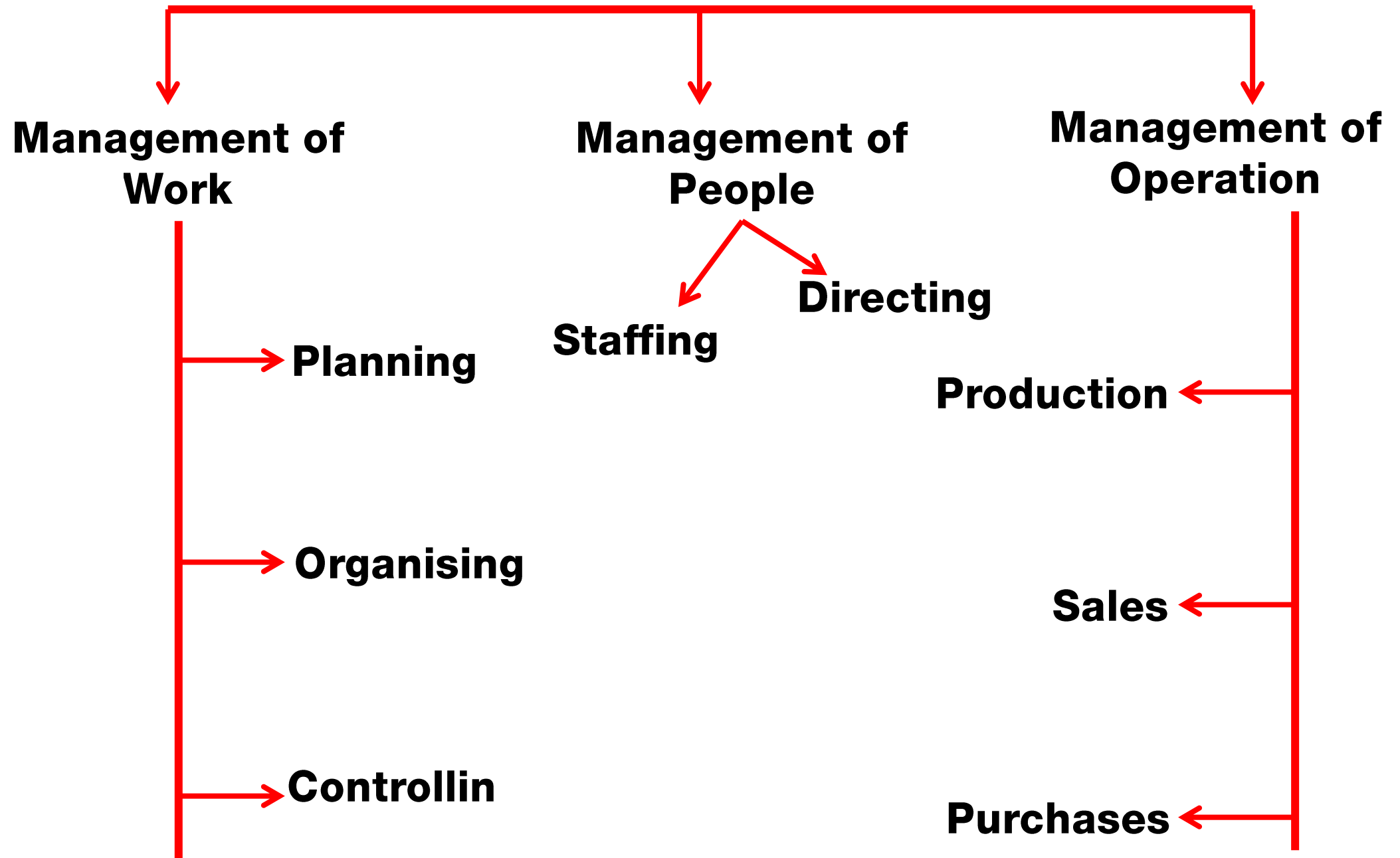
Characteristics of Management

- **Goal oriented Process** It is a goal oriented process, which is to achieve already specified and desired objectives by proper utilization of available resources.
- **Pervasive:** Management is universal in nature. It is used in all types of organizations whether economic, social or political irrespective of its size, nature and location and at each and every level.

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Multidimensional: It is multidimensional as it involves management of work, people and operations.**

MANAGEMENT



NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Continuous:** It consists of a series of function and its functions are being performed by all managers simultaneously. The process of management continues till an organization exists for attaining its objectives.
- **Group Activity:** It is a group activity since it involves managing and coordinating activities of different people as a team to attain the desired objectives of the organization.
- **Dynamic function :** It is a dynamic function since it has to adapt according to need, time and situation of the changing business environment. For example, McDonalds made major changes in its 'Menu' to survive in the Indian market.

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Intangible Force:** It is intangible force as it can't be seen but its effects can be felt in the form of results like whether the objectives are met and whether people are motivated or not and there is orderliness and coordination in the work environment.
- **For example :-** if the inventory of finished products is increasing day by day it clearly indicates mismanagement of marketing and sales.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Objectives of Management

(1) Organizational objectives:

Organizational Objectives can be divided into Survival (Earning enough revenues to cover cost); Profit (To cover cost and risk); and Growth (To improve its future prospects).

(A) Survival – Management by taking positive decisions with regard to different business activities ensures survival of business for long term.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(B) Profit – It plays an important role in facing business risks and successful running of business activities.

(C) Growth – Management must ensure growth which can be measured by increase in sales, number of employees, number of products, additional investment, etc.

NATURE AND SIGNIFICANCE OF MANAGEMENT

➤ **Social Objectives:**

➤ **Social objectives is to provide some benefits to society like applying environmental friendly practices in the production process and giving employment to disadvantaged sections of society, etc. Example: TISCO, ITC, and Asian Paints.**

The major social objectives of organisations are:

- (a) Supply of quality products at reasonable prices.**
- (b) Contribution towards desirable civic activities.**
- (c) Generation of economic wealth.**
- (d) Generation of employment opportunities.**

- (e) Financial support to community.**
- (f) Organising educational, health and vocational training programmes.**
- (g) Participating actively in social service projects of Govt. and N.G.Os.**
- (h) Using environmental friendly methods of productions.**
- (i) Providing employment opportunities to weaker section of society.**

For example, Asian Paints contributed large amount of funds to enable farmers to use local resources effectively.

Steel Authority of India Ltd. contributed regularly for agriculture, industry, education, health care and drinking water supply to the people living nearby their steel plants.
with organizational objectives.

➤ **3) Personal Objectives:**

➤ **Personal Objectives is to focus on diverse personal objectives of people working in the organization which need to be reconciled with organizational objectives.**

• **The main individual objectives of management are**

(a) Competitive salary

(b) Personal growth and development (promotion, training etc.)

(c) Peer recognition (self respect and respect for colleague)

(d) Social recognition

(e) Good and healthy working conditions

➤ **Workers may lose interest in work if their objectives are neglected. Management must try to integrate the personal objectives with the organisational objectives.**



**Organisational
objectives**

**Objectives of
Management**

**Social
objectives**

**Personal
objectives**

NATURE AND SIGNIFICANCE OF MANAGEMENT

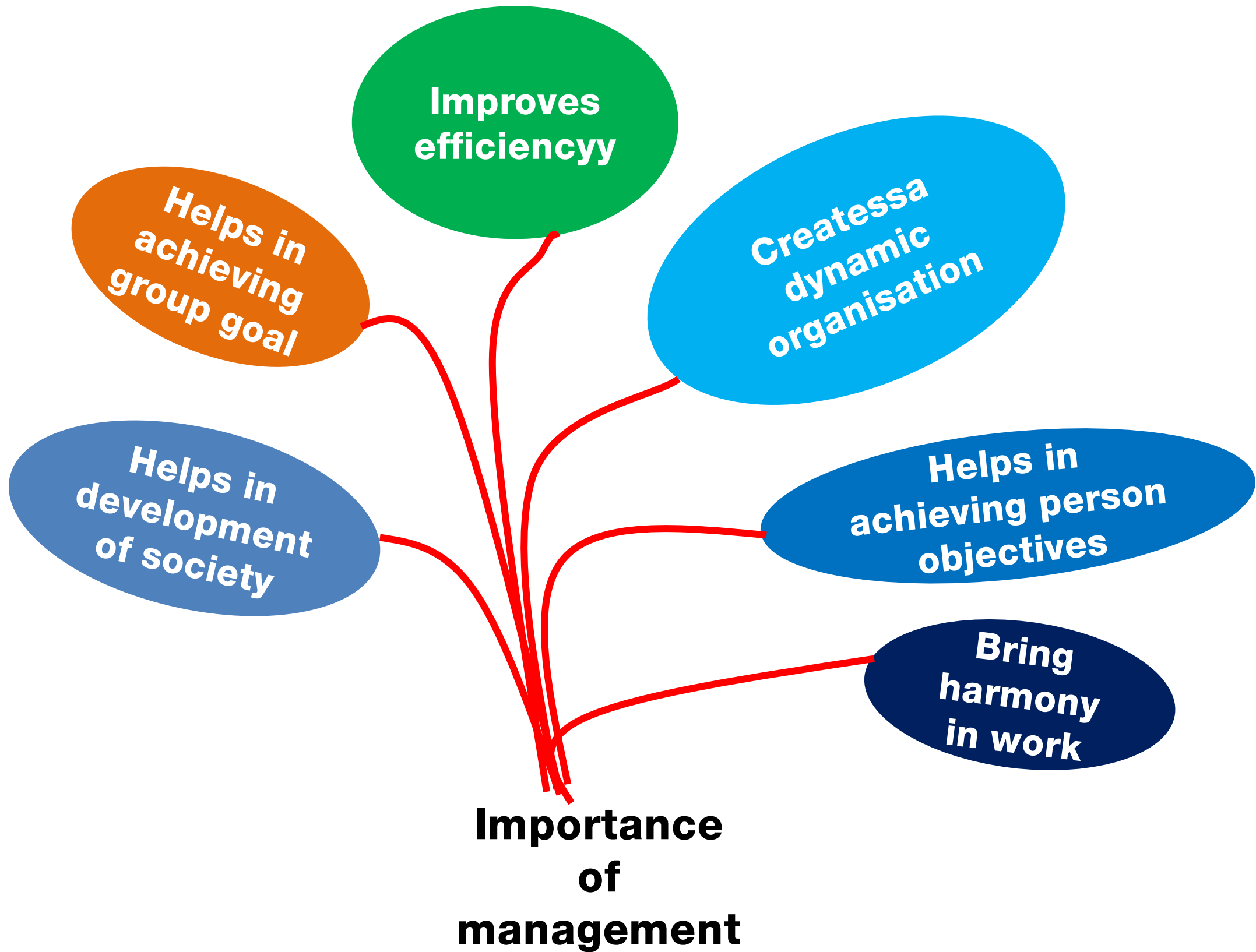
Importance of Management

(1) Achieving Group Goals: Management creates team work and coordination in the group. Managers give common direction to individual efforts in achieving the overall goals of the organization.

(2) Increases Efficiency: Management increases efficiency by using resources in the best possible manner to reduce cost and increase productivity.

NATURE AND SIGNIFICANCE OF MANAGEMENT

- (3) Creates Dynamic organization: Management helps the employees overcome their resistance to change and adapt as per changing situation to ensure its survival and growth.**
- (4) Achieving personal objectives: Management helps the individuals achieve their personal goals while working towards organizational objectives.**
- (5) Development of Society: Management helps in the development of society by producing good quality products, creating employment opportunities and adopting new technologies.**



NATURE AND SIGNIFICANCE OF MANAGEMENT

Management as an Art

Art refers to skillful and personal application of existing knowledge to achieve desired results. It can be acquired through study, observation and experience. The features of art as follows:

(1) Existence of theoretical knowledge: In every art, Systematic and organized study material should be available compulsorily to acquire theoretical knowledge.

(2) Personalized application: The use of basic knowledge differs from person to person and thus, art is a very personalized concept.

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **In management also a huge volume of literature and books are available on different aspects of management. Every manager has his own unique style of managing things and people. He uses his creativity in applying management techniques and his skills improve with regular application. Since all the features of art are present in management. so it can called an art.**

NATURE AND SIGNIFICANCE OF MANAGEMENT

Management as a Science

Science is a systematized body of knowledge that is based on general truths which can be tested anywhere, anytime. The features of Science are as follows:

- (1) Systematized body of knowledge: Science has a systematized body of knowledge based on principles and experiments.**
- (2) Principles based on experiments and observation: Scientific principles are developed through experiments and observation.**
- (3) Universal validity: Scientific principles have universal validity and application.**

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Management has systematic body of knowledge and its principles are developed over a period of time based on repeated experiments & observations which are universally applicable but they have to be modified according to given situation.**
- **As the principles of management are not as exact as the principles of pure science, so it may be called-an inexact science. The prominence of human factor in the management makes it a Social Science.**

NATURE AND SIGNIFICANCE OF MANAGEMENT

Management as Profession

Profession means an occupation for which specialized knowledge and skills are required and entry is restricted. The main features of profession are as follows:

(1) Well-defined body of Knowledge: All the professions are based on well defined body of knowledge.

(2) Restricted Entry: The entry in every profession is restricted through examination or through some minimum educational qualification.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(3) Professional Associations: All professions are affiliated to a professional association which regulates entry and frames code of conduct relating to the profession.

(4) Ethical Code of Conduct: All professions are bound by a code of conduct which guides the behavior of its members.

(5) Service Motive: The main aim of a profession is to serve its clients.

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Management does not fulfill all the features of a profession and thus it is not a full-fledged profession like doctor, lawyer, etc., but very soon it will be recognized as full-fledged profession.**
- **Levels of Management: Top, Middle and Operational Levels**
- **“Levels of management” means different categories of managers, the lowest to the highest on the basis of their relative responsibilities, authority and status.**

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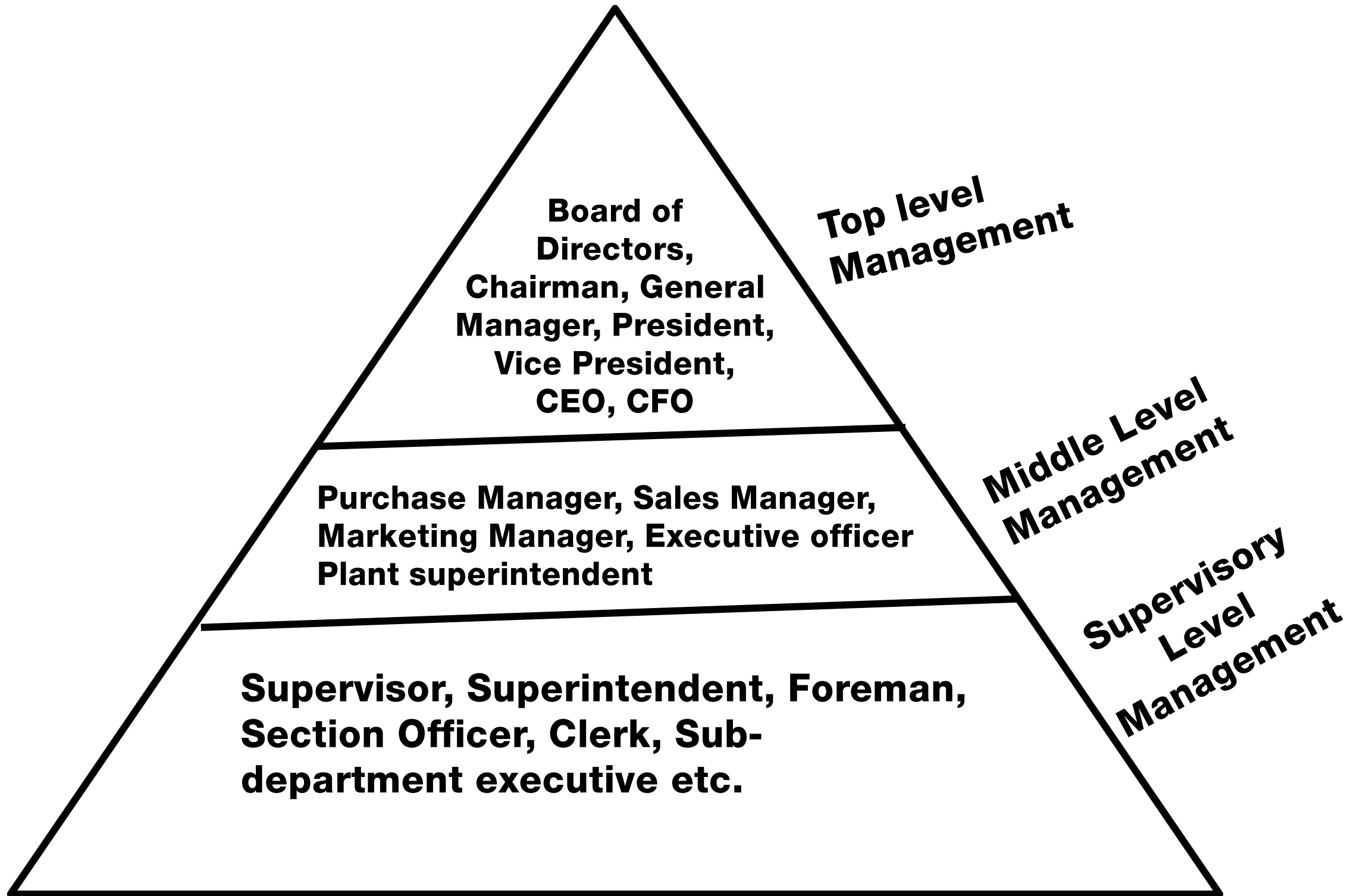
- **Top Level**
- **Consists of Chairperson, Chief Executive Officer, Chief Operating Officer or equivalent and their team.**
- **Chief task is to integrate and to coordinate the various activities of the business, framing policies, formulating organizational goals & strategies**

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Middle Level**
- **Consists of Divisional or Departmental heads, Plant Superintendents and Operation Managers etc.**
- **Main tasks are to interpret the policies of the top management to ensure the availability of resources to implement policies, to coordinate all activities, ensure availability of necessary personnel & assign duties and responsibilities to them.**

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Supervisory level, operational level, lower level management : carry on the work or perform the activities according to the plans of the top and middle level management. They are basically responsible for the maintaining discipline among the workers.**
- **Consists of Foremen and supervisor etc. Main task is to ensure actual implementation of the policies as per directions, bring workers' grievances before the management & maintain discipline among the workers.**



NATURE AND SIGNIFICANCE OF MANAGEMENT

Functions of Management

1.Planning: Thinking in advance what to do, when to do, and who is going to do it. It bridges the gap between where we are and where we want to reach.

2.Organising: organization means deciding the framework of working how many units and sub-units are needed, how many posts are needed, how to distribute the authority and responsibilities.

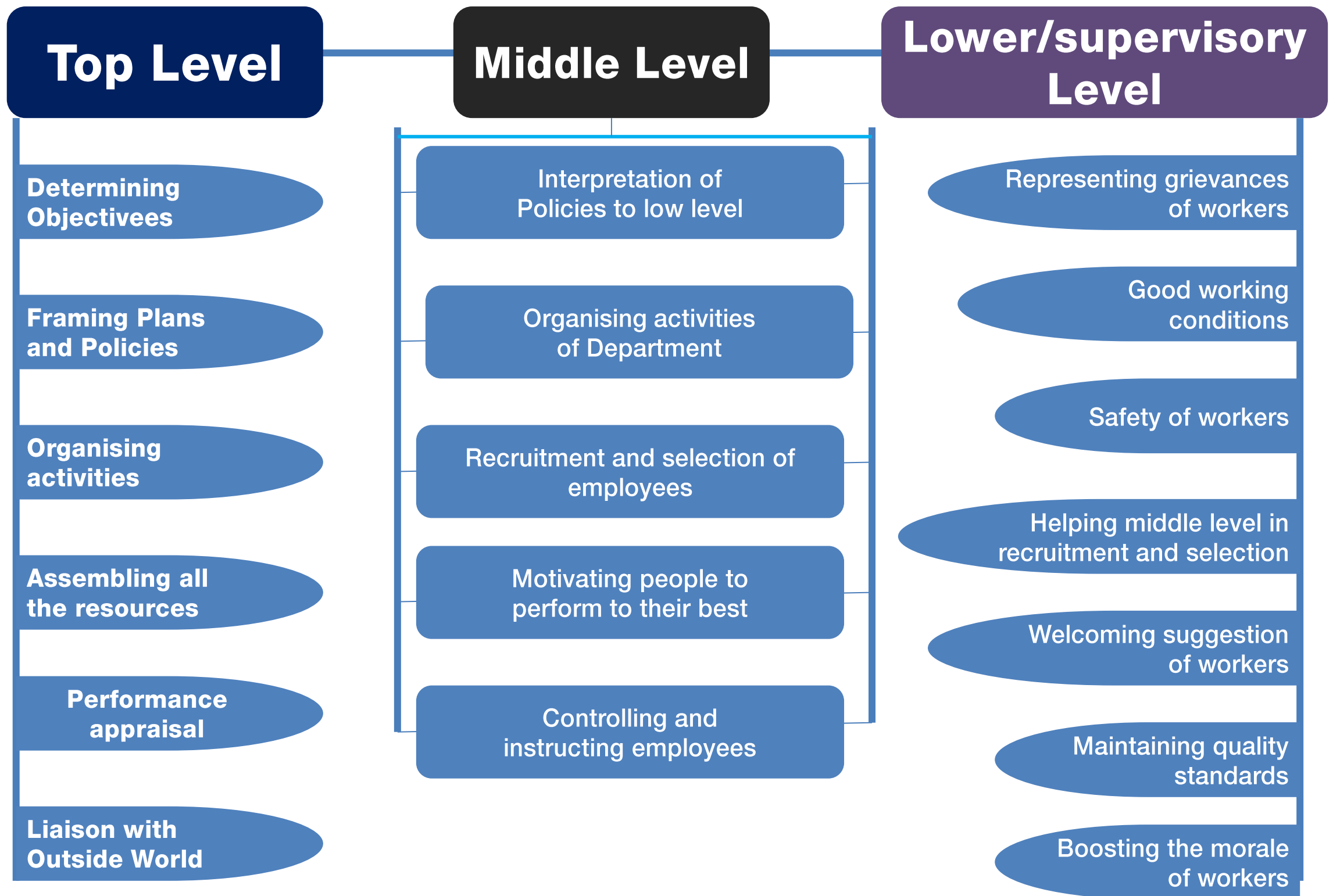
NATURE AND SIGNIFICANCE OF MANAGEMENT

3. Staffing: It refers to recruitment, selection, training, development and appointment of the employees.

4. Directing: It refers to guiding, instructing, inspiring and motivating the employees.

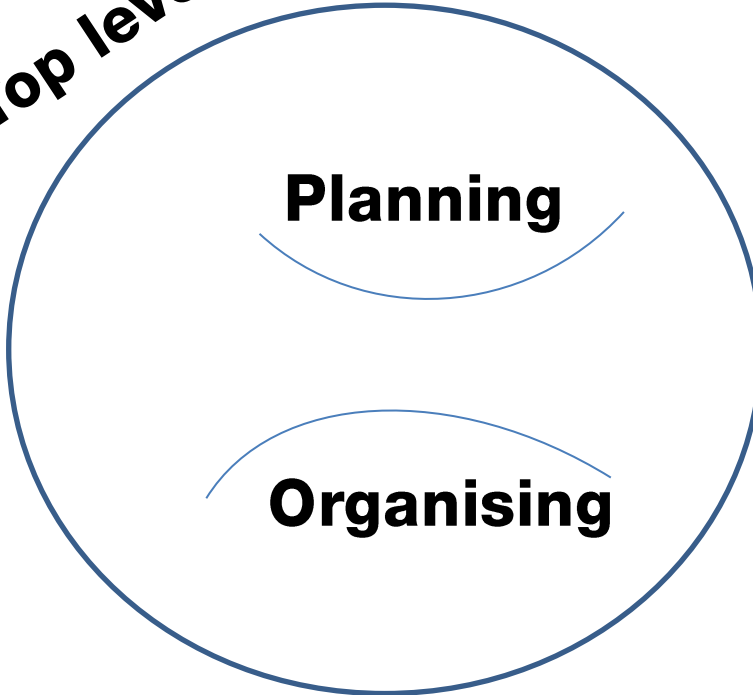
5. Controlling are the main functions of management. Controlling is monitoring the organizational performance towards the attainment of the organizational goals.

Levels of Management



FUNGCTIONS OF MANAGEMENT

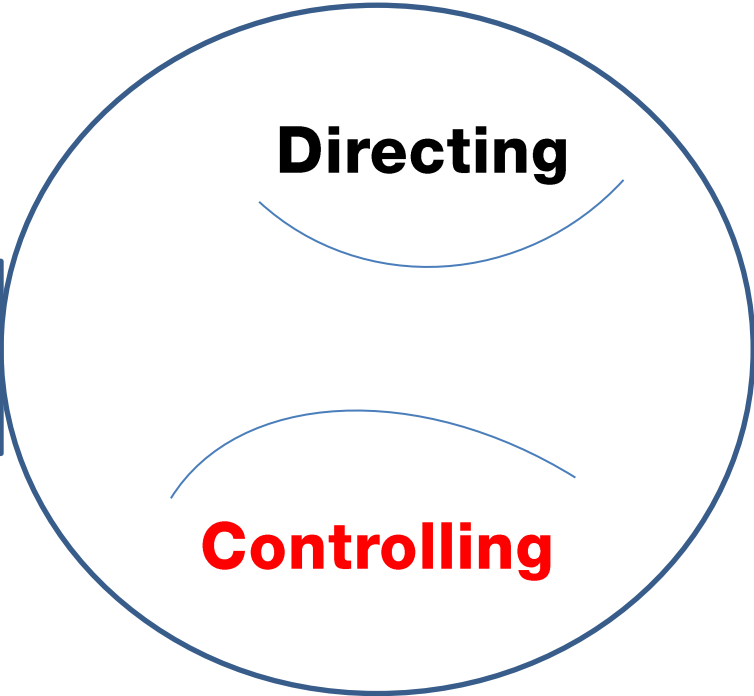
Top level



Middle Level



Supervisory or Lower level



NATURE AND SIGNIFICANCE OF MANAGEMENT

Coordination (The Essence of Management):

- **Coordination is the force which synchronizes all the functions of management and activities of different departments. Lack of coordination results in overlapping, duplication, delays and chaos. It is concerned with all the three levels of management as if all the levels of management are looked at together, they become a group and as in the case of every group, they also require coordination among themselves. So, it is not a separate function of management, rather it is the essence of management.**

NATURE AND SIGNIFICANCE OF MANAGEMENT

Nature and Significance of Management class 12 Notes Business Studies

1. Coordination integrates group efforts: It integrates diverse business activities into purposeful group activity ensuring that all people work in one direction to achieve organizational goals.

2. Coordination ensures unity of action: It directs the activities of different departments and employees towards achievement of common goals and brings unity in individual efforts.

NATURE AND SIGNIFICANCE OF MANAGEMENT

3. Coordination is a continuous process: It is not a specific activity matter it is required at all levels, in all departments till the organization continues its operations.

4. Coordination is all pervasive function: It is universal in nature. It synchronizes the activities of all levels and departments as they are interdependent to maintain organizational balance.

NATURE AND SIGNIFICANCE OF MANAGEMENT

5. Coordination is the responsibility of all managers: It is equally important at all the three-top, middle and lower levels of management. Thus it is the responsibility of all managers that they make efforts to establish coordination.

6. Coordination is a deliberate function: Coordination is never established by itself rather it is a conscious effort on the part of every manager. Cooperation is voluntary effort of employees to help one another. Effective coordination cannot be achieved without cooperation of group members.

Features of Coordination

→ **Integrates group efforts**

→ **Ensure unity of efforts**

→ **Continuous Process**

→ **Pervasive function**

→ **Responsibility of all managers**

→ **A Deliberate function**

Difference between Co-Ordination and Co-

Basis		Co-ordination	Co-operation
1	Meaning	Co-ordination refers to bringing together the activities of an organisation.	Co-operation refers to voluntary efforts of individuals to work together and help each other.
2	Nature	Co-ordination is a conscious and deliberate action of manager.	It is a voluntary effort of employees.
3	Interdependence	Co-ordination is interdependent upon co-operation as it is incomplete without it.	Co-operation is also dependent upon co-ordination as it is meaningless without it.
4	Relations	Co-ordination is achieved through both formal and informal relations.	Co-operation arises out of informal relations

Difference between Co-Ordination and Co-Operation

	Basis	Co-ordination	Co-operation
5.	Scope	It includes co-operation and hence has a wider scope.	It has a narrow scope as it is towards establishing coordination.
6.	Requirement	Co-ordination is essential for achievement of organisation goal, where a group of people work together.	Co-operation is voluntary in nature, it arises only when people desire to work together.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Define management.

Ans: Management is defined as a process of getting things done with the aim of achieving goals effectively and efficiently.

or

It is a process of designing and maintaining an environment in which individuals working in groups, can achieve selected objectives efficiently and effectively.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Name any two important characteristics of management.

Ans: Pervasive and Multidimensional.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Ritu is the manager of the Northern division of a large corporate house. At what level does she work in the organisation? What are her basic functions?

Ans: Ritu is working at the middle level. Her basic functions are (number of functions should be given according to the marks allotted for the question).

(i) Interpreting the policies formed by the top level management and acting as a link between top level management and operative management.

(ii) Assigning necessary duties to the employees.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Why is management considered a multi-faceted concept?

Ans: Management is considered as a multi-faceted concept because it is a complex activity that has three main dimensions. These are

I. Management of Work All organisations perform some work e.g., producing or selling. A work is defined as the goals to be achieved.

(ii) Management of People The main asset of an organisation is the human resources. This resource has to be managed in such a manner that it helps to achieve the goals of the organisations.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(iii) Management of Operations All organisations either produce a product or provide a service. This requires a production process which means using an operation to convert the inputs into the output, it is interlinked with both management of work and management of output.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Discuss the basic features of management as a profession.

Ans: Basic features of management as a profession management as a profession has the following features which are as follows

(i) Well-defined Body of Knowledge All professionals are based on a well-defined body of knowledge that can be acquired through instruction.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(ii) Professional Association There are several associations of practicing managers in India, like the AIMA (All India Management Association) that has laid the code of conduct to regulate the activities of their members.

(iii) Service Motive All business organisations aim to provide good quality product or service at a reasonable price thus serving the society.

Thus, we can say management does not meet the exact criteria of a profession but it has some features as a profession.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Long Answer Questions

Management is considered to be both an art and science. Explain.

Ans: Art is the skillful and personal applications of existing knowledge to achieve desired goal.

Management is considered an art due to the following reasons

(i) Existence of Theoretical Knowledge :All art subjects are based on theoretical knowledge e.g., written material is available on dancing, time arts, music etc same way there is lot of literature available on management and its branches – finance, marketing, human resource etc.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(ii) Personalised Application :The use of this basic knowledge differs from one individual to the other. Two painters, two dancers or two singers all use their knowledge in their own way. Same way two managers who have acquired the same knowledge may use it in their own different ways to get the work done.

(iii) Based on Practice and Creativity : All art is practical. It involves creative practice. The more we practice it better we become at it. It also requires creativity.

Same way a manager applies his acquired knowledge in a unique manner.

More practice makes him a better manager and he also develops his own style of management.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Management is an In-exact Science

(i) Systematised Body of Knowledge :Science is a systematised body of knowledge. Its principles are based on cause and effect relationship, e.g., water evaporates on being heated. Same way management is a body systematised Knowledge. All managerial principles have cause and effect relationship.

(ii) Principles Based on Experimentation :Scientific principles are first developed through observation and then tested through repeated experimentation. Same way management principles are also propounded after observation and repeated experimentation.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(iii) Universal Validity :All scientific principles have universal validity. They give same result wherever applied.

Principles of management do not have Universal validity. They have to be adjusted and applied according to the need of the situation.

Thus, management is an in-exact science.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Do you think management has the characteristics of a full fledged profession?

Ans: No, management does not possess all the characteristics of a full fledged profession. The reasons go as follows

(i) Well-defined Body of Knowledge All professions are based on a well-defined body of knowledge that can be acquired teaching – learning process. This feature of a profession is possessed by management as well. There is vast knowledge available on management in the form of definitions, concepts, theories, principles etc.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(ii) Restricted Entry All professions have a restriction on the entry of its practitioners. They have to acquire a specific degree to be professional e.g., LLB for a lawyer MBBS for a doctor etc. But a manager can be an MBA qualified or not.

(iii) Professional Association All professions are affiliated to a professional association which regulates entry, grants certificate of practice and formulates a code of conduct e.g., all lawyers have to be a member of Bar Council to practice law. It is not compulsory for all managers to be a member of AIMA.'

(iv) Ethical Code of Conduct All professions are bound by an ethical code of conduct which guides the behaviour of its members. But as it is not compulsory for all managers to be members of AIMA, they all may not be aware of the prescribed code of conduct of AIMA.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(v) Service Motive All basic motive to serve their client's interest, e.g., -lawyers to get justice for their clients, doctors to treat the patients etc. All managers also work in a manner where by they show their effectiveness and efficiency in the form of good quality goods provided to the customer at a reasonable price.

Thus, management possesses some characteristics of a profession but not all.

NATURE AND SIGNIFICANCE OF MANAGEMENT

Co-ordination is the essence of management. Do you agree? Give reasons.

Ans: Co-ordination plays a vital role as it binds all the other functions of management. It is the common thread of all activities such as purchase, production, sales etc that runs through. Some of the basic features are as follows

(i) Integrates Group Efforts Co-ordination brings unity to all. It gives a common focus to group efforts.

(ii) Ensures Unity of Actions It acts as a binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(iii) It is a Continuous Process Co-ordination is not a one time function but a continuous process. It begins at the planning stage and continues till controlling.

(iv) It is an All Pervasive Function Co-ordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(v) It is the Responsibility of All Managers All managers need to co-ordinate something or the other. A manager of production department needs to co-ordinate the work within his department and also with the other departments at the same time.

(vi) It is a Deliberate Function Whatever the managers are doing in an organisation they are doing it knowingly. Co-ordination is one of the most important functions of all managers. Thus co-ordination is also done deliberately. Whatever the managers do, they do it deliberately to achieved the predetermined goals and objectives.

Thus, we can say co-ordination is the essence of managment after analysing these points.

NATURE AND SIGNIFICANCE OF MANAGEMENT

"A successful enterprise has to achieve its goals effectively and efficiently" Explain.

Ans: "A successful enterprise has to achieve its goals effectively and efficiently". Thus, management has to see that task are completed and goals are achieved with the minimum resources.

NATURE AND SIGNIFICANCE OF MANAGEMENT

- **Management is thus getting things done with the aim of achieving goals effectively and efficiently. Being effective or doing work effectively basically means finishing the given task. It is concerned with end result, it is achieved or not. Efficiency means doing the work correctly and with minimum cost. If by using less resources more benefits are derived then efficiency has increased. It is thus essential for any organisation to focus on efficiency as well as effectiveness. It is not only important to complete the work correctly but equally important to complete it with minimum cost. In the same manner, it is not only important to reduce cost but equally important to complete the work correctly.**

NATURE AND SIGNIFICANCE OF MANAGEMENT

Management is a series of continuous inter-related functions. Comment.

Ans: Management is a series of continuous inter-related functions. Each one of them performed to guide and direct the efforts of others.

(i) Planning Planning is the primary function which runs through all other functions. It is the process of thinking before doing. It bridges the gap between where we are and where we want to go.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(ii) Organising It is the process of defining the formal relationship among people and resources to accomplish the desired goals. It involves

(a) Identification and division of work

(b) Departmentalisation

(c) Assigning of duties

(d) Establishing reporting relationships

(iii) Staffing Organisational goals can be achieved only through human efforts. It is the duty of management to make the best possible use of this resource. Thus, placing the right person on the right job is very important. Staffing helps management to motivate, select and place the right person on the right job.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(iv) Directing Directing involves leading, influencing and motivating employees to perform the tasks assigned to them. This requires establishing an atmosphere that encourages employees to do their best. Directing comprises of four elements; supervision, motivation, leadership and communication.

NATURE AND SIGNIFICANCE OF MANAGEMENT

(v) Controlling Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals. The task of controlling involves

(a) Establishing standards of performance

(b) Measuring current performance'

(c) Comparing this with established standards

(d) Taking corrective action