

Chapter 1: Nature & Significance of Management

Q1. Define Management.

Management is the process of designing and maintaining an environment in which individuals work together with the aim of achieving goals effectively and efficiently.

Q2. Discuss the three essential elements of modern concept of management.

The modern concept of management insists on three essential elements:

1. Management is a 'Process': Management is a process as it involves a series of inter-related functions, such as planning, organising, staffing, directing and controlling. All managers perform these functions to achieve goals.
2. Management requires 'Effective' performance: Effectiveness in management is concerned with achieving the goals on time. For example, if a firm achieves its target production within time, then the firm is said to be effective.
3. Management needs 'Efficiency': Efficiency means optimum use of resources. It refers to doing the task correctly and with minimum cost.

Q3. "Both efficiency and effectiveness are needed in management." Comment.

The two terms 'Effectiveness' and 'Efficiency' mean different but they are related to each other.

- 'Effectiveness' aims to achieve the goals within time.
- 'Efficiency' focuses on optimum use of resources to achieve the goals.

Let us understand this through an example:

- Suppose, management of a company concentrates on effectiveness (i.e. achieving goal on time), irrespective of cost (i.e. ignores efficiency). Following this policy, the manager achieves target of 500 units within time, but after high wastage and mishandling of resources. In this case, the manager is effective but not so efficient.
- On the other hand, if the manager concentrates more on efficiency and is unable to achieve the target, then manager is efficient but not effective.

Management must be effective as well as efficient to make the enterprise successful.

Q4. Explain briefly the characteristics or features of management.

The important characteristics or features of management are:

1. Management is a goal oriented process: Management always aims to achieve certain organisational goals. These should be simple and clearly stated. Different organisations may have different goals. Management integrates the efforts of all members towards achieving the objectives.
2. Management is all Pervasive: Management is a universal concept. Both business and non-business organisations (such as Government or service organisations) need effective and efficient management to achieve their objectives.
3. Management is Multidimensional: Management is a complex activity with multiple dimensions. Its three main dimensions are:
 - a) Management of Work: Every organisation exists to perform some work. For example, school provides education, factory produces goods or a hospital treats patients. Management aims to ensure that this work is performed effectively and efficiently.
 - b) Management of People: Human resources or people are the most important asset of an organisation. Management involves 'getting work done through people' and achieving organisational objectives through them. Managing people has two dimensions:
 - (i) It implies dealing with diverse needs of employees as individuals.
 - (ii) It also implies dealing with individuals as a group of people.
 - c) Management of Operations: Management of operations combines management of work as well as people to produce the goods. It involves deciding what is to be done (management of work) and who is to do it (management of people).
4. Management is a Continuous Process: Management is concerned with constantly identifying the problems and solving them by taking appropriate action. All the functions of management (planning, organising, staffing, directing and controlling) are performed by the managers on continuous basis.
5. Management is a Group Activity: Management is not performed by a person in his individual capacity. It is the coordinated efforts of group of people. An organisation consists of diverse individuals with different needs. Each member joins the organisation for different purpose. But, as members of the organisation, they work together to achieve organisational goal. It requires team work. Management helps people to realise their individual as well as organisational goals through group efforts.
6. Management is a Dynamic Function: An organisation interacts with its external environment, which consists of various social, economic and political factors. In order to survive and grow, an organisation must change itself and its goal as per the environment. So, management is a dynamic function.
7. Management is an Intangible Force: Management is an invisible force that cannot be seen. However, its presence can be felt when targets are met, employees are happy and there is orderliness and coordination in the work environment.