

UNIT- 1

NATURE AND SIGNIFICANCE OF MANAGEMENT

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Q.1: Define Management.

Ans.: Management is defined as an act of managing people and their work with the aim of achieving a common goal by using the organization's resources. It is the joint efforts of a group of people who use their skills and knowledge in running the complete system of the organization. It is a function, a process, a discipline, an art and much more.

"Management is an art of getting things done through others." Management is to plan, organize, direct and control the resources of the organization for accomplishment of common objectives or goals. It involves proper utilization of resources like material, money, machinery, methods, manufacturing and marketing. The knowledge of management theory and practice enables managers to take more practical view about organizational and social problems and to find out their effective solution.

According to Taylor, "Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way."

According to Lawrence, "Management is the accomplishment of results through the efforts of other people."

According to Henry Fayol, "To manage is to forecast and to plan, to organize, to coordinate and to control."

Thus, it may be concluded that management plays a vital role in improving the standard of living of the people in the society by developing an ideal organizational structure and making economic use of available resources.

Q.2: State the nature of management.

Ans.: Management has the following nature:

1. Management is goal oriented- Management is concerned with achieving specific goals and objectives. The success of management is measured by the extent to which the goals and objectives are achieved.

2. Management is associated with group efforts- The business comes into existence with certain objectives which are to be achieved by a group as a whole. Management involves getting things done by, with and through the efforts of group members. It coordinates the activities and acts of its members towards a common goal.

3. Management is intangible- It is an unseen force. Its presence is evident from the result of its efforts.

4. Management involves decision making- Decision-making is an important part of modern management. Rational or sound decision making is considered as a primary function of management.

5. Management is an art as well a science: Management has the features of art and also science. Like an art, it requires skills and knowledge in order to be able to manage an organization. Also, like a science, management requires specialized knowledge, principles and practice for being successful in its endeavors. It is however not pure science like physics and chemistry.

6. Management is getting things done through others- A manager plans activities and goals of the organization and gets them done through subordinates.

7. Universal Process: Management is applicable in all organizations. Without effective management, the goals of the organisation cannot be achieved.

8. Profession: Management is a profession as managers require specialized skills and knowledge and formal training methods in order to be appointed as a manager in an organization.

9. Process: The management method incorporates a range of activities or services directed towards specific goals.

Q3.: Is management an art or science?

Ans.: Management as an art

Art is concerned with application of skills and continuous effort for achieving certain goals. Art involves practical knowledge, regular practice and creativity. It is a result-oriented approach. Management has to apply skills and knowledge in dealing with various situations in order to achieve desired goals. It is a creative art as it involves getting things done through others by motivating them and coordinating their efforts. Management is result oriented and has continuous applicability. In this sense, management is an art.

Management as a science

Science is a systematized body of knowledge which establishes relationship between cause and effect. Management is systematized body of knowledge acquired and developed by mankind through observation and experimentation, capable of verification. Management and its activities are, in a way, a science as it involves the use of systematized principles and philosophies developed by management thinkers and scientists over the years. Also, like science, management too has universal application. Though it is not pure science like physics or chemistry but it may be called behavioral science as it mostly deals with human behavior.

Thus, management is both art as well as science. It may not be proper to term it as pure science or pure art. Management principles are applied as per the requirements of various situations. So, it is a combination of both science and art.

Q. 4: What are the objectives of management?

Ans.: Management brings together the 5 Ms viz. Men, Material, Machines, Methods and Money. It is a result-oriented activity which focuses on achieving the desired output. The main objectives of management are discussed below:

1. Optimum utilization of resources- The most important objective of management is to use various resources of the enterprise in the most economic way so as to avoid wastages. The proper use of men, materials, machines, and money helps a business to earn sufficient profits and to satisfy various stakeholders.
2. Growth and development of business- By proper planning, organisation and direction etc., management leads a business to growth and development. It helps the business in expanding profitably. It provides a sense of security to the employers and employees.
3. Better quality goods- The aim of sound management is to produce better quality products at minimum cost.
4. Ensuring regular supply of goods- Another objective of management is to ensure regular supply of goods to consumers. It checks the artificial scarcity of goods in the market, thus keeping the prices of goods within permissible limits.
5. Promotion of research and development- Management undertakes research and development activities to take lead over its competitors and meet uncertainties. Thus, it provides the benefits of latest research and technology to the society.
6. Minimize risk- Though the exact future cannot be predicted, yet on the basis of previous experience and existing circumstances, management tries to prepare the organization for future contingencies, thus minimizing the element of risk.

Q.5: Discuss the significance/importance of management.

Ans.: Management plays a vital role in an organization. Its significance may be studied as under:

- i. Achieving Group Goals: Management helps in the collaboration and coordination of individual efforts so as to accomplish individual targets together with the group goals.
- ii. Increases Efficiency: Management improves productivity by managing resources in a reliable conceivable way in order to decrease cost upscale potency.
- iii. Smooth operation of business: Management ensures smooth operation of business through sound planning, organization, direction and effective control.
- iv. Adjustment with change: Management ensures adaptation of the organization and its working in all changing situations.
- v. Achieving personal objectives: Management promotes leadership and provides motivation to employees to operate effectively in order to accomplish their personal aims while working together towards the organizational goals.
- vi. Development of Society: Management helps in the enhancement of community by manufacturing reliable and quality goods, establishing employment opportunities and developing innovative technologies.

Q.6: Explain the management process.

OR Explain the functions of management.

Ans.: Management is described as a social process. It is a dynamic process consisting of various elements and activities. These activities are common to every manager irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, and to control". Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for Reporting and B for Budgeting. But the most widely accepted are functions of management given by Koontz and O' Donnell which are Planning, Organizing, Staffing, Directing and Controlling.

For theoretical purposes, it may be convenient to separate the functions of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other, affecting the performance of the rest. Let us discuss the functions of management in brief.

1. Planning

Planning is the basic function of management. Planning involves determining future courses of action to achieve desired goals. According to Koontz, "Planning is deciding in advance- what to do, when to do & how to do. It bridges the gap from where we are and where we want to be".

2. Organizing

Organizing is the process of defining and grouping of activities of the entire process and establishing the authority and responsibility relationship among them. Thus, organization involves determining and providing resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. Staffing

According to Koontz & O'Donnell, staffing is filling and keeping filled, positions in the organization structure through defining work-force requirements, appraising, selecting, compensation and training. The main purpose of staffing is to put the right man on the right job, i.e., square pegs in square holes and round pegs in round holes. Staffing involves:

- Manpower Planning
- Recruitment, Selection and Placement.
- Training and Development.
- Remuneration.
- Performance Appraisal.
- Promotions and Transfer.

4. Directing

Direction is called management in action. Direction is that aspect of management which deals directly with influencing, guiding, supervising and motivating subordinates for the achievement of organizational goals. Direction has the following elements:

- Supervision
- Motivation
- Leadership
- Communication

5. Controlling

It implies measurement of accomplishment against the standards and correction of deviation (if any) to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformity with the standards set. Therefore, controlling has following steps:

- i. Establishment of standards of performance.
- ii. Measurement of actual performance.
- iii. Comparison of actual performance with the standards and finding out deviation, if any.
- iv. Taking corrective action.

Q.7: Differentiate between management and administration.

Ans.: The major differences between management and administration are given below:

1. A group of persons, who are employees of the organization, is collectively known as management. On the other hand, administration represents the owners of the organization.
2. Management is an activity of business, generally at functional level, whereas administration is a high-level activity.
3. While management focuses on policy implementation, policy formulation is performed by the administration.
4. Functions of administration include legislation and determination. Conversely, functions of management are executive and governing.
5. Administration takes all the important decisions of the organization while management makes decisions under the boundaries set by the administration.
6. Management is a systematic way of managing people and things within the organization. Administration is the act of administering the whole organization by a group of people.
7. Management can be seen in profit making organizations. Conversely, the administration is found in government and military offices, clubs, hospitals, religious organizations and all the non-profit making enterprises.
8. Management is all about plans and actions, but the administration is concerned with framing policies and setting objectives.
9. Management plays an executive role in the organization. Role of administration is decisive in nature.

10. Management focuses on managing people and their work. On the other hand, administration focuses on making the best utilization of the organization's valuable resources.

Theoretically, it can be said that both are different terms, but practically, we find that the terms are more or less same. A manager performs both administrative and functional activities. But we can say that administration is above management.

Q.8: Discuss the levels of management.

Ans.: Most organizations have three management levels- Top-level management, Middle-level management and Lower-level management. The managers of these three levels are classified in a hierarchy of authority and perform different tasks. The three levels of management, which are common in every corporation, are discussed below.

1. Top-level Management

Top-level Management consists of the decision-makers in an organization. Every member of this level is responsible for the direction and growth of the company. Sound top-level management basically defines the success and future of a company. Some of the top-level designations are –

- Chief Executive Officer
- Chief Marketing Officer
- Chief Sales Officer
- Chief Technology Officer
- President
- Managing Director
- Vice-president
- Chief Operating Officer

The functions that these executives perform within an organization are–

- i. Top-level management is responsible for making plans and strategies for the business. They formulate the company's vision and mission, which helps every employee and the customers understand the fundamentals of every business.
- ii. They design the functions and responsibilities of middle-level management. They assign tasks and set goals for employees.
- iii. Top-level management drafts the policy of the company.
- iv. They are solely responsible for the survival and growth of the organization as a whole.

2. Middle-level Management

Middle-level management consists of the heads of various departments in an organization. These executives act as a bridge of communication between top-level management and the lower level of management. They manage most of the executions and micro-management within an organization.

Some designations and titles of mid-level management executives are –

- Marketing Manager
- Purchase Head
- Sales Manager
- Operations Manager

- Branch Manager
- Finance Manager

The basic functions and responsibilities of middle-level executives are:

- To communicate the policies and the mission set by top-level management and maintain a healthy work environment.
- To micro-manage the tasks performed by every member of the lower-level management coordinate between teams.
- They are responsible for the performance of lower-level executives by motivating and encouraging them.
- Middle-level management handles all the recruitments and allocations within a team.

3. Operational/Lower-level Management

Operational level management is responsible for managing the coordination between the operative workforce and middle-level management. They micro-manage specific tasks assigned to operative workers and manage teams. Operational level management has very few decision making powers and generally execute orders received from the middle-level management.

Some of the standard designations of operational level management executives are-

- Supervisor
- Foreman
- Clerk
- Junior Managers
- Inspectors
- Sub-department executives

The role of operational level managers is also crucial in the success of an organization but the difference is that they do not make critical decisions, and their efficiency and performance depend on middle-level management. Some of the essential functions of operational level management are –

- To communicate the challenges and grievances of operative workers.
- They are responsible for training the workers and managing their progress.
- They are responsible for maintaining healthy working conditions for workers and improving their efficiency.
- They ensure optimum utilization of company resources.
- They help the middle-level management in assessing employee performance.

These management levels help define authority and responsibilities within an organization. Every successful company is built on the hard work of executives and employees of these three levels, as a whole.

Q.9: Why is management known as a universal phenomenon? Discuss.

Ans.: Management is a universal phenomenon in the sense that it is a common and essential element in all enterprises. Every group effort requires setting objectives, making plans, handling people, co-coordinating and controlling activities, achieving goals and evaluating performance directed towards organizational goals.

According to Koontz and O'Donnell," Management fundamentals have universal application in every kind of enterprise and at every level of the enterprise."

According to C. Mc Millan and R.W. Gonzalez, "Management philosophy is culture-bound and it is not universally applicable. External forces affect management philosophy."

Some experts support the universality of management on the ground that whatever the situation and whatever the level of management, the management function is common. A set of common principles or a general theory of management underlies all organizations. F.W. Taylor said that the fundamental principles of scientific management apply to all human activities from our simplest individual acts to work of our great corporations.

The functions and principles of management are universal, but according to the nature, size and another background of organizations, their application will differ according to circumstances.

Q.10) Explain the meaning and need/importance of Coordination.

Ans: Co-ordination can be defined as the orderly arrangement of group efforts to provide unity of action in the pursuit of common objectives. It is the integration or synchronization of activities or action. The activities of individuals and departments are linked with each other, so that they work most effectively together in accomplishing goals of the organization. Co-ordination is the essence of management as in order to coordinate the activities of his subordinates, a manager has to perform all the other functions of management, viz., planning, organizing, staffing, directing and controlling.

Theo Haimann states that, "Co-ordination is the orderly synchronizing of efforts of the subordinates to provide the proper amount, timing and quality of execution so that their efforts lead to the stated objective, namely the common purpose of the enterprise."

There is a need for coordination in every function of management. It is a process of integration of the activities of the members of an organization to accomplish organizational goals. There is a need to have proper coordination throughout the organization.

- (i) The top level managers co-ordinate the activities of the middle level managers.
- (ii) The middle level managers coordinate the activities of the lower level managers.
- (iii) The lower level managers co-ordinate the activities of their subordinates.

Co-ordination refers to inter-linking of actions. There is a need for co-ordination throughout the organization and at all levels.

Need/importance for Co-ordination

Coordination is needed in the organization for the following reasons:

- 1) Large number of employees: In the corporate sector, the number of employees is large and it becomes necessary to co-ordinate the activities of the individual to attain common enterprise goal.
- 2) Team spirit: Co-ordination develops team spirit in the organization. Superiors coordinate the activities of their subordinates for the purpose of achieving group objectives. For this purpose, managers need to develop team spirit among their subordinates.

- 3) Unity of action ensured: The departmental goals are set towards achievements of overall objectives and co-ordination helps in integrating the efforts of all the individuals towards a common goal.
- 4) Reduced conflict of interest: Co-ordination blends the interest of all departments into one common objective thereby reducing conflicts of interest of each department.
- 5) Interdependence of Departments: One department cannot do work alone. The performance of one department is the input of another department. This link is necessary to integrate jobs in all the departments for maximum returns, and this is done by the function of co-ordination.
- 6) Encourage Initiative: Effective co-ordination encourages subordinates to make use of initiative. Employees may come up with new ideas, and they may provide effective suggestions.
- 7) Corporate image: Co-ordination develops a better image for the Organization. Co-ordination enables the Organization to achieve its goals. There can be better quality of goods and services. This enables the firm to earn name and goodwill for the Organization.
- 8) Optimum use of resources: Co-ordination facilitates optimum use of resources. There is optimum use of both physical and human resources. The resources of the Organization are put to best possible use by the members of the Organization.
- 9) Higher Efficiency: Efficiency can be measured in terms of returns and costs. Higher efficiency is a result of high returns and low costs due to optimum utilizations of resources. So, co-ordination leads to high efficiency.

Q.11: “Coordination is the essence of management”- Explain.

Ans: Coordination brings unity of action and integrates different activities. Every managerial function needs co-ordination of various activities. Co-ordination is the essence of management for the following purposes:

1. Co-ordination is needed to perform all functions of management: Managerial functions of planning, organizing, staffing, direction and control are performed in a better way with the help of co-ordination.
 - i. Plans of different departments or sections will have to be coordinated to prepare a plan for the whole organization.
 - ii. while performing organizing function, there is a need to have co-ordination between authority, responsibility and accountability at different levels.
 - iii. Coordination in staffing function is needed between nature of job and qualifications of employees and between nature of work and compensation fixed.
 - iv. In directing function, coordination is required between superior and subordinate, between orders, instructions and guidelines etc.
 - v. in controlling function, coordination is required between standards set and actual performance.
2. Coordination needed at all levels: Coordination is needed at all levels of management namely, top level, middle level and lower levels, in order to balance the activities of everyone in different departments so as to achieve organizational objectives.

3. Coordination is the most important function: The integration of various functions in the organization is done through coordination. In its absence, there will be chaos and mismanagement. All managerial functions try to achieve integration of various efforts and co-ordination becomes the essence of management.

Coordination is required at all levels and in all functions of management, thus making it the essence of management.
