



Business Studies Notes PDF

On

Nature and Significance of Management

(Class - 12 / Chapter- 1)

DEFINITION OF MANAGEMENT

According to Marrie and Douglas,

“Management is the process by which a co-operative group directs actions of others toward common goals.”
 Management is defined as the process of planning, organising and controlling an organization’s operations in order to achieve the target efficiently and effectively. It is essential for all organisations.

Concept of Management:

Management is a process that aims to bring the efforts of the people working in the organization to achieve a common objective effectively and efficiently.

- **Process:** The term process refers to the primary activities performed in an organization by the management to achieve the objective. It includes planning, organizing, staffing, directing and controlling.
- **Effectively:** The term effectively refers to completion of the given task in the allotted time frame.
- **Efficient:** The term efficient means completing the task within minimum cost as well as optimum utilization of resources.

DIFFERENCE BETWEEN EFFECTIVENESS AND EFFICIENCY:

| BASIS | EFFECTIVENESS | EFFICIENCY |
|---------------------|---|--|
| MEANING | It refers to the process of completing the assigned task within the given time frame. | It refers to the process of completing the assigned task with minimum wastage and at minimum cost. |
| OBJECTIVES | To achieve the targets on time. | Optimum use of resources and at minimum cost. |
| MAIN ELEMENT | Time. | Cost. |

Characteristics of Management:

(i) Management is a Goal Oriented Process: Organization’s existence is based on objectives and management is the process which unites the efforts of every individual to achieve the goal.

(ii) Management is All Pervasive: The use of management is not restricted; it is applicable in all organisations big or small, profit or non-profit making.

(iii) Management is Multidimensional: It does not contain one activity, it is a complex activity including three main activities:

- (a)** Management of house
- (b)** Management of people
- (c)** Management of operations

(iv) Management is a Continuous Process: It is a never ending process. It consists of series of interrelated functions which performs continuously.

(v) Management is a Group Activity: Organisation is a collection of many individuals; every individual contributes towards achieving the goal.

(vi) Management is an Intangible Force: It cannot be seen or touched only it can be felt in the way the organisation functions.

Objectives of Management:

Objectives are the desired results that drive the management to work towards it. There are three objectives of management:

1. Organizational Objectives: Organizational Objectives are those objectives that are set by the management of an organization within a predetermined time period. An organization has different types of objectives to be achieved, these objectives are determined in consideration to the different interests of the stakeholders. The main objective of an organization is optimum utilisation of resources in the most effective and efficient manner. It is further divided into three parts- survival, profit and growth.

- **Survival:** Ensuring survival in the market in the long run by taking positive decisions in respect of business activities is the primary objective of management.
- **Profitability:** Any person or individual who runs a business has the ultimate objective of earning profit. Management ensures to earn sufficient profit to meet its various needs.
- **Growth:** Management should aim towards continuously improving the performance of the organization. It is the general objective of management to secure maximum results through minimum resources to increase prosperity and growth.

2. Social Objectives: Any organization that operates doesn't solely have an objective of profit making. It also has some social obligations or social objectives to fulfill towards the society. This may differ from organization to organization. For example: Some aim at providing basic infrastructure to the people living around, some aim at providing maximum employment and some aim at producing products that are environment friendly.

3. Personal Objectives: Each and every individual joins an organization for pursuing their personal objectives. Some join for a good package of salary, some join for greater recognition, some just for survival. So, this depends upon individual to individual. It is important for an organization to identify the personal objectives to integrate it with the organizational objectives to bring harmony in the organization.

Importance of Management:

(i) Management Helps Achieving Group Goals: It integrates the objective of individual along with organisational goals.

(ii) Management Increases Efficiency: It increases productivity through better planning, organising, directing the activities of the organisation.

(iii) Management Creates a Dynamic Organisation: Organisation has to survive in dynamic environment thus managers keep changes in the organisation to match environmental changes.

(iv) Management Helps in Achieving Personal Objectives: Through motivation and leadership, management helps in achieving the personal objectives.

(v) Management Helps in the Development of Society: It provides good quality products and services, creates employment, generates new technology in that sense it helps in the development of the society.

Nature of Management:

Management has evolved over time; it has become very dynamic in modern times. Earlier it was based on a set of rules and regulations or we may state them as conventions that evolve slowly and gradually as per the ever changing needs.

Management can be an art, science or a profession.

Management as an Art:

Art refers to putting the knowledge and capabilities into practice so as to achieve the desired results. It can be acquired through various methods like observation, study and experience.

The basic features are as follows:

- **Existence of theoretical Knowledge:** Art involves the application of theoretical knowledge. Management is an art of getting things done through individuals for accomplishment of desired results by putting the available knowledge into practice.
- **Personalized application:** The use of knowledge varies from person to person and hence management is basically an individual skill. Two different people can perform the same type of work but will always differ in the way they perform. For example: two singers will always perform differently.
- **Based on practice and creativity:** Management is goal-oriented and result-oriented. As for art, management also requires practice; continuous practice hones the skills and creativity of an individual. Hence, management can be considered as an art, as both require skills, practice and creativity.

Management as a Science:

It is a systematised body of knowledge. Its principles are based on experimentation. It is made of universally acknowledged concepts that define the relationships between causes and effects.

The following are the essential characteristics of science:

- **A well-organized body of knowledge:** Management is a systematised body of knowledge with its own set of ideas and concepts based on cause-and-effect relationships.
- **Principle based on experiments and observation:** Fundamental principles of management are developed through experiments and observations. Their results can be tested and verified.
- **Universal Validity:** The principles of management have no universal validity and application like that of science. The basics of management is imparted to the managers, rest has to be tailored as per the requirement of the organization and environment.

Management as a Profession:

A vocation that requires specific knowledge, practical training, a service motivation, and a code of conduct is referred to as a profession.

The following are the essential characteristics of a profession:

- **Specialized Knowledge:** Management has its own set of principles, concepts and is a well defined body of knowledge.
- **Restricted Entry:** Every profession has restricted entry through examination or through educational degree. Though, to build a career in management, it is not necessary to have an educational degree etc.
- **Statutory Body:** Every profession is regulated by a legally recognized body like ICAI for a chartered accountant. Management also has their association like All India Management Association but management associations are not statutory bodies.
- **Code of Conduct:** Like every profession, managers also have a code of conduct, but it does not legally bind a manager as compared to the professional code of conduct.
- **Service Motive:** Managers aim to serve the society similarly like other professions.

Levels of Management:

- **Top Management:** It consists of senior most executives who are usually referred to as the Chairman, Chief Executive Officer, President and Vice President.
- **Middle Management:** They are usually division heads who are the link between top and lower level of management.
- **Operational Management:** They are usually the foremen and supervisors who actually carry on the work or perform the activities.

Functions of Management:

- **Planning:** It refers to deciding in advance what to do, how to do and developing a plan of achieving a goal efficiently and effectively.
- **Organising:** It refers to the assigning of duties, grouping tasks, establishing authority and allocating of resources required to carry out a specific plan.
- **Staffing:** It implies the right people for the right job.
- **Directing:** It involves leading, influencing, motivating employees to perform the task assigned to them.
- **Controlling:** It refers to the performance measurement and follow up actions that keep the actual performance on the path of plan.

COORDINATION - THE ESSENCE OF MANAGEMENT

Coordination is a force which synchronizes all the five functions and levels of management in order to achieve the goal of the organization. Coordination is implicit and inherent in all the functions of an organization.

Without coordination there are chances of overlapping, duplication, delays and chaos in the work. The function of coordination starts from the planning function itself. Coordination thus synchronises the different efforts and actions of various units of the organization.

Characteristics of Co-ordination:

- It integrates group efforts.
- It ensures units of action.
- It is a continuous process.
- It is an all pervasive function.
- It is the responsibility of all managers.

Importance of Coordination:

- **Growth in Size:** Coordination harmonizes individual goals with the organizational goals. This results in the growth of the organization which results in an increase in the number of people employed with it.
- **Functional Differentiation:** The various departments of the organization have their own objectives, policies and their own style of working. But to achieve organizational objective coordination is important so as to link the activities of all departments.
- **Specialization:** Coordination integrates all the specialists' activities into a collective effort.

MANAGEMENT IN THE TWENTY-FIRST CENTURY

Management in the 21st century means the new ways, trends, ideas, and techniques of doing business and makes it possible to think of the organisation as a 'Global Organisation.'

[Follow on Facebook](#)[Follow on Instagram](#)[Join us on Telegram](#)*Commerce***CLASSES**