



Nature and Significance of Management

TOPICS COVERED:

- Management - Concept, Objectives, Importance
- Levels of management - Top, middle supervisory (First level).
- Management functions - Planning, organizing, staffing, directing, and controlling.
- Coordination - Nature, and Importance.

MANAGEMENT - CONCEPT, OBJECTIVES, IMPORTANCE

Definition of Management: Management has been defined by various scholars as:

According to **George R. Terry**, "Management is a distinct process consisting of planning, organising, actuating and controlling, performed to determine and accomplish stated objectives by the use of human beings and other resources".

According to **Henry Fayol**, "To manage is to forecast and to plan, to organise, to command, to coordinate and to control".

According to **Peter Drucker**, "Management is a multi-purpose organ that manages business and manages managers and manages workers and work".

According to **Harold Koontz**, "Management is the art of getting things done through and with people in formally organized groups".

According to **Mary Parker Follett**, "Management is the art of getting things done through people".

According to **Ross Moore**, "Management means decision-making".

According to **F. W. 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".

Thus, management can be defined as a dynamic process of utilizing the organizational resources to achieve organizational goals in an effective and efficient manner. There are certain terms which require elaboration. These are (a) process, (b) effectively, and (c) efficiently.

The organizational resources that act as inputs in the process of management are: Men, Money, Materials, Machines, Methods and Markets. These are the six M's of management.

The management process is *effective* when the desired goal is achieved within the time. It is *efficient* if the desired goal is completed by using minimum resources or minimum cost. Management is said to be poor if it is effective but inefficient. Management is said to be successful if it is effective as well as efficient. Management should be efficient otherwise it is useless.

Nature of Management

1. Management as a Science

Science as a discipline has the following characteristics:

- i.* Systematic body of knowledge
- ii.* Principles based on experimentation
- iii.* Universal validity of the laws and principles

Management satisfies these requirements to a certain extent:

- i.* Management is a systematic body of knowledge with its own theories and principles.
- ii.* The principles of management also evolved through repeated experimentation. But since management deals with humans, the outcome of the experiments is significantly unpredictable.
- iii.* The principles of management do not have a universal applicability and need modification under different circumstances.

Thus, it can be said that management is not an exact science. It is a social science as it deals with humans or in the words of Ernest Dale - 'Management is a soft science'.

2. Management as an Art

Art implies application of knowledge. It is highly personalized activity to achieve desired goals. Since, art varies from person to person it is prone to failure.

Just like any other art:

- i.* management is also application of knowledge in different situations.
- ii.* management is a highly personalized activity and varies from manager to manager. Thus, management is also prone to failure.
- iii.* management is action-oriented to achieve organizational objectives.

Thus, management is a perfect art or rather a fine art.

3. Management as a Profession

According to McFarland, various characteristics of a professional activity are:

- i.* based on special skills and knowledge
- ii.* formal methods of acquiring these skills.
- iii.* an apex body which issues guidelines for professionalization of the occupation.
- iv.* a uniform code of conduct to regulate the members.

- v. providing service for a fee.
- vi. social responsibility.

Management is a professional activity like doctors and lawyers. Although every organization tries to design their ethical codes of behaviour individually, there is absence of a uniform code of conduct.

Thus, management can be considered as a developing profession.

Characteristics of Management:

- (i) Management is a goal-oriented process: Every organisation has formed for some specific purpose. The goal of management should be to achieve these purposes. These should be simple and clearly stated.
- (ii) Management is all pervasive: The activities involved in managing an organisation are common to all whether it is performed economic, social or political activity. A petrol pump needs to be managed as much as a hospital or a school. Management is not only required for
- (iii) Management is multidimensional: Management is a complex activity that has three main dimensions. These are:
 - (a) Management of work:
 - (b) Management of people:
 - (c) Management of operations:
- (iv) Management is a continuous process: The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling).
- (v) Management is a group activity: An organisation is a group of diverse individuals with different needs. Every member of the group has a different purpose for joining the organisation but as members of the organisation they work towards fulfilling the common organisational goal. This requires team work and coordination of individual effort in a common direction.
- (vi) Management is a dynamic function: Management is a dynamic function and has to adapt itself to the changing environment. An organisation interacts with its external environment which consists of various social, economic and political factors. In order to be successful, an organisation must change itself and its goals according to the needs of the environment.
- (vii) Management is an intangible force: Management is an intangible force that cannot be seen but its presence can be felt in the way the organisation functions.

Objectives of Management: Objectives can be classified into organizational objectives, social objectives and personal or individual objectives

- (i) Organisational Objectives: Management is responsible for setting and achieving objectives for the organisation. It has to achieve a variety of objectives in all areas considering the interest of all stakeholders including, shareholders, employees, customers and the government. The main objective of any organisation should be to utilise human and

material resources to the maximum possible advantage, These are survival, profit and growth.

- (ii) **Social objectives:** It involves the creation of benefit for society. As a part of society, every organisation whether it is business or non-business, has a social obligation to fulfil.
- (iii) **Personnel objectives:** Organisations are made up of people who have different personalities, backgrounds, experiences and objectives. They all become part of the organisation to satisfy their diverse needs. These vary from financial needs such as competitive salaries and perks, social needs such as peer recognition and higher level needs such as personal growth and development. Management has to reconcile personal goals with organisational objectives for harmony in the organisation

Importance of Management: Importance of management to an organization can be gauged through the activities it performs. These activities can be listed as:

1. **Optimum utilization of resources:** Management helps to utilize the resources in best possible manner thereby reducing the wastage ensuring maximum possible profitability. This gives business a competitive edge in the market and also helps in growth and expansion of business.
2. **Cordial industrial relations:** It motivates employees to perform the assigned job to their potential level. This increases productivity and results in higher satisfaction level among the employees. The employee turnover and absenteeism is also reduced. Thus, management and workers have cordial relationship.
3. **Adapting to changed environment:** Management keeps a track of the changes in business environment. This helps organization to adapt to the changed situations of the market. Bringing about changes in the organization, including introduction of new technology, becomes easier with the efforts of the managers.
4. **Develops team spirit:** Management brings about unity of direction in the organization as it guides all the efforts towards the achievement of a common objective. This helps develop team-spirit in the organization.
5. **Effective communication:** Management brings about an effective communication - both upwards and downwards. This helps in smooth functioning of the organization.

LEVELS OF MANAGEMENT - TOP, MIDDLE SUPERVISORY (FIRST LEVEL)

Levels of Management: In an organisation managers differ in their status and power. There is a line of demarcation that distinguish managers on the basis of powers and authority they enjoy. There are generally three levels of management in any organisations.

1. Top Level Management:

- ◆ Top level management, also called functional management or strategic management,
- ◆ It is the topmost decision-making body in the organization.

- ◆ It is the ultimate source of power and authority.
- ◆ **Functions of Top-Level Management:** Planning & Decision Makings are main function of top-level management. which includes formulating of basic policies, making corporate plan, deciding the corporate goal and take decisions regarding survival, growth and profitability of the organization as a whole.
- ◆ They decide the structure or the organization and appoint various executives.
- ◆ It comprises of directors selected by the owners or shareholders of the organization along with chief executives officer (CEO), general managers, managing directors, chairman etc.

2. Middle Level Management

- ◆ The managers in the middle level are appointed to act as a channel of communication between the top level and lower-level management.
- ◆ They are responsible for communicating and interpreting the policies made at the top level to the lower management along with coordination between various units at the lower level.
- ◆ **Functions of Middle-Level Management:** Their main function is concerned with overall functioning of their respective departments which includes departmental plans, establish departmental goals and perform various activities for smooth functioning of their department.
- ◆ This level comprises of departmental heads, deputy managers etc.

3. Lower-Level Management

- ◆ Lower-level management, also called operative management or supervisory management
- ◆ consists of supervisors, foremen, superintendents etc.
- ◆ They are responsible for taking decisions which are of routine nature.
- ◆ They directly guide, instruct and supervise the job of workers.
- ◆ The managers at lower level responsible to ensure discipline among the workers, evaluate their performance and report to the higher authorities.
- ◆ They are also entrusted with communication of workers' grievances to the higher management. They act as a link between the middle management and the workers at the lowest level.

Managerial Skills

1. Conceptual, Human and Technical Skills

According to Robert Katz, successful management of an organization depends on application of three skills by the managers. These are:

i. Conceptual Skills

Conceptual skills refer to the problem-solving ability of managers. This requires managers to treat the organization as a whole, understand the functioning of various sub-systems of the organization and foresee any changes that may affect the organization.

ii. **Human Skills**

Human skill or interpersonal skill is related to manager's attitude towards others. It refers to the ability of a manager to understand and empathise with his superiors, peers and subordinates. Thus, human skill reflect the ability to work as a group member and encourage team work.

iii. **Technical Skills**

Technical skill refers to the ability to use special skills, understand the techniques and handle materials, tools and equipment. It is primarily concerned with the methods and procedures related to various activities of the organization.

A manager requires Conceptual, Human as well as Technical skills to perform his functions but the degree of skill various at different levels.

At the ***top level***, the main task of management is policy making which requires a high degree of conceptual skills and relatively low degree of technical skills.

At the ***lower level***, the main task of management is supervision and guidance of the workers which requires a high degree of technical knowledge and relatively low degree of conceptual skills.

The human skill holds equal significance at all levels.

2. Hard and Soft Skills

i. **Hard Skills**

Hard skills represent the special skills required to perform a job. These are acquired and developed through studying and training. For example: proficiency in accounting or a software such as Tally is acquired by study, practice and training.

ii. **Soft Skills**

These skills are not job-specific and can be applied to a wide range of activities. These are self-taught and self-developed through experience and do not require any kind of training. For example: communication skills, problem-solving skills, ability to lead etc.

MANAGEMENT FUNCTIONS

Management is a continuous process composed of different functions that managers have to perform for attainment of desired goals. These functions are broadly classified into two parts:

Primary Functions

Following are the main functions of management:

1. Planning
2. Organising
3. Staffing
4. Directing, and
5. Controlling
6. Coordination

Secondary Functions

Following are the subsidiary functions of management which are needed to be performed to carry out the primary functions:

1. Decision-making
2. Innovation
3. Representation
4. Reporting
5. Budgeting
6. Forecasting

Different scholars have stated functions of management as:

Henry Fayol: According to Fayol, the process of management includes five functions: Planning, Organising, Commanding, Coordinating and Controlling.

George R. Terry: According to Terry, the four functions of management include, Planning, Organising, Actuating and Controlling.

Harold Koontz and Cyril O'Donnell: According to Koontz and O'Donnell, the five functions of management are: Planning, Organising, Staffing, Directing/Leading and Controlling.

Luther Gullick and Lyndall Urwick: Gullick and Urwick framed an acronym representing the functions of management as PODSCORB.

The functions according to the acronym are: Planning (P), Organising (O), Directing (D), Staffing (S), Coordinating (CO), Reporting (R) and Budgeting (B).

COORDINATION - NATURE, AND IMPORTANCE

Coordination: Coordination refers to organizing and synchronizing activities of different sub-systems of an organization to achieve the objectives of the organization. Coordination avoids chaos and brings harmony within the organization. It is the common thread that integrates various factions of management to effectively and efficiently achieve the desired objectives.

Thus, coordination is not a distinct function of management, rather it is the essence of management.

Characteristics of Coordination

1. Coordination is an all pervasive function

Coordination is required everywhere in an organization - at every level, in every activity and in every department to ensure achievement of desired aim.

2. Coordination is a conscious function

Managers have to make efforts to bring about coordination in the organization. It cannot take place on its own.

3. Coordination brings focus

Different departments strive to achieve their individual goals. In the absence of coordination it will become chaotic. Thus management coordinates the activities of all the departments in one direction *i.e.* achievement of common goal.

Types of Coordination

1. Internal Coordination

The coordination within the organization is internal coordination. The individuals and groups working at different levels as well as different departments of the organisations need to be coordinated to achieve the common goals.

Internal coordination can be further categorized as:

i. Vertical Coordination

It refers to coordination among activities of people working at different levels within the organization. For example: plans of different departments must be integrated and derived from the overall plan of the organization.

ii. Horizontal Coordination

It refers to the coordination among activities of different departments operating at the same level within the organization.

2. External Coordination

External coordination refers to the coordination of different activities of the organization with its external environment. The external environment of the organization comprises customers, suppliers, financial institutions, local authorities etc.

MULTIPLE CHOICE QUESTIONS (MCQs)



Management - Concept, Objectives, Importance

1. Which of the following characteristics disqualifies management to be a science?

- (a) Systematised body
- (b) Continuous observation
- (c) Creativity
- (d) Validity

2. Management is today considered as a process of

- (a) Getting work done through others
- (b) Working with others
- (c) Working with and through others
- (d) None of the above

3. Which of the following is not a characteristic of management?

- (a) Management is a composite process
- (b) Management is a tangible force
- (c) Management is universal
- (d) Management is a social process

4. Which from the following is not true?

- (a) Management is a developing art, social science and developed profession.
- (b) Management is a developed art, social science and develope profession.
- (c) Management is a developed art, pure science and developed profession.
- (d) Management is a developed art, social science and developing profession.

5. Assertion (A) : Management is mainly associated with economic affairs.

Reason (R) : Big business houses are the result of effective financial management.

Codes :

- (a) (A) is correct and (R) is the right explanation (A)
- (b) Both (A) and (R) are correct but (R) is not the right explanation of (A)
- (c) (A) is incorrect but (R) is correct in isolation.
- (d) Both (A) and (R) are incorrect.

6. Statement-I : Management is the art of knowing what you want to do and then seeing that it is done in the best and the cheapest way.

Statement-II: Management is the process of planning and regulating the activities of an enterprise.

- (a) Statement (I) is correct, but (II) is incorrect
- (b) Statement (II) is correct, but (I) is incorrect
- (c) Both the statement (I) and (II) are correct
- (d) Both the statement (I) and (II) are incorrect

7. Assertion (A): Management is a set of principles relating to its functions.

Reasoning (R): Management is essential to run all types of organizations.

Code :

- (a) (A) and (R) both are correct; and (R) is the right explanation of (A).
- (b) (A) and (R) both are correct; but (R) is not the right explanation (A).
- (c) Both (A) and (R) are incorrect.
- (d) (A) is correct ; but (R) is incorrect.

8. 'Completing the task with minimum cost' name the term associated with management?

- (a) Efficient (b) Effective
- (c) Both (d) Management

9. Successful organizations do not achieve their goals by chance but by following a deliberate process known as

- (a) Planning (b) Co-ordination
- (c) Controlling (d) Management

10. How does a successful manager want to achieve his objectives?

- (a) Efficiently
- (b) Effectively
- (c) Efficiently and effectively
- (d) None of the above

11. 'A petrol pump needs to be managed as much as a hospital or a school.' Which of the following characteristic of management is highlighted in this statement?

- (a) Management is a dynamic function
- (b) Management is a group activity
- (c) Management is multi-dimensional
- (d) Management is all pervasive

12. "What distinguishes a successful manager from a less successful one is the ability to put the principles into practice." Which aspect of the nature of management is highlighted in the above statement?

- (a) Management as a science
- (b) Management as an art
- (c) Management as a profession
- (d) Management is an intangible force.

[CBSE Sample Paper 2022]

Levels of management - Top, Middle Supervisory (First Level)

13. The ability to understand, communicate with, motivate and support other people, both individually and in groups, defines which of the following management skills?

- (a) Hard Skills
- (b) Soft Skills
- (c) Conceptual Skills
- (d) Technical Skills

14. The ability to integrate new ideas with the existing processes and to innovate on the job is a crucial _____ for today's managers.

- (a) Conceptual skill
- (b) Human skill
- (c) Hard skill
- (d) Technical skill

15. Planning and policy making are essentially functions of:

- (a) Top management
- (b) Middle management
- (c) Lower management
- (d) Entire staff

16. The three managerial skills - technical, human and conceptual - were given by:

- (a) Prof. Maslow (b) R.N. Farmer
- (c) Prof. Rustow (d) Prof. Katz

17. are skills associated with a manager's ability to work well with others.

- (a) Human skill (b) Conceptual skill
- (c) Technical skill (d) None of these

18. Match the items of List - II with List - I and choose the correct code :

List - I

List - II

- | | |
|------------------------|----------------------------|
| (a) Sales Executive | (i) Top- middle Management |
| (b) Branch Manager | (ii) Middle Management |
| (c) Foreman | (iii) Lower Management |
| (d) Production Manager | (iv) Operating Force |

Code:

- (a) a-iv; b-ii; c-iii; d-i
- (b) a-ii; b-iii; c-iv; d-i
- (c) a-iii; b-iv; c-ii; d-i
- (d) a-i; b-ii; c-iii; d-iv

19. Policy formation is the function of

- (a) Top level managers
- (b) Middle level managers

- (c) Operational management
- (d) Lower-level managers

[AMU B. Com Entrance 2017]

20. Goal setting is the function of

- (a) CEO (b) Foreman
- (c) Supervisor (d) Superintendent

21. Top level-management is concerned with formulation of

- (a) Long-term plans.
- (b) Short-term plans.
- (c) Supervisory plans
- (c) All of these

22. Which level of management is responsible for the welfare and survival of the organization?

- (a) Top level of management
- (b) Middle level of management
- (c) Supervisory level
- (d) Both (b) and (c)

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23. Which level of management is concerned to develop cooperation with other departments for smooth functioning of organisation?

- (a) Top level (b) Supervisory level
- (c) Middle level (d) Operational level

Management Functions

24. Match the items of List - I with the items of List - II and select the correct code.

List - I

- (a) Planning
- (b) Organising
- (c) Leading
- (d) Controlling

List - II

- (i) Getting others to get the job done
- (ii) Setting standards such as sales quotas, quality standards etc.

(iii) Establishing goals and standards

(iv) Giving each subordinate a specific task

Codes:

(a) a-ii; b-i; c-iv; d-iii

(b) a-i; b-ii; c-iv; d-iii

(c) a-iii; b-i; c-iv; d-ii

(d) a-iii; b-iv; c-i; d-ii

25. POSDCORB was coined using the initial letters of management function by

(a) Henry Fayol (b) F. W. Taylor

(c) G. R. Terry (d) Urwick and Gulick

26. Consider the following functions of management:

(i) Planning (ii) Organising

(iii) Budgeting (iv) Directing

(v) Actuating (vi) Controlling

Which of these are included in Terry's definition of functions of management?

(a) i, ii, iv, vi (b) i, ii, iii, vi

(c) i, ii, iv, vi (d) i, ii, v, vi

27. Secondary function of management is

(a) Coordination and control

(b) Staffing and direction

(c) Planning and organisation

(d) Decision making and reporting

28. Which of the management functions are closely related?

(a) Planning and organization

(b) Staffing and control

(c) Planning and control

(d) Planning and staffing

29. Assertion (A): Management is a continuous process involving the integration of all functions.

Reason (R): Managers first plan, then organise and finally perform the function of controlling.

Read the above statements and select the correct answer from the code below:

Codes:

(a) Both (A) and (R) are correct; and (R) is correct explanation of (A)

(b) Both (A) and (R) are correct, but (R) is not a correct explanation of (A)

(c) (A) is correct, but (R) is incorrect

(d) (A) is incorrect, but (R) is correct

30. Functions of a first-level or front-line supervisors are to include which of the following?

(a) To determine individual job agreement

(b) To attend to grievances and resolve conflicts

(c) To provide technical knowledge and guidance to the workers

(d) To supply strategic information relating to production to the management

Choose the correct answer from the options given below:

(a) (a) and (b) only

(b) (a) and (c) only

(c) (a), (b) and (c) only

(d) All of them - (a), (b), (c) and (d)

31. Arrange the following management function in a logical sequence of getting things done.

A. Planning

B. Staffing

C. Organizing

D. Coordinating

E. Controlling

F. Directing

Choose the correct answer from the options given below:

(a) A, B, C, D, F, and E

(b) A, C, B, F, D, and E

(c) A, C, B, D, F, and E

(d) A, C, B, D, E, and F

