



INTRODUCTION TO MANAGEMENT



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Concept of Management

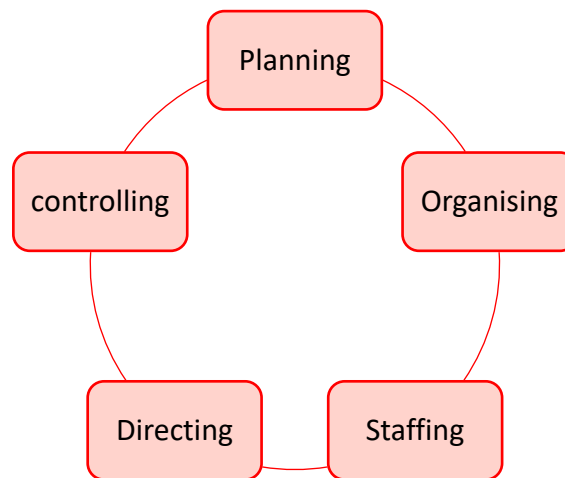
Every organization uses four kinds of resources i.e., Human, Financial, Physical and Information and management are all about achieving organizational goals using these resources effectively. The people who perform these functions are known as “managers” and collectively it is called “management”.

The significance of management can be well realized by imagining a situation in which an organization has all the resources that it requires but no management. In such a case, there will be a wastage of resources and confusion, as nobody would know what to do. It is the management, which guides and controls the activities of human resources for the attainment of organizational goals.

Thus, Management is the process of getting things done with the aim of achieving goals effectively and efficiently.

Process of Management

It means the primary functions or activities that management performs to get things done. These functions are as follows:



- 1. Planning:** According to Henry Fayol, “planning means to assess the future and make provisions for it”. It is a mental process to determine the course of action and achieve the desired result. It involves deciding in advance what to do when to do it, where to do and how the results are to be evaluated. In other words, it includes defining an organization’s goals, establishing a strategy for achieving those goals and planning to integrate and coordinate activities. It bridges the gap between where we are today and where we want to go.
- 2. Organising:** Organising is the management function of assigning duties, grouping tasks, establishing reporting relationships and allocating resources required to carry out a specific plan. It determines what activities and resources are required. It decides who will do a particular task, where it will be done, and when it will be done.

3. **Staffing:** Staffing simply means finding the right people for the right job. This function of management involves activities such as recruitment, selection, placement and training of personnel. The staffing function of management is also known as the *human resource function*.
4. **Directing:** Directing is telling people what to do and seeing that they do it to the best of their ability. It 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. Motivation and leadership are two key components of directing. It also involves communicating effectively as well as supervising employees at work.
5. **Controlling:** Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals. It involves establishing standards of performance, measuring actual performance, comparing it with standards and taking corrective action where any significant deviation is found.

Effectiveness and Efficiency

- **Effectiveness:** It is concerned with doing the right task, completing activities and achieving goals. In other words, it is concerned with the end result.
- **Efficiency:** It means doing the task correctly and with minimum cost.

⇒ Efficiency is increased if-

- By using fewer inputs such as money, materials, equipment and persons, more output is produced; or
- For the same output, fewer resources are used and less costs are incurred

The two terms 'Effectiveness' and 'Efficiency' are different but they are inter-related. For management, it is important to be both effective and efficient. Management has to see that tasks are completed and goals are achieved (i.e., effectiveness) with the least amount of resources at a minimum cost (i.e., efficiency). *Effectiveness and efficiency are two sides of the same coin.*

Characteristics/Features of Management

The salient features which highlight the nature of management are as follows:

1. **Management is a goal-oriented process:** An organisation has a set of goals to achieve, e.g., to earn a 20% return on investment (ROI), to increase sales by 10%, etc. Management unites the efforts of different individuals in the organisation toward achieving these goals.
2. **Management is a group activity:** An organisation is a group of different individuals who work together with team spirit and coordination to achieve the goals of the organisation. This focuses on a team rather than individuals. Management as a group (or team) can contribute more effectively and efficiently than an individual.

3. **Management is an intangible force:** Management cannot be seen but its presence can be felt when targets are achieved according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.
4. **Management is all-pervasive:** Managerial activities are performed in all types of organisations, in all departments and at all levels. Management is essential for all organisations – big or small, profit or non-profit, service or manufacturing. A government, a cricket team, a hospital or a school, - all require management.
5. **Management is multi-dimensional** as it involves the management of work, people and operations.
 - I. **Management of work:** Management translates the work to be done in terms of goals to be achieved and assigns the means to achieve it. This is done in terms of problems to be solved, decisions to be made, plans to be established, budgets to be prepared, responsibilities to be assigned and authority to be delegated.
 - II. **Management of people:** Managing people has two dimensions:
 - Dealing with employees as individuals with diverse needs and behaviour; and
 - Dealing with employees as a group of people
 - III. **Management of operations:** It means managing the production process of transforming input material and the technology into the desired output for consumption. This is interlinked with the management of work and the management of people.
6. **Management is a continuous process:** The management process is a series of continuous, composite but separate functions – planning, organising, staffing, directing and controlling. These functions are simultaneously performed by all managers all the time.
7. **Management is a dynamic function** as it adapts itself to the changing environment. In order to be successful, an organisation must change itself and its goals according to the needs of the environment, which consists of various economic, social, technological, legal and political factors. For example, McDonald's, the fast-food giant made major changes in its menu to be able to survive in the Indian market, e.g., it offers the Aloo Tikki burger.

Objectives of Management

Objectives of management can be classified into organisational objectives, social objectives and personal or individual objectives. Management has to achieve all these objectives. Management has to achieve all these objectives in an effective and efficient manner.



I. Organisational or Economic Objectives

The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage, i.e., to fulfil the economic objectives of a business. These are survival, profit and growth.

- I. **Survival:** The management of an organisation must ensure the survival of the organisation by earning enough revenues to cover costs.
- II. **Profit:** Management must ensure that the organisation makes a profit, which is an incentive for the continued successful operation of the enterprise. Profit is essential to cover costs and risks for the business.
- III. **Growth:** It is important for every business to grow in the long run. Management must exploit fully the growth of potential of the organisation. The growth of a business can be measured in terms of
 - a) Increase in sales turnover
 - b) Increase in the number of products
 - c) Increase in number of employees
 - d) Increase in capital investment, etc.

II. Social Objectives

Social objectives of management involve the creation of benefits or economic value for society. This includes:

- Using environmentally friendly methods of production
- Providing basic amenities like schools and creches to employees
- Giving employment opportunities to the disadvantaged sections of the society, etc.

III. Personal objectives

Personal objectives of management involve the creation of benefits or economic value for society. This includes:

- **Financial needs** by giving them a competitive salary
- **Social needs** such as peer recognition, and
- **Higher-level needs** such as personal growth and development

Management has to reconcile personal objectives with organisational objectives for harmony in the organisation.

Importance of Management

The following facts clearly highlight the importance of management:

1. **Management helps in achieving group goals:** An organisation has a set of goals to achieve, e.g., to earn 20% ROI, increase sales by 10%, etc. Management aims at achieving these goals by giving a common direction to individual efforts.
2. **Management increases efficiency** by reducing costs and increasing productivity through their planning, organising, directing and controlling the activities of the organisation.
3. **Management helps in achieving personal objectives:** Through motivation and leadership, management helps individuals to develop team spirit, cooperation and commitment to group success, thereby achieving personal objectives.

4. Management helps in the development of the society by

- Providing good quality products and services at reasonable prices,
- Creating employment opportunities
- Adopting new technology, etc.

5. Management creates a dynamic organisation: In order to be successful, an organisation must change itself and its goals according to the needs of the environment. But people in an organisation resist change as it often means moving from a familiar, secure environment into a newer and more challenging one. Management helps people adapt to maintain their competitive edge.

Levels of Management

Every Individual in the organisational hierarchy is responsible for the successful completion of a particular task. To be able to fulfil that responsibility he is assigned authority or the right to make decisions. This authority-responsibility relationship binds individuals as superiors and subordinates. It gives rise to different levels of management in an organisation.'

There are three levels of management found within an organisation and managers at these levels have different roles to perform for the organisation.

1. Top Management

Top management consists of the senior-most executives of the organisation and their team. Top-level management is accountable to the shareholders for the performance of the organization.

Functions

- To formulate overall organisational goals and strategies for the achievement.
- To coordinate the activities of different departments according to the overall objectives of the organisation.
- To be responsible for the welfare and survival of the organisation.
- To analyse the business environment and its implications for the survival of the firm
- To be responsible for all the activities of the business and for its impact on the society

2. Middle Management

They are also referred to as the executory level managers. These people are directly accountable to top management for the functioning of their respective departments, devoting more time to organizational and directional functions.

Functions

- The roles and responsibilities of the middle-level management can be summarised as follows:
- Executing the plans of the organization in accordance with the policies and directives laid down by the top management level
- Forming plans for the sub-units and training processes of lower-level management.
- Participating in the hiring and training processes of lower-level management.
- Interpreting and explaining the policies from top-level management to lower-level management
- Sending reports and data to top management in a timely and efficient manner

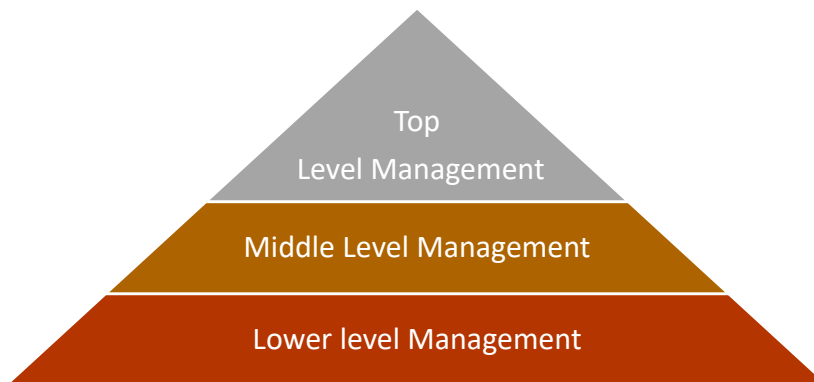
- Evaluating the performance of junior managers

3. Lower Level Management

It also refers to operational or supervisory management. Foremen and supervisors comprise the operational management.

Functions

- Supervisors directly oversee the efforts of the workforce. Their authority and responsibility are limited according to the plans drawn by the top management.
- Supervisory management interacts with the actual workforce and passes on instructions of the middle management to the workers.
- Through their efforts quality of output is maintained, wastage of materials is minimised and safety standards are maintained.
- The quality and quantity of output depend upon the hard labour, discipline and loyalty of the operating personnel
- They represent the workers' grievances before the management and maintain discipline among the workers.



Nature of Management as Science, Art and Profession

Management as a Science

Science is a systematic body of knowledge that explains certain general truths or the operation of general laws.

The basic features of Science are as follows:

- Systematised body of knowledge:** Scientific principles are based on cause and effect relationships.
- Principles based on experimentation:** Scientific principles are first developed through observation then tested through repeated experimentation
- Universal Validity:** Scientific principles have universal validity and application.

The application of the above criteria to management is examined below:

- I. Management has systematised the body of knowledge with its own theory and principles that have developed over a period of time.
- II. The principles of management are derived over a period of time through observation and repeated experimentation.
However, management deals with human beings over a period of time through observation and repeated experimentation. Thus, this feature of science is present in management.
- III. Principles of management like principles of pure science provide managers with certain standardised techniques that can be used in different situations. However, since the principles of management are not as exact as the principles of pure science, their application and use are not universal. They have to be modified according to a given situation.

Conclusion: Management is an inexact science. It is neither as precise nor as comprehensive as the pure science like Physics or Chemistry.

Management as an Art

Art is the skilful and personal application of existing knowledge to achieve desired results. It can be acquired through study, observation and experience.

The basic features of an art are as follows:

- a) **Existence of theoretical knowledge:** Any art (like dancing, public speaking, acting or music) presupposes the existence of certain theoretical knowledge.
- b) **Personalised application:** Art is very personalised concept. For example, two dancers, two speakers, two actors, or two writers will always differ in demonstrating their art.
- c) **Based on continuous practice:** Art involves the continuous practice of existing theoretical knowledge.
- d) **Creativity:** Art involves creativity. For example, a musician makes a unique composition based on seven basic notes.

Management is also an art because it satisfied all the features of art:

- I. **Existence of theoretical knowledge:** As in art, in management too, there is a lot of literature available in various areas of management (like finance, marketing, human, resource, etc) which the manager has to specialise in.
- II. **Personalised application:** Like in any art, in management too, a manager applies his knowledge of scientific methods to a given situation, an issue or a problem in a personalised and unique manner
- III. **Based on continuous practice:** Management satisfies this criterion as a manager gains experience through regular practice and becomes more effective.
- IV. **Creativity:** Like any other art, a manager after studying various situations, formulates his own theories for use in a given situation. This gives rise to different styles of management.

Management as a Profession

A profession has the following characteristics:

1. **Well-defined body of knowledge:** All professionals (legal, medical, accounting, etc) are based on a well-defined body of knowledge.
2. **Restricted Entry:** The entry to a profession is restricted through an examination or through acquiring an educational degree. For example, to become a Chartered Accountant in India, a candidate has to clear a specified examination conducted by the Institute of Chartered Accountants of India (ICAI)
3. **Professional association:** All professionals are affiliated to a professional association which regulates entry, grants certificate of practice and formulates and enforce a code of conduct. For example, to

be able to practice in India, lawyers have to become members of the Bar Council which regulates and controls their activities

4. **Ethical code of conduct:** All professionals are bound by a code of conduct which guides the behaviour of its members. For example, all doctors take the oath of ethical rendering dedicated and committed service.
5. **Service Motive:** The basic motive of a profession is to serve their clients' Interests by rendering dedicated and committed services.

The application of the features of a professional to management is examined below:

1. **Well-defined body of knowledge:** Management is a profession like Accounting, Medical and Legal professions as it also has well-defined principles based on a variety of business situations. This can be acquired at different colleges and professional institutes and through a number of books and journals. The subject of management institutions such as the Indian Institute of Management (IIMs) in India.

So, this feature of the profession is present in management.

2. **Restricted Entry:** Entry to management institutes like Indian Institutes of Management (IIMs) is usually through an examination. However, there is no restriction on anyone being designated or appointed as manager in any business. Anyone can be called a manager irrespective of the educational qualifications possessed. Unlike professionals such as medicine or law which require a practising doctor or lawyer to possess valid degrees, nowhere in the world, it is mandatory for a manager to possess any specific degree.

So, this feature of the profession is not fully present in management.

3. **Professional Association:** There are several associations of practising managers in India, like the All India Management Association (AIMA). But legally, it is not compulsory for managers to be members of such an association.

So, this feature of the profession is not fully present in management.

4. **Ethical code of conduct:** AIMA has laid down a code of conduct to regulate the activities of its members. But its membership is not compulsory for all managers.

So, this feature of the profession is not fully present in management.

5. **Service motive:** The basic motive of the management of an organisation is profit maximisation. However, profit maximisation as the objective of management does not hold true and is fast changing. Therefore. If an organisation has a good management team which is efficient and effective, it automatically serves society by providing good quality products at reasonable prices.

Conclusion: Management is not a full-fledged profession like legal, accounting or medical professions because it does not meet the exact criteria of a profession.

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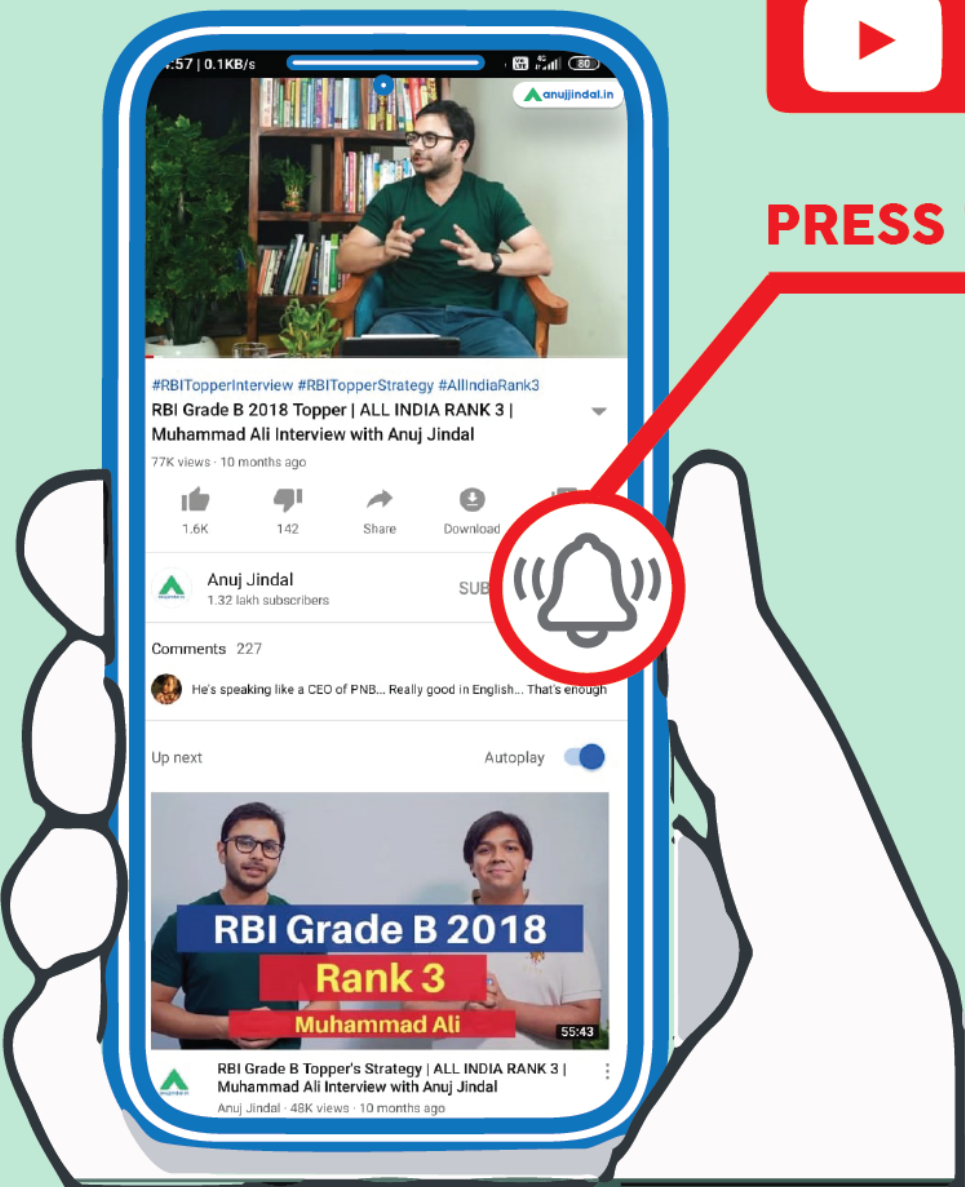
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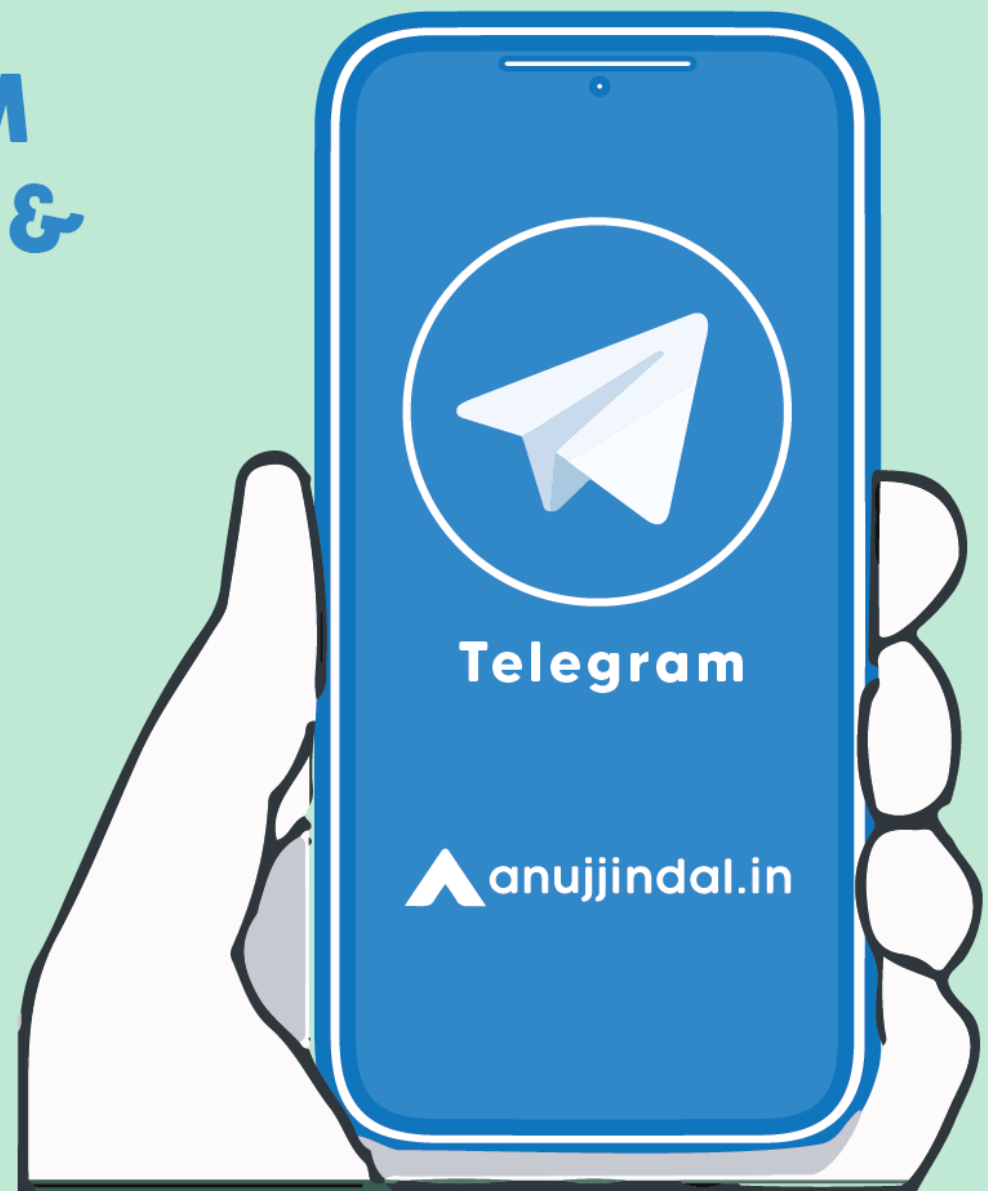


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NET with 68 Percentage

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JRF with 64.66 Percentage

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