



ST. LAWRENCE HIGH SCHOOL



A JESUIT CHRISTIAN MINORITY INSTITUTION

Study Material No. 4

Sub: Business Studies

Class XII

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Topic: Nature and significance of Management

Long Answer Type:

1. Management is considered to be both an art and a science. Explain.

Ans: Management fulfills the criteria of both an art as well as a science. The following points explain the features of management as an art and as a science:

Management as an Art: Management satisfies the following criteria for it to be called an art.

(a) Existing Literature: All art forms such as music, dance presuppose a defined body of knowledge and literature. Similarly, management also has a lot of literature for theoretical knowledge and learning. Various theories and principles have been developed in management. Such as Henry Fayol's Principles of Management, Taylor's Scientific Management Theory.

(b) Dynamic Application: Art is the personalised applicability of the existing knowledge. That is, each individual uses the basic knowledge in his own creative way. For example, every dance form has some basic steps. These steps are used by each dancer using his own creative manner. In a similar manner, managers use the available theories and principles as per the situation in their own unique manner. That is, the managers use their own creativity and imagination for the application of the knowledge of management.

(c) Practice and Creativity: Art involves practice and innovation. The artists use the existing literature as per his own creativity and innovation. For example, two writers can describe a given situation based on their unique interpretations. Similarly, in management, a manager applies the theories and principles of management to different situations as per his own creativity and imagination and sometimes even formulates new ways to address a situation.

Management as a Science: As a science, management fulfills the following criteria.

(a) Systematic Body of Knowledge: Science has a specified body of knowledge which is based on cause and effect relationship. Similarly, management has its own body of theories and principles that are developed over years. In addition, similar to other disciplines of science, management also has its own vocabulary.

(b) Theories Based on Experimentation: In science the principles and theories are based on continuous observation and experimentation. In a same manner, the principles of management have also developed over several years based on repeated observations and experiments. However, as against science, in management no exact cause and effect relationship can be established. This is because management primarily deals with humans and human behavior. As human behavior is subject change, so, the outcome of these theories would also vary from one situation to another. Despite this, management fulfils this criterion of science to some extent as the scholars have been able to identify certain theories and principle that act as guidelines in management.

(c) Universal Validity: In science, the principles have universal validity. In management also the theories and principles are valid to some extent if not universal. Although the application of the theories and their outcomes vary from situation to situation, however they act as standards for actions in different situations. That is, these principles can be used for the basic training of the managers.

2: Do you think management has the characteristics of a full-fledged profession?

Ans: Although management does not satisfy all the criteria of a profession, however, it does possess some of the characteristics that qualify it to be a profession.

The following are the characteristics of management as a profession:

i. Systemised Knowledge: Management has a systemised and well-defined body of knowledge. It is based on several theories and principles that are developed over years with continuous experimentation and observation. The knowledge of management can be attained through various colleges, institutes and books. Management as a course is offered by many colleges and professional institutes. For example, in India, the Indian Institute of Management (IIM) is the premier institute of management.

ii. Restriction to Entry: Management satisfies this criterion only to some extent. As against other professions such as a doctor or a lawyer, no specific qualification or degree are required to be a manager. That is, any person holding any degree or qualification can be a manager. However, the entry is restricted as persons with professional management degree or diploma are preferred.

iii. Professional Association: A professional has to be a member or should be associated with a statutory body which is responsible for stating the laws and authorities of that profession. For example, to practice Chartered Accountancy, a person has to be a member of the Institute of Chartered Accountants of India. Similarly, management is also affiliated to a professional association that regulates the functions of the members. In India, the AIMA (All India Management Association) is an association for the managers. But, it is not requisite for managers to be a part of them.

iv. Code of Conduct: Any professional has to abide by the rules and regulations developed by the apex authority which regulates the functions of that profession. There is a set Code of Conduct which that professional has to follow for smooth functioning. In management also we have a specific Code of Conduct but, it is not obligatory for the managers to abide by them. Unlike profession where the members violating the rules are punished, no such penalizing is done in management if the managers do not obey the standards set by AIMA or AIPMA. However, unlike other profession through management also the society is served. Through effective and efficient management of the organisation, quality products and services are provided at reasonable prices.

Thus, it can be said that to some extent management satisfies the criterion for it to be called a profession.

3. Coordination is the essence of management. Do you agree? Give reasons.

Ans: Yes, Coordination is indeed the essence of management. By Coordination, we mean a path through which the group functions are linked up. It binds the people of the organisation and their activities to ensure a smooth functioning of the work. It is that force which unites the working and efforts of the people of the organisation towards the common objective of the organisation. Coordination links the interrelated functions of management. It is found at every level of management. It begins right from the stage of planning where goals and objectives are set for the organisation. Coordination is then required between the stage of planning and staffing so that right kind of people are hired for the execution of the plan. Next the functions of directing and controlling must also be coordinated with each other so as to realize the achievement of desired goals.

The following points highlight the importance of coordination in management.

(a) Harmonized Goals: In any organisation, growth is one of important goals. With growth of the organisation, its size increases and the number of personnel also increases. However, greater number of persons means more differences in thoughts and work habits that may lead to disharmony among people. Also, every individual will have his/her personal goals which may create hindrance in achieving the organisational goals. So, coordination is important so as to synchronize the personal and the overall goals in one direction.

(b) Allotted Work: Each task requires specialisation to give the requisite results. For this, every organisation hires expert for different tasks. Every specialist approaches the tasks in his own unique

manner and is generally reluctant to take up any advice or suggestion from others. This may lead to diversion or conflict among various specialists in the organisation. Thus, coordination is required from an outside body such as the manager so as to integrate their opinions and thoughts.

(c) Interdependence of Divisions: An organisation has various departments and sub-departments such as production, sales, finance, etc. Every department works independently and with its own policies and objectives. For example, the sales department may want greater monetary incentives for its employees but the finance department may not approve of such incentives as it may lead to increase in the cost of the organisation. In this case, there arises a conflict between the two departments. Thus, here also coordination is needed to synchronise the activities of each department towards the achievement of common goals of the organisation.

Hence, we see that coordination is intrinsic and imperative for management. It is the 'essence' of management.

4. "A successful enterprise has to achieve its goals effectively and efficiently." Explain.

Ans: Management is defined as a process of getting the work or the task done that is required for achieving the goals of an organisation in an efficient and effective manner. Here, the two key words- efficient and effective play an important role.

Effectiveness means completing the given work in the required time. In other words, it means doing the right things with focus on the end result. It is a very important aspect of management as it helps in reaching the set goals. Efficiency on the other hand, means completing the task with minimum possible costs and resources. Efficiency is said to increase if greater benefits are achieved using lesser resources or even if same benefits can be derived by cutting down on resources.

For an organisation, both effectiveness and efficiency play an equally important role in achieving the goals. While on one hand, being effective implies actually achieving the goals, on the other hand, being efficient would reduce the cost and thereby, increase profits. However, often an organisation has to compromise on one while achieving the other. That is, if the company focuses on effectiveness, it may have to compromise on efficiency and vice-versa. For example, suppose to complete a given task of production, the manager decides to hire more number of workers. This would mean that he will have to give more salary which in turn increases the total cost of production. In this case, the manager may complete the allotted task in time but the task would lack efficiency.

On the other hand, if the manager continues to work with the available workers so as not to increase the cost, then this would result in the delay of the project. That is, in this case the manager compromises on effectiveness while achieving efficiency.

Hence, it is necessary to maintain a balance between effectiveness and efficiency. Undue emphasis on one without the other is of no good for the organisation.

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