

NATURE AND SCOPE OF MANAGEMENT

Learning Objectives

- Definition of Management
- Concepts of Management
- Role and Importance of Management
- Distinction between Management and Administration
- Levels of Management
- Nature of Management
- Professionalisation of Management
- Skills of Management
- Scope of Management

Every human being has several needs and desires. But no individual can satisfy all his wants. Therefore, people work together to meet their mutual needs which they cannot fulfil individually. Moreover, man is a social being as he likes to live together with other people. It is by working and living together in organised groups and institutions that people satisfy their economic and social needs. As a result there are several types of groups, eg., family, school, government, army, a business firm, a cricket team and the like. Such formal groups can achieve their goals effectively only when the efforts of the people working in these groups are properly coordinated and controlled. The task of getting results through others by coordinating their efforts is known as management. Just as the mind coordinates and regulates all the activities of a person, management coordinates and regulates the activities of various members of an organisation.

1.1 DEFINITION OF MANAGEMENT

It is very difficult to give a precise definition of the term 'management'. Different scholars from different disciplines view and interpret management from their own angles. The economists consider management as a resource like land, labour, capital and organisation. The bureaucrats look upon it as a system of authority to achieve business goals. The sociologists consider managers as a part of the class elite in the society.

The definitions by some of the leading management thinkers and practitioners are given below:

- (i) Management consists in guiding human and physical resources into dynamic, hard-hitting organisation unit that attains its objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering the service. —*Lawrence A. Appley*
- (ii) Management is the coordination of all resources through the process of planning, organising, directing and controlling in order to attain stated objectives. —*Henry L. Sisk.*
- (iii) Management is principally the task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective. —*James L. Lundy*
- (iv) Management is the art and science of organising and directing human efforts applied to control the forces and utilise the materials of nature for the benefit of man. —*American Society of Mechanical Engineers*
- (v) Management is the creation and maintenance of an internal environment in an enterprise where individuals, working in groups, can perform efficiently and effectively towards the attainment of group goals. —*Harold Koontz and Cyrill O'Donnell*
- (vi) Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way. —*F.W. Taylor*
- (vii) To manage is to forecast and to plan, to organise to command, to coordinate and to control. —*Henry Fayol*
- (viii) Management is the function of executive leadership anywhere. —*Ralph C. Davis*
- (ix) Management is concerned with seeing that the job gets done; its tasks all centre on planning and guiding the operations that are going on in the enterprise. —*E.F.L. Breach*
- (x) Management is a distinct process consisting of planning, organising, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources. —*George R. Terry*

- (xi) Management is guiding human and physical resources into dynamic organisational units which attain their objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering service.
—*American Management Association*
- (xii) Management is a multipurpose organ that manage a business and manages Managers and manages Workers and work.
—*Peter Drucker*

1.2 CONCEPTS OF MANAGEMENT

The term management has been interpreted in several ways; some of which are given below:

Management as an Activity

Management is an activity just like playing, studying, teaching etc. As an activity management has been defined as the art of getting things done through the efforts of other people. Management is a group activity wherein managers do to achieve the objectives of the group. The activities of management are:

- Interpersonal activities
- Decisional activities
- Informative activities

Management as a Process

Management is considered a process because it involves a series of interrelated functions. It consists of getting the objectives of an organisation and taking steps to achieve objectives. The management process includes planning, organising, staffing, directing and controlling functions.

Management as a process has the following implications:

- (i) *Social Process*: Management involves interactions among people. Goals can be achieved only when relations between people are productive. Human factor is the most important part of the management.
- (ii) *Integrated Process*: Management brings human, physical and financial resources together to put into effort. Management also integrates human efforts so as to maintain harmony among them.
- (iii) *Continuous Process*: Management involves continuous identifying and solving problems. It is repeated every now and then till the goal is achieved.

- (iv) *Interactive process*: Managerial functions are contained within each other. For example, when a manager prepares plans, he is also laying down standards for control.

Management as an Economic Resource

Like land, labour and capital, management is an important factor of production. Management occupies the central place among productive factors as it combines and coordinates all other resources. This is shown in Fig. 1.1.

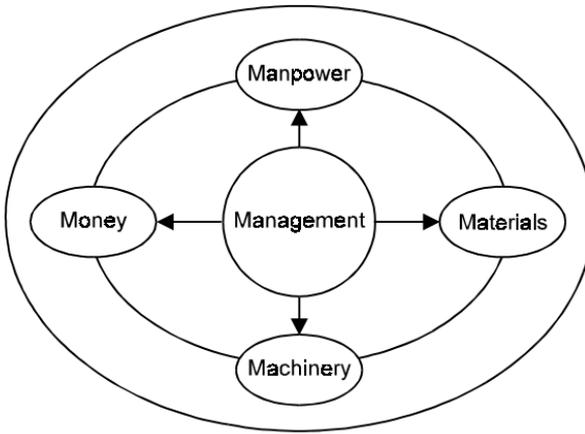


Fig. 1.1 Management as resource

Management as a Team

As a group of persons, management consists of all those who have the responsibility of guiding and coordinating the efforts of other persons. These persons are called as managers who operate at different levels of authority (top, middle, operating). Some of these managers have ownership stake in their firms while others have become managers by virtue of their training and experience. Civil servants and defence personnel who manage public sector undertakings are also part of the management team. As a group managers have become an elite class in society occupying positions with enormous power and prestige.

Management as an Academic Discipline

Management has emerged as a specialised branch of knowledge. It comprises principles and practices for effective management of organisations. Management has become as very popular field of study

as is evident from the great rush for admission into institutes of management. Management offers a very rewarding and challenging career.

Management as a Group

Management means the group of persons occupying managerial positions. It refers to all those individuals who perform managerial functions. All the managers, e.g., chief executive (managing director), departmental heads, supervisors and so on are collectively known as management.

For example, when one remarks that the management of Reliance Industries Ltd. is good, he is referring to the persons who are managing the company. There are several types of managers which are listed as under.

- (i) Family managers who have become managers by virtue of their being owners or relatives of the owners of a company.
- (ii) Professional managers who have been appointed on account of their degree or diploma in management.
- (iii) Civil Servants who manage public sector undertakings.

Managers have become a very powerful and respected group in modern society. This is because the senior managers of companies take decisions that affect the lives of a large number of people. For example, if the managers of Reliance Industries Limited decide to expand production it will create job for thousands of people. Managers also help to improve the social life of the public and the economic progress of the country. Senior managers also enjoy a high standard of living in society. They have, therefore, become an elite group in the society.

Nature and Characteristics of Management

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

- (i) *Management is goal-oriented:* Management is not an end in itself. It is a means to achieve certain goals. Management has no justification to exist without goals. Management goals are called group goals or organisational goals. The basic goal of management is to ensure efficiency and economy in the utilisation of human, physical and financial resources. The success of management is measured by the extent to which the established goals are achieved. Thus, management is purposeful.
- (ii) *Management is universal:* Management is an essential element of every organised activity irrespective of the size or type of activity.

Wherever two or more persons are engaged in working for a common goal, management is necessary. All types of organisations, e.g., family, club, university, government, army, cricket team or business, require management. Thus, management is a pervasive activity. The fundamental principles of management are applicable in all areas of organised effort. Managers at all levels perform the same basic functions.

- (iii) *Management is an Integrative Force:* The essence of management lies in the coordination of individual efforts in to a team. Management reconciles the individual goals with organisational goals. As unifying force, management creates a whole that is more than the sum of individual parts. It integrates human and other resources.
- (iv) *Management is a Social Process:* Management is done by people, through people and for people. It is a social process because it is concerned with interpersonal relations. Human factor is the most important element in management. According to Appley, “Management is the development of people not the direction of things. A good manager is a leader not a boss. It is the pervasiveness of human element which gives management its special character as a social process”.
- (v) *Management is multidisciplinary:* Management has to deal with human behaviour under dynamic conditions. Therefore, it depends upon wide knowledge derived from several disciplines like engineering, sociology, psychology, economics, anthropology, etc. The vast body of knowledge in management draws heavily upon other fields of study.
- (vi) *Management is a continuous Process:* Management is a dynamic and an on-going process. The cycle of management continues to operate so long as there is organised action for the achievement of group goals.
- (vii) *Management is Intangible:* Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management are very much tangible and visible.
- (viii) *Management is an Art as well as Science:* It contains a systematic body of theoretical knowledge and it also involves the practical application of such knowledge. Management is also a discipline involving specialised training and an ethical code arising out of its social obligations.

On the basis of these characteristics, management may be defined as a continuous social process involving the coordination of human and material resources in order to accomplish desired objectives. It involves both the determination and the accomplishment of organisational goals.

Objectives Of Management

The objectives of management are narrated as under.

- (i) *Organisational objectives*: Management is expected to work for the achievement of the objectives of the particular organisation in which it exists. Organisational objectives include:
 - (a) Reasonable profits so as to give a fair return on the capital invested in business
 - (b) Survival and solvency of the business, i.e., continuity.
 - (c) Growth and expansion of the enterprise
 - (d) Improving the goodwill or reputation of the enterprise.
- (ii) *Personal objectives*: An organisation consists of several persons who have their own objectives. These objectives are as follows:
 - (a) Fair remuneration for work performed
 - (b) Reasonable working conditions
 - (c) Opportunities for training and development
 - (d) Participation in management and prosperity of the enterprise
 - (e) Reasonable security of service.
- (iii) *Social objectives*: Management is not only a representative of the owners and workers, but is also responsible to the various groups outside the organisation. It is expected to fulfil the objectives of the society which are given below:
 - (a) Quality of goods and services at fair price to consumers.
 - (b) Honest and prompt payment of taxes to the Government.
 - (c) Conservation of environment and natural resources.
 - (d) Fair dealings with suppliers, dealers and competitors.
 - (e) Preservation of ethical values of the society.

1.3 ROLE AND IMPORTANCE OF MANAGEMENT

Management is indispensable for the successful functioning of every organisation. It is all the more important in business enterprises. No business runs in itself, even on momentum. Every business needs repeated stimulus which can only be provided by management. According to Peter Drucker, “management is a dynamic lifegiving element in an organisation, without it the resources of production remain mere resources and never become production”.

The importance of management has been highlighted clearly in the following points:

- (i) *Achievement of group goals*: A human group consists of several persons, each specialising in doing a part of the total task. Each person may be working efficiently, but the group as a whole cannot realise its objectives unless there is mutual cooperation

and coordination among the members of the group. Management creates team-work and coordination in the group. He reconciles the objectives of the group with those of its members so that each one of them is motivated to make his best contribution towards the accomplishment of group goals. Managers provide inspiring leadership to keep the members of the group working hard.

- (ii) *Optimum utilisation of resources:* Managers forecast the need for materials, machinery, money and manpower. They ensure that the organisation has adequate resources and at the same time does not have idle resources. They create and maintain an environment conducive to highest productivity. Managers make sure that workers know their jobs well and use the most efficient methods of work. They provide training and guidance to employees so that they can make the best use of the available resources.
- (iii) *Minimisation of cost:* In the modern era of cut-throat competition no business can succeed unless it is able to supply the required goods and services at the lowest possible cost per unit. Management directs day-to-day operations in such a manner that all wastage and extravagance are avoided. By reducing costs and improving efficiency, managers enable an enterprise to be competent to face competitors and earn profits.
- (iv) *Survival and growth:* Modern business operates in a rapidly changing environment. An enterprise has to adapt itself to the changing demands of the market and society. Management keeps in touch with the existing business environment and draws its predictions about the trends in future. It takes steps in advance to meet the challenges of changing environment. Changes in business environment create risks as well as opportunities. Managers enable the enterprise to minimise the risks and maximise the benefits of opportunities. In this way, managers facilitate the continuity and prosperity of business.
- (v) *Generation of employment:* By setting up and expanding business enterprises, managers create jobs for the people. People earn their livelihood by working in these organisations. Managers also create such an environment that people working in enterprise can get job satisfaction and happiness. In this way managers help to satisfy the economic and social needs of the employees.
- (vi) *Development of the nation:* Efficient management is equally important at the national level. Management is the most crucial factor in economic and social development. The development of a country largely depends on the quality of the management

of its resources. Capital investment and import of technical know-how cannot lead to economic growth unless wealth producing resources are managed efficiently. By producing wealth, management increases the national income and the living standards of people. That is why management is regarded as a key to the economic growth of a country.

1.4 DISTINCTION BETWEEN MANAGEMENT AND ADMINISTRATION

There has been a controversy on the use of these two terms—management and administration. Many experts make no distinction between administration and management and use them as synonyms. Several American writers consider them as two distinct functions.

The management experts like Elbourne, Unwick and Mary Follett regarded ‘administration’ and ‘management’ as synonymous and use them interchangeably in their works. But Schuze and Sheldon found distinction between these two concepts. According to them the distinction is important to clearly understand the role of people in administrative positions versus those in managerial positions.

Oliver Sheldon in his “The Philosophy of Management” defines ‘Administration as a function is concerned with the determination of the corporate policy, the coordination of finance, production and distribution, the settlement of the compass (i.e., structure) of the organisation, under the ultimate control of the executive.’ On the other hand, ‘Management is concerned with the execution of the policy, within the limits setup by administration and the employment of the organisation for the particular objects before it. Thus Sheldon declares administration as a thinking process and management as doing process. In other words, management is a concomitant of administration. The following figure depicts this line of thinking

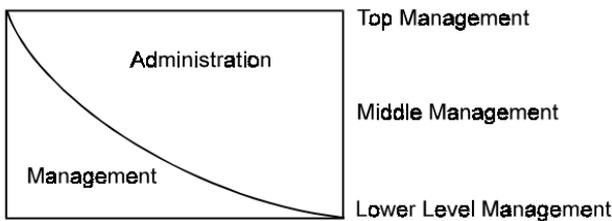


Fig. 1.2 Administration and Management

E.F.L. Breach distinguishes administration and management. Breach considers management as a social process entailing the responsibility for effective planning, regulation, coordination and control of operations including the responsibility for personnel supervision.

According to him, the administration is that part of management which is concerned with the installation and carrying out the procedures by which the progress of activities is regulated and checked against plans.

Few authors treat administration as part of management. These three points of view are explained below.

- (i) *Administration is different from management:* According to this view point, administration is a higher level activity while management is a lower level function. Administration is a determinative function concerned with the determination of objectives and policies while management is an executive function involving the implementation of policies and direction of efforts for the achievement of objectives. This view is held largely by American experts on management.

American experts such as Florence, Lansburg, Haimann, Milward, McFarland, Spriegel, Schulze and Tead also hold this view that administration involves decision-making and policy-formulation while management is concerned with the execution of policies and supervision of work.

According to them, administration is superior to management as the latter has only a peripheral role in determination of objectives and policies.
- (ii) *Administration is a part of management:* According to the European School of thought, management is a wider term including administration and organisation. This viewpoint has been propounded by Breach. According to him, "Management is the generic term for the total process of executive control involving responsibility for effective planning and guidance of operations of an enterprise. Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated and the progress of activities is regulated and checked against plans". Kimball and Kimball, Richman and Copen also hold similar views. According to them, administration is only an implementing agency while management is determinative. Thus, the European viewpoint is exactly opposite to the American opinion.
- (iii) *Administration and management are one:* Many writers like Henri Fayol, William Newman, Chester Barnard, George Terry, Louis. A. Allen, Koontz and O' Donnell make no distinction between management and administration. According to Newman, Management or administration is "the guidance, leadership and control of the efforts of a group of individuals towards some common goals". According to Fayol, all undertakings require the same functions and all must observe the same principles.

There is one common science which can be applied equally well to public and private affairs. Therefore, the distinction between administration and management is superfluous or academic. In actual practice, the two terms are used interchangeably. The term administration is more popular in Government and other public organisations while the word management is more commonly used in the business world, where economic performance is of primary importance.

The foregoing description reveals that both management and administration are based upon the same set of principles and functions. It may be possible to make theoretical or conceptual distinction between the two. But in practice such a distinction is misleading. In order to resolve the terminological conflict between administration and management, we may classify management into:

- (i) Administrative management; and
- (ii) Operative management.

Administrative management involve determination of objectives and policies whereas operative management is primarily concerned with the execution of plans for the achievement of objectives. At every level of management, an individual manager performs both types of functions. Every manager spends a part of his time on administrative management and the remaining time on operative management.

Distinction between Administration and Management

<i>Points of distinction</i>	<i>Administration</i>	<i>Management</i>
1. Nature	It is a determinative or thinking function	It is an executive or doing function
2. Type of work	It is concerned with the determination of major objectives and policies	It is concerned with the implementation of policies
3. Levels of authority	It is mainly a top level function	It is largely a middle and lower level function
4. Influence	Administrative decisions are influenced mainly by public opinion and other outside forces	Managerial decisions are influenced by objectives and policies of the organisation.
5. Direction of human efforts	It is not directly concerned with the direction of human efforts	It is actively concerned with direction of human efforts in the execution of plans
6. Main functions	Planning and control are the main functions involved in it.	Directing and organising are the main functions involved in it.
7. Skills required	Conceptual and human skills	Technical and human skills

8. Usage	Used largely in Government and Public sector	Used mainly in business organisations
9. Illustrations	Commissioner, Registrar, Vice-Chancellor, Governor etc.	Managing Director, General Manager, Sales Manager, Branch Manager etc.

1.5 LEVELS OF MANAGEMENT

Every business organisation, irrespective of its size, has many managerial positions in its structure. These positions are created through the process of delegation of authority from top to lower levels. Each position is marked by authority, responsibility, functions, roles and

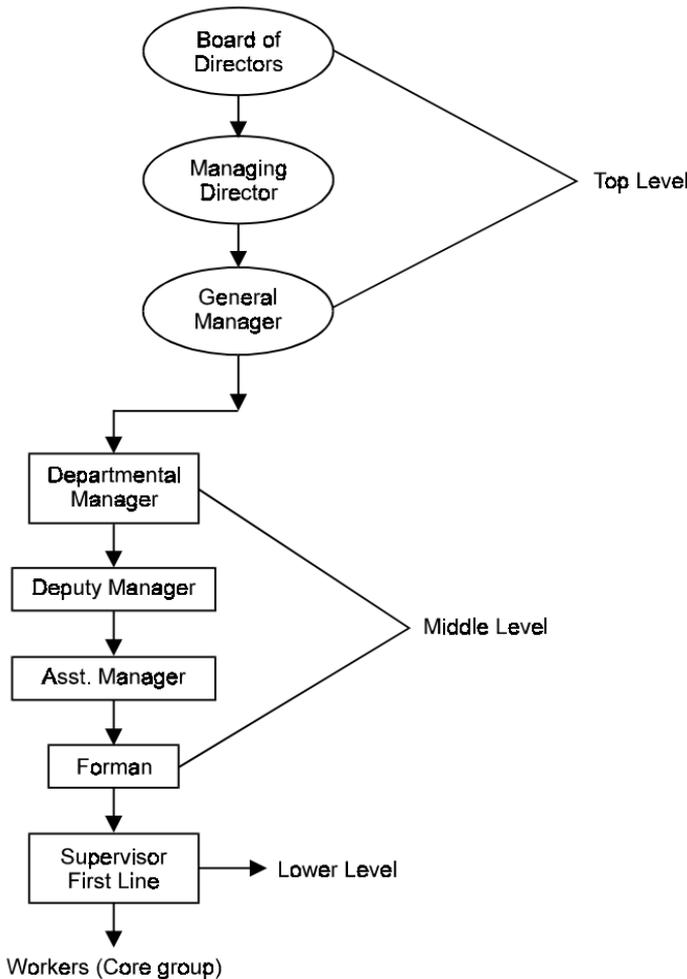


Fig 1.3 Levels of Organisation

relationships. The contents and nature vary, depending in the level at which the position lies. As one moves upward in the organisation, the managerial position plays an important role, larger the contribution, greater the authority and higher the responsibility. These managerial positions lying in the chain of command may be classified into various groups or levels of management. Broadly speaking, an organisation has two important levels of management, namely functional and operative. The functional level is concerned with the process of determining primary objectives, formulating basic policies, making vital decisions and controlling and coordinating activities of personnel. The operative level of management is related to implementation of plans and decisions, and pursuit of basic policies for achieving the objectives of the organisation.

Generally, the levels of management consisting of various managerial positions in the structure of an organisation, differ from one organisation to another, depending on the size of business activity, philosophy of management, span of control and other related factors. But, in a joint stock company, for conducting its business efficiently, managerial personnel may be placed in three levels, that is, top, middle and lower or supervisory level.

Top Level Management

The top level management is generally occupied by the ownership group. In a joint stock company, equity shareholders are the real owners of the company. Thus, they elect their representatives as directors, form a board, known as board of directors, which constitutes the top level of management. Besides the board, other functionaries including managing director, general manager or Chief executive to help directors, are included in this level. It is the highest level in the managerial hierarchy and the ultimate source of authority in the organisation. The top level managers are accountable to the owners and responsible for overall management of the organisation. The major functions of the top level management are as under:

- (i) To make a corporate plan for the entire organisation covering all areas of operations.
- (ii) To decide upon the matters which are vital for the survival, profitability and growth of the organisation such as introduction of new product, shifting to new technology and opening new plant etc.
- (iii) To decide corporate goals.
- (iv) To decide structure of organisation, creating various positions there in.

- (v) To exercise overall managerial control through the process of reviewing over all financial and operating results.
- (vi) To make decisions regarding disposal and distribution of profits.
- (vii) To select key officials and executives for the company.
- (viii) To coordinate various sub-systems of the organisation.
- (ix) To maintain liaison with outside parties having a stake in business such as government, trade union and trade associations etc.
- (x) To formulate basic policies and providing direction and leadership to the organisation as a whole.

Middle Level Management

In order to fill up the gap which exists between functional and operative level, some managerial positions are created at the middle level of management. Middle level management consists of departmental managers, deputy managers, foreman and administrative officers etc. These executives are mainly concerned with the over all functioning of their respective departments. They act as a link between top and lower level managers. The activities of middle level managers centres around determining departmental goals and devising ways and means for accomplishing them.

The main functions performed by these managers are as under:

- (i) To prepare departmental plan covering all activities of the department within the basic framework of the corporate plan.
- (ii) To establish departmental goals and to decide upon various ways and means for achieving these goals to contribute to organisational goals.
- (iii) To perform all other managerial functions with regard to departmental activities for securing smooth functioning of the entire department.
- (iv) To issue detailed orders and instructions to lower level managers and coordinate the activities of various work units at lower level.
- (v) Middle level managers explain and interpret policy decisions made at the top level to lower level managers.

Lower Level or Supervisory Level Management

Lower-level management is known as supervisory management, because it is concerned mainly with personal oversight and direction of operative employees. It consists of factory supervisors, superintendents, foremen, sales supervisors, accounts officers etc. They directly guide and control the performance of rank and file workers. They issue orders and instructions and guide day to-day activities. They also

represent the grievances of the workers to the higher levels of management.

Supervisory management performs the following functions:

- (i) Planning of day to day work
- (ii) Assignment of jobs and issuing orders and instructions
- (iii) Supervising and guiding workers
- (iv) Maintaining close personal contacts with workers to ensure discipline and team-work
- (v) Evaluating operating performance
- (vi) Sending reports and statements to higher authorities
- (vii) Communicating the grievances and suggestions of workers to higher authorities.

1.6 NATURE OF MANAGEMENT

To understand the basic nature of management, it must be analysed in terms of art and science, in relation to administration, and as a profession, in terms of managerial skills and style of managers.

Management is Combination of Art and Science

Management knowledge exhibits characteristics of both art and science, the two not mutually exclusive but supplementary. Every discipline of art is always backed by science which is basic knowledge of that art. Similarly, every discipline of science is complete only when it is used in practice for solving various kinds of problems faced by human beings in an organisation or in other fields of social life which is more related to an art. Art basically deals with an application of knowledge personal skill and know-how in a specific situation for efficiently achieving a given objective. It is concerned with the best way of doing things and is consequently, personalised in nature.

During the primitive stages of development of management knowledge, it was considered as an art. There was a jungle of managerial knowledge. It was not codified and systemised. People used it to get things done by others, in their own way giving an impression that whosoever uses it, knows the art of using it. This kind of loose and inadequate understanding of management supported the view that it was an art.

Management as a Science

Science means a systematic body of knowledge pertaining to a specific field of study. It contains general principles and facts which explains a phenomenon. These principles establish cause-and-effect relationship

between two or more factors. These principles and theories help to explain past events and may be used to predict the outcome of actions. Scientific methods of observations, and experiments are used to develop principles of science. The principles of science have universal application and validity.

Thus, the essential features of science are as follows:

- (i) Basic facts or general principles capable of universal application
- (ii) Developed through scientific enquiry or experiments
- (iii) Establish cause and effect relationships between various factors.
- (iv) Their Validity can be verified and they serve as reliable guide for predicting future events.

Let us now examine as to what extent management satisfies the above conditions:

- (i) *Systematic body of knowledge*: Management has a systematic body of knowledge consisting of general principles and techniques. These help to explain events and serve as guidelines for managers in different types of organisations.
- (ii) *Universal principles*: Scientific principles represent basic facts about a particular field enquiry. These are objective and represent best thinking on the subject. These principles may be applied in all situations and at all times. Exceptions, if any, can be logically explained. For example, the Law of Gravitation states that if you throw an object in the air it will fall on the ground due to the gravitational force of the earth. This law can be applied in all countries and at all points of time. It is as applicable to a football as it is to an apple falling from tree. Management contains sound fundamental principles which can be universally applied. For instance, the principle of unity of command states that at a time one employee should be answerable to only one boss. This principle can be applied in all types of organisation-business or non business. However, principles of management are not exactly like those of physics or chemistry. They are flexible and need to be modified in different situations.
- (iii) *Scientific enquiry and experiments*: Scientific principles are derived through scientific investigation and reasoning. It means that there is an objective or unbiased assessment of the problem situation and the action chosen to solve it can be explained logically. Scientific principles do not reflect the opinion of an individual or of a religious guru. Rather these can be scientifically proved at any time. They are critically tested. For example, the principle that the earth revolves around the sun has been scientifically proved.

Management principles are also based on scientific enquiry and investigation. These have been developed through experiments and practical experience of a large number of managers. For example, it has been observed that wherever one employee has two or more bosses simultaneously, confusion and indiscipline are likely to arise, with regard to following the instructions.

- (iv) *Cause and effect relationship*: Principles of science lay down a cause and effect relationship between related factors. For example, when water is heated up to 100°C, it starts boiling and turns into vapour. Similarly, the principles of management establish cause and effect relationship between different variables. For instance lack of balance between authority and responsibility will cause management to become ineffective.
- (v) *Tests of validity and predictability*: Validity of scientific principles can be tested at any time and any number of times. Every time the test will give the same result. Moreover, the future events can be predicted with reasonable accuracy by using scientific principles. For example, the Law of Gravitation can be tested by throwing various things in the air and every time the object will fall on the ground. Principles of management can also be tested for their validity. For example, the principle of unity of command can be tested by comparing two persons, one having a single boss and other having two bosses. The performance of the first person will be higher than that of the second.

Thus, management is undoubtedly a science. It contains a systematic body of knowledge in the form of general principles which enjoy universal applicability. However, management is not as exact a science—Physics, Chemistry, Biology and other Physical sciences. This is because management deals with people and it is very difficult to predict accurately the behaviour of living human beings. Management principles are universal but they cannot be expected to give exactly the same results in every situation. That is why management is known as a soft science. Management is a social science. It is still growing, with the growing needs of human organisations.

Management as an Art

Art implies the application of knowledge and skills to bring about the desired results. The essential elements of arts are:

- (i) Practical knowledge
- (ii) Personal skill
- (iii) Result oriented approach

- (iv) Creativity
- (v) Improvement through continuous practice

Let us judge how far management fulfils these requirements:

- (i) *Practical knowledge*: Every art signifies practical knowledge. An artist not only learn the theory but also its application in practice. For example, a person may have adequate technical knowledge of painting but he cannot become a good painter unless he knows how to make use of the brush and colours. Similarly, a person cannot become a successful manager simply by reading the theory and getting a degree or diploma in management. He must also learn to apply his knowledge in solving managerial problems in practical life. A manager is judged not just by his technical knowledge but by his efficiency in applying this knowledge.
- (ii) *Personal skill*: Every artist has his own style and approach to his job. The success of different artists differ even when all of them possess the same technical knowledge or qualifications. This is due to the level of their personal skills. For example, there are several qualified singers but Lata Mangeshkar has achieved the highest degree of success. Similarly, management is personalised. Every manager has his individual approach and style in solving managerial problems. The success of a manager depends on his personality in addition to his technical knowledge.
- (iii) *Result-oriented approach*: Arts seeks to achieve concrete results. The process of management is also directed towards the accomplishment of desirable goals. Every manager applies certain knowledge and skills to achieve the desired results. He uses men, money, materials and machinery to promote the growth of the organisation.
- (iv) *Creativity*: Art is basically creative and an artist aims at producing something that had not existed before. Therefore, every piece of art requires imagination and intelligence to create. Like any other art, management is creative. A manager effectively combines and coordinates the factors of production to create goods and services. Moulding the attitudes and behaviour of people at work, towards the achievement of the desired goals is an art of the highest order.
- (v) *Improvement through people*: Practice makes one perfect. Every artist become more and more efficient through constant practice. A dancer, for example, learns to perform better by continuously practicing a dance. Similarly, manager gains experience through regular practice and becomes more effective.

Thus, “management is both a science as well as an art”. It is a science because it has an organised body of knowledge consisting of certain universal facts. It is known as an art because it involves creating results through practical application of knowledge and skills. However, art and science are complementary to each other. They are not mutually exclusive. Science teaches one to know and art to do. Art without science has no guide and science without art is knowledge wasted.

For example, a person cannot be a good surgeon unless he has scientific knowledge of human anatomy and the practical skill of applying that knowledge in conducting an operation.

Similarly, a successful manager must know the principles of management and also acquire the skill of applying those principles for solving managerial problems in different situations. Knowledge of principles and theory is essential, but practical application is required to make this knowledge fruitful. One cannot become an effective manager simply by learning management principles by heart. Science (theory) and art (practice) are both essential for the success of management.

Management as a Profession

A profession is calling that requires specialised knowledge and often, long intensive academic preparation. The essential features of profession are as follows:

- (i) Well defined body of knowledge
- (ii) Restricted entry
- (iii) Service motive
- (iv) Code of Conduct
- (v) Representative professional association

Let us examine to what extent management fulfils the above requirements:

- (i) *Specialised body of knowledge*: Every profession has a well defined body of knowledge relevant to the area of specialisation. In order to practice a profession, a person requires specialised knowledge of its principles and techniques. Moreover, he must make deliberate efforts to gain proficiency unit. There exists a substantial and rapidly expanding body of knowledge in management. A manager must have intensive devotion and involvement to acquire expertise in the science of management. In addition, there should be competent application or judicious utilisation of this knowledge in solving complex problems. Today, management is a separate discipline having a specialised and organised body of knowledge.

- (ii) *Restricted entry*: There exist institutions and universities to impart education and training for a profession. No one can enter a profession without going through the prescribed course of learning. For example one must pass the Chartered Accountancy examination to practice accountancy profession. Many institutes of management have been set up in India and abroad which offer courses for specialised training in management. Several management consultancy firms have also come into existence to offer advice for solving managerial problems. Formal education and training has become very helpful in getting jobs as managers. But no minimum qualification or course of study has been prescribed for managers by law.
- (iii) *Service motive*: A profession is a source of livelihood but professionals are primarily motivated by the desire to serve the community. For example, a doctor earns his living from his medical practice. But he does not treat his patients only for the sake of money. He has a concern for the suffering of others and a desire to help the community. Therefore, a profession enjoys high community sanction or respect. Similar is the case with managers. A manager of a factory is responsible not only to its owners, but he is also expected to produce quality goods at a reasonable cost and to contribute to the well-being of the community.
- (iv) *Representative association*: In every profession there is a statutory association or institution which regulates that profession. For example, the Institute of the Chartered Accountants of India establishes and administers standards of competence for the auditors. In management also associations have been established both in India and abroad. Managers have formed associations for the regular exchange of knowledge and experience. In India, there is the All India Management Association. However, this association does not have the statutory power to regulate the activities of managers. No university accepted criteria or standard exists for their evaluation. Membership of this association is not compulsory in order to become a manager.
- (v) *Code of conduct*: Members of one profession have to abide by a code of conduct which contains rules and regulations providing the norms of honesty, integrity and professional ethics. For example a chartered accountant is not expected to commercially advertise his firm. The code of conduct is by the representative association to ensure self-discipline among its members. Any member violating the code can be punished and his membership can be cancelled. The All India Management Association has framed code of conduct for managers. The code requires the managers to fulfil their social and moral obligations. Members

of the association are expected not to disclose the trade secrets of their employers and to make personal gain from the knowledge of internal working of the organisation. But this code does not have legal sanctions. However, observing business ethics is always helpful in becoming a more effective manager.

The above discussion reveals that management fulfils several essentials of profession. But like other professions, management does not restrict the entry into managerial jobs to people with a special academic degree. No minimum qualifications have been prescribed for managerial personnel. No management association has the authority to grant certificates of practice or to regulate entry into management careers. Few managers have uniform background in terms of education and experience. The management associations have no legal right to enforce their code of conduct. There is no single group to which the majority of the managers belong and whose authority is recognised by law as a sanction. Moreover, there is no single client group to which managers owe complete loyalty. Doctors owe their loyalty to patients. But managers are responsible to the owners as well as to other social groups.

Thus, management is, not strictly speaking, a full-fledged profession like medicine, law or chartered accountancy. Some experts believe that there should be no control over entry into management careers. According to Peter F. Drucker, "Management is a practice rather than a science or profession through containing elements of both. No greater damage could be done to economy and society than to attempt to professionalise management by licensing managers or by limiting access to management to people with special academic degree".

1.7 PROFESSIONALISATION OF MANAGEMENT

That management is an art, science and profession is not merely an academic question but raises certain issues which are concerned with future development of this branch of knowledge. Management still remains a developing field, changes are taking place regularly in its nature, significance and scope. In a modern society, it is occupying an important position which has brought in new dimensions.

In the recent past, society has been challenging ethical and moral basis of management decisions and demanding professionalisation of management. The following reasons may be given in favour of the growing need of professionalisation of management knowledge.

- (i) In a popular firm of business organisation, that is, joint stock company, ownership has been separated from its management and control. This situation has really contributed to the development of management profession. Modern managers have to

promote and protect the interest of many social groups such as consumers, employers and the society, as a whole, and balance it with the profit motive. For resolving conflicts, and integrating contradictory interests, professional outlook may be critical.

- (ii) Rapid expansion and growth of universities and other institutions for imparting management knowledge and growing significance of training programmes in business organisations are indicative of the trend of professionalisation in the days to come.
- (iii) In a high-tech industrial society, manifold changes have occurred in the role of managers
- (iv) In the context of globalisation of economic operations many strategic areas have been developed which require professional expertise and specialised knowledge such as strategic planning, control and research and development activities and information systems. Multinational corporations have been attempting to enhance their global market share strictly by adopting professional outlook and approach towards management of operations.
- (v) Increased utilisation of specialised management services like consultancy, human resource development and training programmes which are linked with scientific attitude require a team of professional managers.

1.8 SKILLS OF MANAGEMENT

In modern business the job management has become very difficult. Several skills are required to manage successfully a large organisation in a dynamic environment. These skills of managers have been classified into four categories, namely technical, human, diagnostic and conceptual skills.

(i) Technical Skills

Technical skills refer to the ability and knowledge in using the equipment, technique and procedures involved in performing specific tasks. These skills require specialised knowledge and proficiency in the mechanics of particular job. Ability in programming and operating computers is, for instance, a technical skill. There are two things a manager should understand about technical skills. In the first place, he must know which skills should be employed in his particular enterprise and be familiar enough with their potentiality to ask discerning questions of his technical advisors. Secondly a manager must understand both the role of each skill employed and interrelations between the skills.

(ii) Human Skills

Human skills consists of the ability to work effectively with other people both as individual and as members of a group. These are required to win cooperation of others and to build effective work teams. Such skills require a sense of feeling for others and capacity to look at things from others point of view. Human skills are reflected in the way a manager perceives his superiors, subordinates and peers. An awareness of the importance of human skills should be part of a managers orientation and such skills should be developed throughout the career. While technical skills involve mastery of 'things' human skills are concerned with understanding of 'People'.

(iii) Conceptual Skills

Conceptual skills comprise the ability to see the whole organisation and the interrelationships between its parts. These skills refer to the ability to visualise the entire picture or to consider a situation in its totality. Such skills help the manager to conceptualise the environment, to analyse the forces working in a situation and take a broad and far-sighted view of the organisation. Conceptual skills also include the competence to understand a problem in all its aspects and to use original thinking in solving the problem. Such competence is necessary for rational decision-making.

Thus technical skills deal with jobs, human skills with persons and conceptual skills with ideas. These types of skills are interrelated. But the proportion or relative significance of these skills varies with the level of management as shown in the figure 1.4.

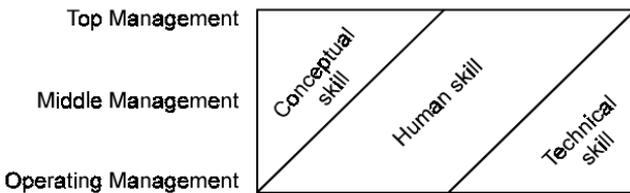


Fig. 1.4 Managerial Skills of Various Skills

Technical skills are most important at the supervisory or operating level where a close understanding of job techniques is necessary to guide workers. As one moves up the management hierarchy, technical skills become less important. Higher level managers deal with subordinate managers and specialised technical knowledge is comparatively less important for them. Conceptual skills are very important for top management in formulating long-range plans, making broad policy decisions, and relating the business enterprise to its industry and the

economy. Thus, the relative importance of conceptual skills increases as we move to higher levels of management. This would be self evident as management is the process of getting things done through people. Human skills are equally important at all levels of management because every manager has to deal with people.

(iv) Diagnostic Skills

Diagnostic skills include the ability to determine by analysis and examination the nature and circumstances of particular conditions. It is not only the ability to specify why something happened but also the ability to develop certain possible outcomes. It is the ability to cut through unimportant aspects and quickly get to the heart of the problem. Diagnostic skills are probably the most difficult ones to develop because they require the proper blend of analytic ability with common sense and intelligence to be effective.

1.9 SCOPE OF MANAGEMENT

The field of management is very wide. The operational areas of business management may be classified into the following categories:

- (i) *Production Management*: Production management implies planning, organising, directing and controlling the production function so as to produce the right goods, in right quantity, at the right time and at the right cost. It includes the following activities:
 - (a) designing the product
 - (b) location and layout of plant and building
 - (c) planning and control of factory operations
 - (d) operation of purchase and storage of materials
 - (e) repairs and maintenance
 - (f) inventory cost and quality control
 - (g) research and development etc.
- (ii) *Marketing Management*: Marketing management refers to the identification of consumers needs and supplying them the goods and services which can satisfy these wants. It involves the following activities:
 - (a) marketing research to determine the needs and expectation of consumers
 - (b) planning and developing suitable products
 - (c) setting appropriate prices
 - (d) selecting the right channel of distribution, and
 - (e) promotional activities like advertising and salesmanship to communicate with the customers

- (iii) *Financial Management*: Financial management seeks to ensure the right amount and type of funds to business at the right time and at reasonable cost. It comprises the following activities:
- estimating the volume of funds required for both long-term and short-term needs of business
 - selecting the appropriate source of funds
 - raising the required funds at the right time
 - ensuring proper utilisation and allocation of raised funds so as to maintain safety and liquidity of funds and the credit-worthiness and profitability of business, and
 - administration of earnings
- Thus, financial management involves the planning, organising and controlling of the financial resources.

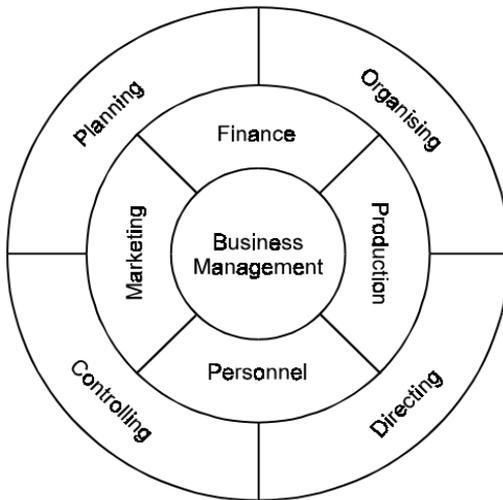
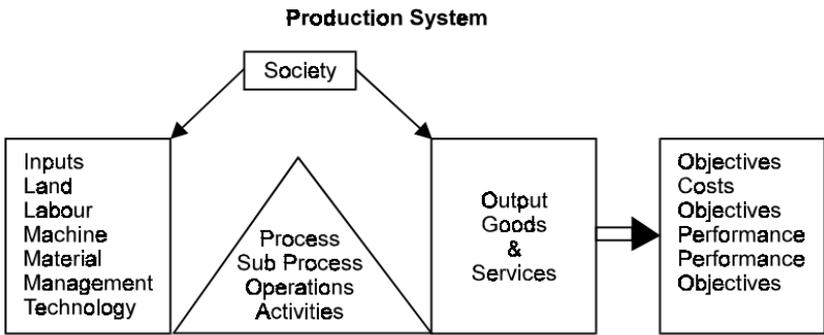


Fig. 1.5 Compounds of Business Management

- (iv) *Personnel Management*: Personnel management involves planning, organising and controlling the procurement, development, compensation, maintenance and integration of human resources of an organisation. It consists of the following activities:
- manpower planning
 - recruitments,
 - selection,
 - training
 - appraisal,
 - promotions and transfers,
 - compensation,
 - employee welfare services, and
 - personnel records and research, etc.



Decision are as of Financial Management

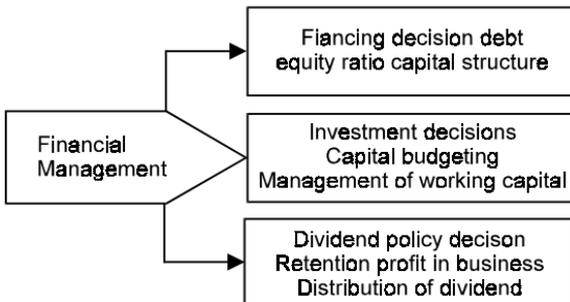


Fig. 1.6

TEST QUESTIONS

1. Differentiate between management and administration.
2. “Management is an art as well as science” Explain.
3. Discuss the concept “Management as Profession”
4. Explain the characteristics of management.
5. Explain the various levels of management.
6. Discuss the nature and scope of management.
7. Explain the objectives and importance of management.
8. Describe the skills of a good manager.
9. Explain the scope of management.
10. Discuss the professionalisation of management.