

# MANAGEMENT



## Chapter 1

# Nature and Significance of Management

### CBSE Syllabus

- Management - concept, objectives, and importance
- Management as Science, Art and Profession
- Levels of Management
- Management functions-planning, organizing, staffing, directing and controlling
- Coordination- concept and importance

### Content

- 1.1 Management – Concept, Functions and Characteristics
- 1.2 Objectives, Importance and Levels of Management
- 1.3 Management as Art, Science and Profession
- 1.4 Coordination – Concept, Characteristics and Importance

### Learning Outcomes

After going through this chapter, the students will be able to:

- Understand the concept of management
- Explain the meaning of 'Effectiveness' and 'Efficiency'
- Discuss the objectives of management
- Describe the importance of management
- Examine the nature of management as a science, art and profession
- Understand the role of top, middle and lower levels of management
- Explain the functions of management
- Discuss the concept and characteristics of coordination
- Explain the importance of coordination

## Nature and Significance of Management

### MANAGEMENT AT TATA STEEL

Founded in 1868, by Jamsetji Nusserwanji Tata, the Tata Group is a global business conglomerate operating in over 100 countries across 5 continents. His strong sense of values and spirit of innovation and entrepreneurship are a legacy that continues to guide Tata companies till date. He had four goals in life: setting up an iron and steel company, a world-class learning institution, a unique hotel and a hydro-electric plant. Only the hotel became a reality during his lifetime, with the inauguration of the Taj Mahal Hotel at Colaba waterfront in Mumbai on 3 December 1903 at the cost of 11 million (worth 11 billion in 2015 prices). At that time it was the only hotel in India to have electricity. He believed that satisfied workers create satisfied workers and in lieu to this principle he paid all his workers gratuity, provident fund well before it was made mandatory. His management skills were clearly evident when minute details were chalked in planning and building the entire city of Jamshedpur. The values and principles that have governed the business for a century are enshrined in the Tata Code of Conduct (TCOC). From an early foray into steel and automobiles, to staying abreast of the latest technologies, the Tata Group today has 29 publicly-listed Tata enterprises, which include Tata Steel, Tata Motors, Tata Consultancy Services, Tata Power, Tata Chemicals, Tata Global Beverages, Tata Teleservices, Titan, Tata Communications and Indian Hotels. The group has a combined market capitalisation of around \$103.51bn (2016-17).

Tata has a strong sense of social responsibility. They balance economic prosperity, environmental responsibility and social benefits for the community. In India, they are a partner in progress with Odisha, and believe in taking its stakeholders forward in its journey of growth. Tata Steel Thailand is one of the first 30 companies that joined UNICEF in Child Friendly Business in 'The Children Sustainability Forum' to make a commitment in protecting children's rights. Tata Steel Europe's Community Partnership Programme- 'Future Generations', with sub-themes of education, environment, health and well-being works across the UK, assisting job and wealth creation by supporting small and medium businesses with finance and business premises. They also play a constructive role in addressing climate change – both by reducing carbon footprint, and by creating high performance steels that lead to fuel-efficient vehicles and energy-efficient buildings. Their Environmental Management Systems meet the ISO 14001 standards at all of their main manufacturing sites. Shaped by a lineage of sound and straightforward business principles, the Tata Group is built on a foundation of trust and transparency. Building such huge enterprises, sustaining and running them profitably are possible only through effective and efficient management and co-ordination at all levels.

Source: [www.tatasteel.com](http://www.tatasteel.com); Accessed June, 2018

### BUSINESS QUOTE

To Enhance Enterprising Skills

Success will never lower its standard to accommodate you. You have to raise your standard to achieve it. For every bird God provides food, but not in its nest.

### Introduction

'Management at Tata Steel' is an example of a successful organisation which is amongst the top companies in India. It has risen to the top because of its quality of management.

Let us take another example. Smita Rai is a 38-year old entrepreneur who grew up in a rural district called Namchi, South Sikkim. She was very good in art and craft particularly, Wax moulds. She loved to make candles, often she make into toys and small pieces of art with wax and used it as a gift for her friends and relatives. She was loved and appreciated for these. Smita was never happy with the conditions of the women in her district as most were poor and jobless, so she planned to do something to solve their problems because she knew that imparting skills for livelihood is needed but she had no idea of how to implement her idea. In August 2012, she met Abishek Lama, the Branch Manager of NEDFI, Namchi Branch, a financial corporation which support local people with skills development programs and also channelizes them into revenue generating activities. Smita got interested. "I love making candles, then, why not convert my hobby into a venture and involve these rural women also", she thought. This led to the establishment of Namchi Designer Candles with the help of NEDFI, some financial institutions and support from different stakeholders in various dimensions. Since then, the women have never looked back, despite challenges. The women also faced a lot of harassment but they could overcome all those troubles. Namchi Designer Candles has 100 per cent women as employees and they also produce varieties of candles. During Diwali, they produce customized candles meant for the occasion. These Diwali themed candle has been a success in Sikkim as its demand increases on a yearly basis. Namchi Designer Candles has been receiving numerous awards such as North East Women Entrepreneur of the year 2015-2016 for Sikkim and Sreemanta Shankar Mission of Guwahati on 26th April 2018 at New Delhi. A typical day in Smita's life consists of a series of interrelated and continuous functions. She has to plan a special festive collection for Diwali. This means organising more funds and recruiting more workers. She also has to regularly communicate with her suppliers to ensure that deadlines regarding delivery of goods are met. In the course of the day, she meets customers for a general feedback and any suggestions that they may have.

Successful organisations do not achieve their goals by chance but by following a deliberate process called '**management**'.

Management = Manage: men + t (things)

No matter what the organisation is or what its goals might be, they all have something in common-management and managers.

Management is essential for all organisations big or small, profit or non-profit, services or manufacturing. Management is necessary so that individuals make their best contribution towards group objectives.

## 1.1 Management – Concept, Functions and Characteristics

### Concept of Management

Management is an activity which is necessary wherever there is a group of people working in an organisation. People in organisations are performing diverse tasks but they are all working towards the same goal. Management aims at guiding their efforts towards achieving a common objective — a goal.

Thus, 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*).

**Management is defined as a process of getting things done with the aim of achieving goals effectively and efficiently.**

#### DEFINITIONS OF MANAGEMENT

- ❖ “Management is the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in the changing environment.” —**Kreitner**
- ❖ “Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.” —**Harold Koontz and Heinz Weihrich**
- ❖ “Management is defined as the process of planning, organising, actuating and controlling an organisation’s operations in order to achieve coordination of the human and material resources essential in the effective and efficient attainment of objectives.” —**Robert L. Trewelly and M. Gene Newport**

There are certain terms in the above definition of management, which require elaboration. These are (a) process, (b) effectively, and (c) efficiently.

#### 1. Process

**'Process' in the definition of management means the primary functions or activities that management performs to get things done.**

These functions are planning, organising, staffing, directing and controlling.

Management is described as the process of planning, organising, directing and controlling the efforts of organisational members and of using organisational resources to achieve specific goals.

#### 2. Effectiveness

Being effective or doing work effectively basically means finishing the given task.

**Effectiveness in management is concerned with doing the right task, completing activities and achieving goals. In other words, it is concerned with the end result.**

#### 3. Efficiency

It is not enough to just complete the tasks. There is another aspect also, *i.e.*, being efficient or as we say doing work efficiently.

**Efficiency means doing the task correctly and with minimum cost.**

There is a kind of cost-benefit analysis involved and the relationship between inputs and outputs.

- If by using less resources (*i.e.*, the inputs) more benefits are derived (*i.e.*, the outputs) then efficiency has increased.
- Efficiency is also increased when for the same benefit or outputs, fewer resources are used and less costs are incurred. Input resources are money, materials, equipment and persons required to do a particular task.

Obviously, management is concerned with the efficient use of these resources, because they reduce costs and ultimately lead to higher profits.

### Effectiveness versus Efficiency

These two terms are different but they are interrelated. For management, it is important to be both effective and efficient. Effectiveness and efficiency are two sides of the same coin. But these two aspects need to be balanced.

- Management at times, has to compromise with efficiency. For example, it is easier to be effective and ignore efficiency i.e., complete the given task but at a high cost. Suppose, a company's target production is 20,000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 20,000 units but at a higher production cost. In this case, the manager was effective but not so efficient, since for the same output, more inputs (labour cost, electricity costs) were used.
- At times, a business may concentrate more on producing goods with fewer resources i.e., cutting down cost but not achieving the target production. Consequently, the goods do not reach the market and hence the demand for them declines and competitors enter the market. This is a case of being efficient but not effective since the goods did not reach the market.

Therefore, it is important for management to achieve goals (effectiveness) with minimum resources i.e., as efficiently as possible while maintaining a balance between effectiveness and efficiency.



#### Top Tip

Usually high efficiency is associated with high effectiveness which is the aim of all managers. But undue emphasis on high efficiency without being effective is also not desirable. Poor management is due to both inefficiency and ineffectiveness.

## Functions of Management

Management consists of a series of continuous, but interrelated and inter-dependent functions, that are performed by all managers. These functions are planning, organising, staffing, directing and controlling.

### 1. Planning

Planning is the function of determining in advance what is to be done and who is to do it. This implies setting goals in advance and developing a way of achieving them efficiently and effectively.

**Planning is defined as setting objectives for a given time period, formulating various courses of action to achieve them, and then selecting the best possible alternative from among the various courses of action available.**

It must be noted that planning cannot prevent problems, but it can predict them and prepare contingency plans to deal with them if and when they occur.

### 2. Organising

**Organising is the management function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.**

- Once a specific plan has been established for the accomplishment of an organisational goal, the organising function examines the activities and resources required to implement the 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.
- Organising involves the grouping of the required tasks into manageable departments or work units and the establishment of authority and reporting relationships within the organisational hierarchy.

### 3. Staffing

Staffing simply means – "*finding the right people for the right job*".

**Staffing function of management is concerned with obtaining, utilising and maintaining a satisfactory and satisfied workforce.**

A very important aspect of management is to make sure that the right people with the right qualifications are available at the right places and times to accomplish the goals of the organisation. This is also known as the **human resource function** and it involves activities such as recruitment, selection, placement and training of personnel.

#### 4. Directing

**Directing 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.

Directing has four elements – (i) Motivation (ii) Leadership (iii) Communication (iv) Supervision.

Motivation and leadership are two key components of direction.

- Motivating workers means simply creating an environment that makes them want to work.
- Leadership is influencing others to do what the leader wants them to do. A good manager directs through praise and criticism in such a way that it brings out the best in the employee.

Directing 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.**

The task of controlling involves establishing standards of performance, measuring current performance, comparing this with established standards and taking corrective action where any deviation is found. Here management must determine what activities and outputs are critical to success, how and where they can be measured and who should have the authority to take corrective action.



#### Top Tip

The various functions of a manager are usually discussed in the order given above, suggesting that a manager first plans, then organises, puts staff in position, then directs, and finally controls. In reality, managers are rarely able to carry out these functions in isolation. The activities of a manager are interrelated and it is often difficult to pinpoint where one ended and the other began.

### Characteristics/Features of Management

#### 1. Management is a goal-oriented process.

An organisation has a set of basic goals which are the basic reason for its existence. These should be simple and clearly stated. Different organisations have different goals. *For example*, the goal of a retail store may be to increase sales, but the goal of a school is to impart education to children.

**Management unites the efforts of different individuals in the organisation towards achieving organisational goals.**

#### 2. Management is a continuous process.

**The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling).** These functions are simultaneously performed by all managers all the time. The time spent by managers in different functions, however, is different. Managers at the top level spend more time in planning and organising than managers at lower levels of the organisation.

#### 3. Management is all pervasive.

**Management is pervasive as it is required in all organisations, in all the departments and at all levels.**

The activities involved in managing an enterprise are common to all organisations whether economic, social or political. A petrol pump needs to be managed as much as a hospital or a school. What managers do in India, the USA, Germany or Japan is the same. How they do it may be quite different. This difference is due to the differences in culture, tradition and history.

#### 4. Management is an intangible force.

Management is an intangible force that cannot be seen but its presence can be felt or its effect is noticeable when targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.

### 5. Management is a group activity.

An organisation is a collection 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. At the same time management should enable all its members to grow and develop as needs and opportunities change.

**T**ogether

**E**veryone

**A**chieves

**M**ore

**TEAM**



Individuals say 'I'... Team says 'We'  
A successful team beats with one heart.

### 6. 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. *For example*, McDonalds, the fast food giant made major changes in its menu to be able to survive in the Indian market, e.g. it offers Aloo Tikki burger.

### 7. Management is multi-dimensional.

Management is a complex activity that has three main dimensions. These are:

- (i) **Management of work:** All organisations exist for the performance of some work. In a factory, a product is manufactured, in a garment store a customer's need is satisfied and in a hospital a patient is treated. Management translates this work 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:** Human resources or people are an organisation's greatest asset. Despite all developments in technology "getting work done through people" is still a major task for the manager. Managing people has two dimensions:
  - dealing with employees as individuals with diverse needs and behaviour; and
  - dealing with employees as a group of people.
 The task of a manager is to make people work towards the achievement of the organisational goals by making their strengths effective and their weaknesses irrelevant.
- (iii) **Management of operations:** Every organisation has some basic product or service to provide in order to survive. This requires a production process of transforming input material and the technology into the desired output for consumption. This is interlinked with both the management of work and the management of people.

## RECAP



### Concept of Management

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

- Process in the definition means series of primary functions or activities that management performs to get things done, i.e. planning, organising, staffing, directing and controlling.
- 'Effectiveness' in management is concerned with doing the right task, completing activities and achieving goals.
- Efficiency means doing the task correctly and with minimum cost. Efficiency is increased if by using less resources (i.e., the inputs) more benefits are derived (i.e., the outputs).

*For management, it is important to be both effective and efficient, i.e. to achieve goals (effectiveness) with minimum resources (efficiency).*

**Characteristics/Features of Management**G<sup>®</sup>IP MCD

1. Management is a **goal oriented** process as it strives to achieve organisational goals.
2. Management is **pervasive** as it is required in all organisations, in all the departments and at all levels.
3. Management is a **continuous** process as it involves an ongoing series of functions (planning, organising, staffing, directing and controlling).
4. 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.
5. Management is an **intangible** force as it cannot be seen but its presence can be felt in the way the organization functions – When targets are achieved and there is orderliness instead of chaos.
6. Management is a **group** activity as it ensures team work and coordination; and unites individual effort in a common direction.
7. Management is **multi-dimensional** as it involves three dimensions: Management of work, Management of people, Management of operations.
  - *Management of work* means translating the work in terms of goals to be achieved and assigning the means to achieve it.
  - *Management of people* means dealing with employees as individuals with diverse needs and behaviour as well as dealing with individuals as a group of people.
  - *Management of operations* means managing a production process which involves transforming inputs into desired output for consumption.

**Objective Type Questions 1.1**

1. Complete the Sentence:  
Management is concerned with the efficient use of resources, because \_\_\_\_\_ .
2. "High efficiency is associated with high effectiveness." (True/False)
3. "Effectiveness means doing the task correctly and with minimum cost." (True/False)
4. "Planning is the function of determining in advance what is to be done and who is to do it." (True/False)
5. "Planning cannot prevent problems." (True/False)
6. \_\_\_\_\_ function of management decides who will do a particular task, where it will be done, and when it will be done. (Fill up the blank with correct answer)
7. Match the following function of management:
 

(i) Setting goals in advance and developing a way of achieving them effectively and effectively.	(a) Planning
(ii) Establishing an atmosphere that encourages employees to do their best.	(b) Organising
(iii) Determining what activities and resources are required.	(c) Staffing
(iv) Recruitment selection, placement and training of personnel	(d) Directing
(v) Determining what activities and outputs are critical to success	(e) Controlling
8. Name the concept of management which involves the grouping of the required tasks into manageable departments or work units and establishment of authority and reporting relationships within the organisational hierarchy.
9. \_\_\_\_\_ function of management is also known as the human resource function. (Fill up the blank with correct answer)
10. One of the very important aspects of management is to make sure that the right people with the right qualification are available at the right places and times to accomplish the goals of the organisation. Identify the aspect of management.
11. \_\_\_\_\_ is the management function of monitoring organisational performance towards the attainment of organisational goals. (Fill up the blank with correct answer)
12. \_\_\_\_\_ function of management examines the activities and resources required to implement the plan. (Fill up the blank with correct answer)
13. "McDonalds, the fast food giant made major changes in its menu to be able to survive in the Indian market."  
State the characteristic of management highlighted in the above statement.

14. Match the following functions of management:

(i) Leading, influencing and motivating employees to perform the tasks assigned to them.	(a) Organising
(ii) Assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.	(b) Staffing
(iii) Recruitment and selection of the personnel.	(c) Directing

15. Which function of management is concerned with finding the right people for the right job? (CBSE 2012)
16. 'In order to be successful an organisation must change its goals according to the needs of the environment.' Which characteristic of management is highlighted in the statement?
17. "Successful organizations do not achieve their goals by chance but by following a deliberate process". Identify the process highlighted here. (CBSE SQP 2018-19)
18. Which function of management relates to assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan?
19. Match the example in column I with the function in column II:

(i) Matching outcomes with targets	(a) Planning
(ii) Objectives	(b) Organising
(iii) Resources for implementation	(c) Directing
(iv) Recruitment and training	(d) Staffing
(v) Supervision and motivation	(e) Controlling

20. A production manager was able to produce the desired output with minimum cost but not within the required time. In this case the manager was: (Choose the correct alternative)
- (a) Effective only (b) Efficient only  
(c) Both effective and efficient (d) Neither effective nor efficient
21. Name the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in the changing environment.
22. Suhasini, the General Manager of Fabmart, performs the managerial functions of planning, organising, staffing, directing and controlling as an ongoing process. Which management feature is highlighted by this?
23. Why is management considered a multi-faceted concept? (NCERT)

## Case Studies

### Analysing, Evaluating & Creating Type Questions

1. Vrinda Ltd. is able to achieve the target production of 5,000 units within the prescribed period. However, to achieve the target on time, additional ₹ 40,000 were paid as overtime wages to employees. Do you think Vrinda Ltd. is effective and efficient in its working? (1 mark)
- Ans.** The management of Vrinda Ltd. is effective as the target is achieved. However, it is not efficient as target is achieved at a higher cost.
2. Volvo Ltd.'s target is to produce 10,000 shirts per month at a cost of ₹ 100/- per shirt. The Production Manager achieved this target at a cost of ₹ 90/- per shirt. Do you think the Production Manager is effective? Give reasons in support of your answer. (1 mark)
- Ans.** Yes, the Production Manager is effective because he has completed the task and achieved the goal of producing 10,000 shirts. He is efficient also as he has achieved the target at a lower cost since he achieved the target at a lower cost of ₹ 90 per shirt while the standard cost is ₹100 per shirt.
3. Hero Ltd.'s target is to produce 10,000 shirts per month at a cost of ₹ 150 per shirt. The Production Manager could achieve this target at a cost of ₹ 160 per shirt. Do you think the Production Manager is 'effective'? Give reason in support of your answer. (1 mark)
- Ans.** Yes, the Production Manager is effective since he is able to produce the target production of 10,000 shirts. He is not so efficient, since he could achieve this target at a higher cost of ₹ 160 per shirt whereas the standard cost is ₹150 per shirt.



4. Ashita and Lakshita are employees working in Dazzling enterprises dealing in costume jewellery. The firm secured an urgent order for 1,000 bracelets that were to be delivered within 4 days. They were assigned the responsibility of producing 500 bracelets each at a cost of ₹100 per bracelet. Ashita was able to produce the required number within the stipulated time at the cost of ₹ 55,000 whereas, Lakshita was able to produce only 450 units at a cost of ₹ 90 per unit.

State whether Ashita and Lakshita are efficient and effective. Give reasons to justify your answer.

(NCERT) (3 marks)

Ans. Ashita is effective but not efficient.

Reason: She was able to produce 500 bracelets within the stipulated time but at a higher cost of ₹110 per bracelet.

Lakshita is efficient but not effective.

Reason: Though she was able to achieve a lower cost of ₹90 per bracelet but could not produce the target production of 500 bracelets. She was able to produce only 450 bracelets.

5. Tina, a manager of Shilchar Automobiles Ltd., establishes an atmosphere that encourages employees to do their best. She also creates an environment that makes them want to work. She directs through praise and criticism in such a way that it brings out the best in the employee. Identify the concept of management highlighted in the above para. (1 mark)

Ans. 'Directing' function of management

6. Sanjana is the branch manager of ABC Handicrafts Pvt. Ltd. The company's objective is to promote the sales of Indian handloom and handicraft products. Its sells fabrics, furnishings, readymades and household items are made out of traditional Indian fabrics. Sanjana decides quantities, variety, colour and texture of all the above items and then allocates resources for their purchase from different suppliers. She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright colours on silk. Although they looked very impressive, they were more expensive than they had planned to sell. Average customer could not afford to buy it. Praising their effort, Sanjana suggested that they should keep the silk bed covers for special occasions like Diwali and Christmas and offer the cotton bed covers on a regular basis to keep costs under control.

Identify and state the functions of management which Sanjana performs by quoting the lines from the above para. (5 marks)

Ans. The functions of management which Sanjana performs are:

- Planning: Planning is the function of determining in advance what is to be done and who is to do it. This implies setting goals in advance and developing a way of achieving them efficiently and effectively. *'Sanjana decides quantities, variety, colour and texture of all the above items...'*
- Organising: Organising is the management function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan. *'... allocates resources for their purchase from different suppliers.'*
- Staffing: Staffing function of management is concerned with obtaining, utilising and maintaining a satisfactory and satisfied workforce. *'She appoints a team of designers and crafts people in the company...'*
- Directing: Directing involves leading, influencing and motivating employees to perform the tasks assigned to them. *'Praising their effort, Sanjana suggested...'*
- Controlling: Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals. *'... offer the cotton bed covers on a regular basis to keep costs under control.'*

7. Directors of Aman Ltd. assigned the task of implementing the plans and policies framed by the board to all the departmental heads. Departmental heads appointed supervisors, superintendent, executives, etc. so that work can be assigned to workers as per the plan. Supervisors kept a check on workers as per the plan. Identify the feature of management highlighted in above para. (1 mark)

Ans. Management is a group activity.

8. Social-Connect Pvt. Ltd. is a mobile manufacturing company. The manager of the company observed that the market is dynamic and a lot of changes were taking place in the mobile market and hence, the risk of the product becoming obsolete is high. The designs of the phones are governed by requirements and preferences of the customers. He started incorporating new and advanced features taking clue from the consumers and with the help of his workers. Identify the characteristic of management highlighted in this case. (1 mark)

Ans. Management is a dynamic function.

9. Anushka Fabric Ltd. has been able to achieve its production targets as per plans using a new German technology. Its employees are happy and satisfied with their pay scale and working environment in the organisation. All the work proceeds as per plans and there is orderliness in the entire functioning of the organisation. Identify the feature of the management discussed above. (1 mark)

Ans. Management is an intangible force.

## 1.2 Objectives, Importance and Levels of Management

### Objectives of Management

Management seeks to achieve certain objectives which are the desired result of any activity. They must be derived from the basic purpose of the business. In any organisation there are different objectives and management has to achieve all objectives in an effective and efficient manner.

Objectives can be classified into organisational objectives, social objectives and personal or individual objectives.

#### 1. 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, i.e., to fulfill the economic objectives of a business. These are survival, profit and growth.

- (i) **Survival:** The basic objectives of any business is survival. Management must strive to ensure the survival of the organisation. In order to survive, an organisation must earn enough revenues to cover costs.
- (ii) **Profit:** Mere survival is not enough for business. Management has to ensure that the organisation makes a profit. Profit provides a vital incentive for the continued successful operation of the enterprise. Profit is essential for covering costs and risks of the business.
- (iii) **Growth:** A business needs to add to its prospects in the long run, for this it is important for the business to grow. To remain in the industry, management must exploit fully the growth potential of the organisation. Growth of a business can be measured in terms of:
  - increase in sales volume,
  - increase in the number of employees,
  - increase in the number of products, or
  - the increase in capital investment, etc.

#### 2. 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 fulfill. This refers to consistently creating economic value for various constituents of society. This includes:

- using environmental friendly methods of production,
- giving employment opportunities to the disadvantaged sections of society, and
- providing basic amenities like schools and crèches to employees.

### 3. Personal 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.



#### Top Tip

Personal objectives of management aim at satisfying the diverse needs of people in the organisation who have different personalities, objectives, etc. Personal objectives of management should not be confused with fulfilling personal objectives of employees.

Providing basic amenities like schools and crèches to employees is social objective of management, not personal objective since management of an organisation has to fulfill its social responsibilities towards various stakeholders, including employees.

## Importance of Management

### 1. Management helps in achieving group goals.

Management is required not for itself but for achieving the goals of the organisation. The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organisation.

### 2. Management increases efficiency.

The aim of a manager is to reduce costs and increase productivity through better planning, organising, directing, staffing and controlling the activities of the organisation.

### 3. Management creates a dynamic organisation.

All organisations have to function in an environment which is constantly changing. It is generally seen that individuals 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 these changes so that the organisation is able to maintain its competitive edge.

### 4. Management helps in achieving personal objectives.

A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the overall organisational objective.



#### Top Tip

Through motivation and leadership the management helps individuals to develop team spirit, cooperation and commitment to group success.

### 5. Management helps in the development of society.

Management helps in the development of society by:

- providing good quality products and services,
- creating employment opportunities,
- adopting new technology for the greater good of the people, and
- leading the path towards growth and development.

## Levels of Management

Management is a universal term used for certain functions performed by individuals in an enterprise who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task. To be able to fulfill that responsibility he is assigned a certain amount of authority or the right to take a decision.

**The authority-responsibility relationship binds individuals as superiors and subordinates and gives rise to different levels of management in an organisation.**

Generally speaking there are three levels in the hierarchy of an organisation:



Levels of Management

- (i) Top level management
- (ii) Middle level management
- (iii) Supervisory or operational management (i.e. lower level management).

### 1. Top Level Management

They consist of the senior-most executives of the organisation. *For example:*

- Chief Operating Officer
- Chief Marketing Officer (CMO)
- Managing Director
- President
- Chief Executive Officer (CEO)
- Chief Finance Officer (CFO)
- Chairman
- Vice-President

#### Functions

- (i) Their basic task is to integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation.
- (ii) These top level managers are responsible for the welfare and survival of the organisation.
- (iii) They analyse the business environment and its implications for the survival of the firm.
- (iv) They formulate overall organisational goals and strategies for their achievement.
- (v) They are responsible for all the activities of the business and for its impact on society.

Thus, the job of the top manager is complex and stressful, demanding long hours and commitment to the organisation.

#### ✓ Top Tip

Top management is a team consisting of managers from different functional levels, heading finance, marketing etc. For example chief finance officer, vice president (marketing). However, individually managers from different functional levels, such as production manager or marketing manager will be acting as middle level managers.

### 2. Middle Level Management

Middle Management is the link between top and lower level managers.

They are subordinate to top managers and superior to the first line managers.

They are usually known as division heads. *For example:*

- Production manager
- Finance manager
- Marketing manager
- Human Resource (HR) manager

#### ✓ Top Tip

Middle level management also includes the following:

- Operations manager
- Regional manager
- Plant Superintendent
- Divisional manager

Middle management is responsible for implementing and controlling plans and strategies developed by top management. At the same time they are responsible for all the activities of first line managers.

### Functions

Their main task is to carry out the plans formulated by the top managers. For this they need to:

- (i) interpret the policies framed by top management,
- (ii) ensure that their department has the necessary personnel,
- (iii) assign necessary duties and responsibilities to them,
- (iv) motivate them to achieve desired objectives, and
- (v) co-operate with other departments for smooth functioning of the organisation.

### 3. Supervisory or Operational Management

*Foremen* and *supervisors* comprise the lower level in the hierarchy of the organisation. Their authority and responsibility is limited according to the plans drawn by the top management.

### Functions

Supervisory management plays a very important role in the organisation because of the following main functions they perform:

- (i) They interact with the actual workforce and pass on instructions of the middle management to the workers.
- (ii) Supervisors directly oversee the efforts of the workforce.
- (iii) Through their efforts quality of output is maintained and wastage of materials is minimised.
- (iv) They ensure that safety standards are maintained.

The quality of workmanship and the quantity of output depends on the hard work, discipline and loyalty of the workers.

## RECAP



### Objectives of Management

1. **Organisational or Economic Objectives:** The main objective of any organization should be to utilize human and material resources to the maximum possible advantage to fulfill the economic objectives of a business.
  - *Survival*—Management must strive to earn enough revenues to cover cost for the survival of the business.
  - *Profit*—Management has to ensure that business earns profit which is essential for covering cost and risk of the business.
  - *Growth*—Management must exploit fully the growth potential of the organization to remain in the industry. Indicators of growth are increase in sales turnover, capital investment and number of products and employees.
2. **Social Objectives:** It involves the creation of economic value for various constituents of society like using environment-friendly methods of production, providing basic amenities like schools and crèches to employees, giving employment opportunities to the disadvantaged sections of the society, etc.
3. **Personal Objectives:** Personal objectives of management aim at satisfying the needs of the employees such as *financial needs* by giving them competitive salary and perks, *social needs* such as peer recognition, and *higher level needs* such as personal growth and development.

### Importance of Management

DPS EG

1. Management increases **efficiency** by reducing costs and increasing productivity through better planning, organising, staffing, directing and controlling the activities of the organisation.
2. Management helps in the development of the **society** by providing good quality products, creating employment opportunities and adopting new technology, etc.
3. Management helps in achieving **group goals** by giving a common direction to individual effort.
4. Management creates a **dynamic** organisation by making the organisation adapt itself to the changing environment.
5. Management helps in achieving **personal objectives** by motivating and leading in such a way that both personal goals and organisational objectives are accomplished.

### Levels of Management

- 1. Top Level Management** consists of Chief Operating Officer, Chief Executive Officer (CEO), Chief Finance Officer, Director, Chairman, President, Vice-President, etc. Their functions are:
  - (i) To coordinate the activities of different departments according to the overall objectives of the organisation.
  - (ii) To be responsible for welfare and survival of the organisation.
  - (iii) To analyse the business environment and its implications for the survival of the firm.
  - (iv) To formulate overall organisational goals and strategies for their achievement.
  - (v) To be responsible for all the activities of the business and for its impact on the society.
- 2. Middle Level Management** consists of divisional/departmental heads, such as Production Manager, Marketing Manager, Operations Manager, Plant Superintendent, etc. Their functions are:
  - (i) To interpret the policies framed by top management.
  - (ii) To ensure that their department has the necessary personnel.
  - (iii) To assign necessary duties and responsibilities to the employees of their respective departments for implementation of the plan.
  - (iv) To motivate employees of their respective departments to achieve the desired objectives.
  - (v) To cooperate with other departments for smooth functioning of the organisation.
- 3. Operational or Supervisory Management** consists of Supervisors and Foremen. Their functions are:
  - (i) To oversee the efforts of the workforce.
  - (ii) To interact with the actual workforce and pass on the instructions of the middle management to the workers.
  - (iii) To ensure that the quality of output is maintained and wastage of material is minimized.
  - (iv) To ensure safety standards are maintained.

### Objective Type Questions 1.2

- Which of the following is not an indicator of growth of an organisation? *(Choose the correct alternative)*
  - (a) Increase in number of employees
  - (b) Increase in number of products
  - (c) Increase in capital investment
  - (d) None of the above
- The following is not an objective of management: *(NCERT) (Choose the correct alternative)*
  - (a) earning profits
  - (b) growth of the organisation
  - (c) providing employment
  - (d) policy making
- To meet the objectives of the firm, the Asian Paints contributed large amount of funds to enable farmers to use local resources effectively. Identify the management objective it tried to achieve.
- Radhika Ltd. uses environment-friendly methods of production. Identify the objective it is trying to achieve.
- In this first year of operation, the revenues generated by Max Industries from sale of its products are just sufficient to cover the cost of production. Which organisational objective is met in the given case?
- Raheja Ltd. is diversifying its product lines. What organisational objective it is trying to achieve?
- To meet the objectives of the firm, the management of Bhavya Ltd. offers employment to physically challenged persons. Identify the organisational objective it is trying to achieve.
- The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage, i.e. to fulfill the economic objectives of a business. Enumerate the economic objectives of a business.
- Through \_\_\_\_\_ management helps individuals to develop team spirit, cooperation and commitment to group success. *(Choose the correct alternative)*
  - (a) Coordination
  - (b) Supervision
  - (c) Controlling
  - (d) Motivation and leadership.
- The authority-responsibility relationship binds individuals as superiors and subordinates and gives rise to different \_\_\_\_\_ in an organisation. *(Fill up the blank with correct answer)*
- The main task of the middle level managers is \_\_\_\_\_ . *(Complete the sentence)*
- \_\_\_\_\_ comprises the lower level in the hierarchy of the organisation. *(Choose the correct alternative)*
  - (a) Vice president (marketing)
  - (b) Production manager
  - (c) Foremen and supervisors
  - (d) Chief operating officers

13. Supervisory management plays a very important role of the organisation since \_\_\_\_\_. (Fill up the blank with correct answer)
14. Name the level of management: (Choose the correct alternative)  
 (i) overseeing the efforts of the workforce (ii) formulating organisational goals
15. Foremen and Supervisors comprise \_\_\_\_\_. (Choose the correct alternative)  
 (a) Top level of management (b) Middle level of management  
 (c) Operational management (d) None of these
16. Ritu is the manager of the northern division of a large corporate house. At what level of management does she work in the organisation? What is her main task?
17. Your grandfather is working in an MNC as chief operating officer. At which level of management he is working?
18. At which level of management are the managers responsible for maintaining the quality of output and the safety standards? (CBSE 2012)
19. Name the level of management at which the managers are responsible for implementing and controlling the plans and strategies of the organisation.
20. At which level of management the managers are responsible for the welfare and survival of the organisation? (CBSE 2012)
21. Sarthak Jain is responsible for framing plans and policies of Neel Madhav Ltd. At which managerial level, he is working?
22. Match the following activities with their respective levels of management:

(i) Introducing a new product line and deciding the capital structure of the company.	(a) Top management
(ii) Recruitment of casual labourers.	(b) Middle management
(iii) Devise a suitable advertising campaign to sell a new product/service a company is launching.	(c) Supervisory or Operational management

23. Dheeraj is working as 'Operations Manager' in Tifco Ltd. Name the managerial level at which he is working.
24. Name the level of management which is a team consisting of managers from different functional levels, heading finance, marketing, etc, for example, chief finance officer, vice president (marketing).

## Case Studies

### Analysing, Evaluating & Creating Type Questions

1. ABC Group of companies decided to donate 2% of its sales to 'Child Rights and You (CRY)' for improving the condition of children in India. This initiative by the company was highly appreciated by the public and their sales increased by 10%. Identify the objective of management depicted in the given case. (1 mark)

Ans. Social Objectives of management

2. Management of Alpha Ltd. has installed a special recycling plant to recycle the waste instead of dumping the waste in ground. It is also providing employment opportunities to local residents. Company started a school nearby for the children of their employees. Identify the objective of management the company is fulfilling. (1 mark)

Ans. Social objectives of management

3. The manager of Beta Ltd. is very efficient and effective and makes sure that all the employees and workers in his team perform the task on time with minimum cost. His main focus is on cost reduction. So he never listens to the demand of workers for increasing wages. He even gives no opportunity to workers for promotion. As a result workers started becoming frustrated and disheartened all the time. Which objective of management could not be achieved by the manager? (1 mark)

Ans. Personal objectives of management

4. XYZ Power Ltd. set up a factory for manufacturing solar lanterns in a remote village as there was no reliable supply of electricity in rural areas. The revenue earned by the company was sufficient to cover the costs and the risks. The demand of lanterns was increasing day by day, so the company decided to increase production to generate higher sales. For this they decided to employ people from the nearby villages as very few job opportunities were available in that area. The company also decided to open schools and crèches for the children of its employees.

Identify and explain the objectives of management discussed above. Also, quote the lines. (3 marks)

**Ans.** The company is fulfilling the organisational and social objectives of management.

Organisational objectives include survival, profit and growth.

*"In order to survive, XYZ Power Ltd. earns enough revenues."*

*"Company's profits are sufficient to cover the costs and the risks."*

*"Since demand for lanterns was increasing day by day, therefore, the company decided to increase production to generate higher sales, it implies that the company exploits fully its growth potential."*

Social objectives involve the creation of benefits for the society.

*"The company decided to employ people from the nearby villages as very few job opportunities were available in that area. It also decided to open schools and crèches for the children of its employees."*

5. H. Tech Ltd. is a company producing IT services. The company's profits are enough for the survival and growth. The management of the company believes that a satisfied employee creates a satisfied customer, who in turn creates profits that lead to satisfied shareholders. So, it pays competitive salaries and perks to all its employees. All the employees are happy working in the organisation because of personal growth and development.

The company has a strong sense of social responsibility. It has set up an engineering college in which one-third of the students are girls to whom the company gives 50% scholarship.

Is the management of H. Tech Ltd. fulfilling its objectives? Justify your answer by quoting the lines from the above. (3 marks)

**Ans.** Yes, the management of H. Tech Ltd. is fulfilling all the objectives—organisational objectives, social objectives and personal objectives.

(i) Organisational objectives are the economic objectives of a business. These are survival, profit and growth.  
*"Profits of H. Tech Ltd. are enough for the survival and growth."*

(ii) Social objectives involve creation of benefits or economic value for the society.

*"H. Tech Ltd. has set up an engineering college in which one-third of the students are girls to whom the company gives 50% scholarship."*

(iii) Personal objectives are related to satisfying diverse needs of the employees such as financial needs, social needs and higher level needs.

*"...it pays competitive salaries and perks to all its employees. All the employees are happy working in the organisation because of personal growth and development."*

6. Rajiv Automobiles aims to produce and sell 1,00,000 cars in 2019. To achieve this objective, the production department strives for timely production and sales department takes all possible steps to sell them. Due to combined efforts of all the departments, the company is able to achieve its target. Which significance of management is highlighted in the given case? (1 mark)

**Ans.** Management helps in achieving group goals.

7. Fashion India Limited is a chain of ladies garments boutiques where most of the work is done manually. Due to coming of international brands in India, the company is finding it difficult to compete on two fronts—finishing and embroidery work. The production manager realised that without modern machines it would not be possible for them to survive for long. The company purchased new hi-tech modern machines from Germany. During the production process, the manager observed that the quality of production is not as per standard and very often production is disrupted due to breakdown of machinery. The workers get frustrated by continuous rejection of output and started showing resistance towards new technology. To increase the efficiency of the workers, the company decided to train their workers on-the-job under the able guidance of specialists. The workers who are able to pick the skills are promoted and made incharge of the not so trained groups. This created positive impact and everybody became keen to learn. Suggestions from the workers are valued and workers are encouraged to communicate freely.

Identify any three points of importance of management highlighted in the above case by quoting the lines. (3 marks)



**Ans.** The points of importance of management highlighted in the given case are:

(i) Management increases efficiency.

*"To increase the efficiency of the workers, the company decided to train their workers on-the-job under the able guidance of specialists."*

(ii) Management helps in achieving personal objectives.

*"The workers who are able to pick the skills are promoted and made incharge of the not so trained groups. This created positive impact and everybody became keen to learn."*

(iii) Management creates a dynamic organisation.

*"The production manager realised that without modern machines it would not be possible for them to survive for long. The company purchased new hi-tech modern machines from Germany."*

8. Mr. Shiv Sharma and Ms. Suhasini are both managers of HTL Ltd. Mr. Shiv is the CEO of the company and Ms. Suhasini is a branch manager at HTL Ltd. They manage the enterprise at different levels. At which levels of management are they working in HTL Ltd? (1 mark)

**Ans.** Mr. Shiv Sharma, the CEO of the company is working at the top level management.

Ms. Suhasini, a branch manager at HTL Ltd. is working at the middle level management.

9. Ashutosh Goenka was working in 'Axe Ltd.', a company manufacturing air purifiers. He found that the profits had started declining from the last six months. Profit has an implication for the survival of the firm, so he analysed the business environment to find out the reasons for this decline.

(a) Identify the level of management at which Ashutosh Goenka was working.

(b) State three other functions being performed by Ashutosh Goenka.

(CBSE 2017) (4 marks)

**Ans.** (a) Top Level Management

(b) Functions of the top level of management: *(any three)*

(i) To co-ordinate the activities of different departments.

(ii) To be responsible for welfare and survival of the organisation.

(iii) To formulate overall organisational goals and strategies for their achievement.

(iv) To be responsible for all the activities of the business and for its impact on the society.

10. Rishitosh Mukerjee has recently joined AMV Ltd., a company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organization. Therefore, he ensured that his department has the required number of employees and its cooperation with other departments is improved.

(a) Identify the level at which Rishitosh Mukerjee was working.

(b) Also, state three more functions required to be performed by Rishitosh Mukerjee at this level.

(CBSE 2017) (4 marks)

**Ans.** (a) Middle Level Management

(b) Functions of the middle level of management:

(i) To interpret the policies framed by the top management.

(ii) To assign necessary duties and responsibilities to the employees of their respective departments for implementation of the plan.

(iii) To motivate employees of their respective departments to achieve the desired objectives.

11. Govinda Ltd. is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task.

Mr. Gauranga is responsible for the welfare and survival of the organisation. He formulates overall organisational goals and strategies for their achievement.

Mr. Nityanand ensures that quality of output is maintained, wastage of materials is minimised and safety standards are maintained.

Mr. Sanatan assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives.

At what levels of management are Mr. Gauranga, Mr. Nityanand and Mr. Sanatan working in Govinda Ltd.? Justify your answer. (3 marks)

- Ans.** (i) Mr. Gauranga is working at the top level management.  
He is responsible for the welfare and survival of the organisation. He formulates overall organisational goals and strategies for their achievement.
- (ii) Mr. Nityanand is working at the operational/ supervisory management.  
He ensures that quality of output is main-tained, wastage of materials is minimised and safety standards are maintained.
- (iii) Mr. Sanatan is working at the middle level management.  
He assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives.

## 1.3 Management as Art, Science and Profession

### Management as an Art

Art is the skillful 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:

- (i) **Existence of theoretical knowledge:** Any art ( literature on dancing, public speaking, acting or music) presupposes the existence of certain theoretical knowledge.
- (ii) **Personalised application:** The use of this basic knowledge varies from individual to individual. Art is, therefore, a personalised concept. *For example*, two dancers, two speakers, two actors, or two writers will always differ in demonstrating their art.
- (iii) **Based on practice and creativity:** All art is practical. Art involves creative practice of existing theoretical knowledge. Since art is concerned with personal application of knowledge some kind of creativity is required to practice the basic principles learnt. *For example*, a musician makes a unique composition based on seven basic notes.

Management can be said to be an art since it satisfies the following criteria:

#### 1. 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. A successful manager practices the art of management in the day-to-day job of managing an enterprise based on study, observation and experience.

#### 2. Personalised application

Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner. He is involved in the activities of the organisation, studies critical situations and formulates his own theories for use in a given situation. This gives rise to different styles of management.

#### 3. Based on practice and creativity

Management satisfies this criteria as manager gains experience and achieves perfection after long practice.

A good manager works through a combination of practice, creativity, imagination, initiative and innovation.



The best managers are committed and dedicated individuals; highly trained and educated, with personal qualities such as ambition, self-motivation, creativity and imagination, a desire for development of the self and the organisation they belong to. All management practices are based on the same set of principles; what distinguishes a successful manager from a less successful one is the ability to put these principles into practice.

## Management as a Science

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

The basic features of science are as follows:

- (i) **Systematised body of knowledge:** Science is a systematic body of knowledge. Its principles are based on a cause and effect relationship. *For example*, the phenomenon of an apple falling from a tree towards the ground is explained by the law of gravity.
- (ii) **Principles based on experimentation:** Scientific principles are first developed through observation and then tested through repeated experimentation under controlled conditions.
- (iii) **Universal validity:** Scientific principles have universal validity and application.

Based on the above features, we can say that management is a science but not an exact science or a social science. It is neither as precise nor as comprehensive as the pure science like Physics or Chemistry. The following points clearly prove this:

### 1. Systematised body of knowledge

Like science, management is a systematic body of knowledge with its own theory, vocabulary of terms, concepts and principles that have developed over a period of time.

*So, this feature of science is present in management.*

### 2. Principles based on observation and experimentation

Like science, the principles of management are derived over a period of time through observation and repeated experimentation. However, since management deals with human beings and human behaviour, the outcomes of these experiments are not capable of being accurately predicted. Therefore, management can be called an inexact science.

*So, this feature of science is not fully present in management.*

### 3. Universal validity

The principles of management provide managers with certain standardised techniques that can be used in different situations. These principles are also used for training and development of managers.

However, the principles of management are not as exact as the principles of science. Their application and use is not universal. They have to be modified according to a given situation.

*So, this feature of science is not fully present in management.*



#### Top Tip

Management is both an art and a science.

Management has features of both art and science.

- The practice of management is an art.
- However, managers can work better if their practice is based on the principles of management. These principles constitute the science of management.

Management as an art and a science are therefore not mutually exclusive, but complement each other.

## Management as a Profession

A profession has the following characteristics:

- (i) **Well-defined body of knowledge:** All professions are based on a well-defined body of knowledge that can be acquired through instruction.
- (ii) **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.

- (iii) **Professional association:** All professions are affiliated to a professional association which regulates entry, grants certificate of practice and formulates and enforces a code of conduct. To be able to practice in India lawyers have to become members of the Bar Council of India which regulates and controls their activities.
- (iv) **Ethical code of conduct:** All professions are bound by a code of conduct which guides the behaviour of its members. All doctors, for example, take the oath of ethical practice at the time they enter the profession.
- (v) **Service motive:** The basic motive of a profession is to serve their client's interests by rendering dedicated and committed service. The task of a lawyer is to ensure that his client gets justice.

Management is a profession but not a full fledged profession like legal, accounting or medical professions since it does not meet the exact criteria of a true profession. The following points clearly prove this.

### 1. Well-defined body of knowledge

Like a profession, management too is based on a systematic body of knowledge comprising well-defined principles. This knowledge can be acquired at different colleges and professional institutes and through a number of books and journals.

The subject of management is taught at different institutions such as the Indian Institutes of Management (IIMs) to provide management education.

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

### 2. Restricted entry

Entry to management institutes such as the 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 enterprise. Anyone can be called a manager irrespective of the educational qualifications possessed.

Unlike professions such as medicine or law which require a practicing doctor or lawyer to possess valid degrees, nowhere in the world is it mandatory for a manager to possess any such specific degree. But professional knowledge and training is considered to be a desirable qualification, since there is greater demand for those who possess degrees or diplomas from reputed institutions.

*So, presently this feature of profession is not present in management.*

### 3. Professional Association

There are several associations of practicing managers in India, like All India Management Association (AIMA) that has laid down a code of conduct to regulate the activities of their members. There is, however, no compulsion for managers to be members of such an association.

*So, presently this feature of profession is not present in management.*

### 4. Ethical code of conduct

AIMA has devised a code of conduct for Indian managers but there is no statutory backing for this code.

*So, presently this feature of profession is not present in management.*

### 5. Service motive

The basic purpose of management to help the organisation achieve its goals by providing good quality products at reasonable prices, thereby serving the society is being increasingly recognised.

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

## RECAP

**Management as an Art**

Art is the skillful and personal application of knowledge to achieve desired results. Management is an art because of the following reasons:

1. **Existence of theoretical knowledge:** As in art, in management too, there is a lot of literature available in various areas of management which the manager has to specialise in.
2. **Personalised application:** Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner.
3. **Based on continuous practice and creativity:** Management satisfies this criteria as manager gains experience through regular practice and becomes more effective. 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.

As all the criteria of art are satisfied by management, it qualifies as an art.

**Management as a Science**

Science is a systematised body of knowledge that explains certain general truths or the operation of general laws. Management is a science but not an exact science. The reasons are:

1. **Systematised body of knowledge:** Like science, management is a systematised body of knowledge with its own theories and principles that have developed over a period of time. So, this feature of science is present in management.
2. **Principles based on observation and experimentation:** Like science, management principles are derived through observation and repeated experimentation. However, since management deals with human beings the outcome of these experiments are not capable of being accurately predicted. So, this feature of science is not fully present in management.
3. **Universal validity:** Principles of management like principles of pure science provide managers with certain standardised techniques that can be used in different situations. However, since they have to be modified according to a given situation, their application and use is not universal. So, this feature of science is not fully present in management.

Management is both an art and a science. The practice of management is an art. However, managers can work better if their practice is based on the principles of management. These principles constitute the science of management. Management as an art and a science are therefore not mutually exclusive, but complementary to each other.

**Management as a Profession****SWEEP**

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

1. **Well-defined body of knowledge:** All professions are based on a well-defined body of knowledge that can be acquired through instruction. Management too is based on a systematic body of knowledge comprising well-defined principles. This feature of profession is present in management.
2. **Restricted Entry:** The entry to the above stated profession is restricted through a prescribed qualification. But there is no restriction on anyone being appointed as a manager in any business enterprise. So, presently this feature of profession is not present in management.
3. **Professional association:** Legal and medical professions are affiliated to a professional association like bar council and medical council which regulates entry, grants certificate of practice and formulates and enforces a code of conduct. There are several associations of practising managers in India, like the AIMA that has laid down a code of conduct to regulate the activities of their members. There is, however, no compulsion for managers to be members of such an association. So, presently this feature of profession is not present in management.
4. **Ethical code of conduct:** Legal and medical professions are bound by a code of conduct which guides the behaviour of its members. AIMA has devised a code of conduct for Indian managers but there is no statutory backing for this code. So, presently this feature of profession is not present in management.
5. **Service motive:** The motive of legal and medical profession is to serve their clients' interests by rendering dedicated and committed service. The basic purpose of management to help the organisation achieve its goals by providing good quality products at reasonable prices, thereby serving the society is being increasingly recognised. So, presently this feature of profession is not fully present in management.

## Objective Type Questions 1.3

1. "Management is the systematised body of knowledge that explains certain general truths." Identify the nature of the management highlighted in the statement.
2. "Management is skillful and personal application of existing knowledge to achieve desired results." Identify the nature of the management highlighted in the statement.
3. Which of the following statement best explains the "Management is an Art"?
  - (a) Two managers deal with the same problem differently.
  - (b) Management has drawn its knowledge from other disciplines also.
  - (c) No formal qualification is required for the appointment as a manager in a company.
  - (d) Outcomes of managerial actions cannot be predicted accurately.
4. Management is
  - (a) an art.
  - (b) a science.
  - (c) both art and science.
  - (d) neither art nor science.
5. Which of the following is not a characteristic of a profession?
  - (a) Service motive
  - (b) Restricted entry
  - (c) Based on practice and creativity
  - (d) Well-defined body of knowledge.
6. In today's scenario, organisations look for individuals with specific qualifications and experience to manage them. It has also been observe that there has been an increase in the corporate form of business and increasing emphasis on managed business concerns. What does the above statement imply?

## Case Studies

## Analysing, Evaluating &amp; Creating Type Questions

1. A. R. Rehman is the first Indian to win Oscar award for his composition 'Jai Ho'. His composition of music is unique as he has used the singing notes in a manner that is entirely his own interpretation. Like A. R. Rehman, Mr. Sukan, General Manager in Star Ltd., uses his knowledge of management in a unique manner. All the employees working under his guidance are happy and satisfied because of his good behaviour. He everyday rewards/appreciates the employees for coming office on time, performing their assigned tasks with best of their capabilities. Moreover, Mr. Sukan treats all his employees as fairly as possible. He does not discriminate his employees on the basis of sex, religion, caste, belief, etc.

Identify the nature of the management highlighted in the above case.

(1 mark)

**Ans.** Management is an art.

2. Hema is one of the most successful managers of her company, 'Kobe Ltd.' She uses her creativity and initiative in handling challenging situations at work. The knowledge gained by her during her student days at a renowned management institute as well as through her observation and experience over the years is applied by Hema in a skillful manner in the context of the realities of a given situation. She often reads books and other literature in various fields of management to keep her knowledge updated.

- (i) An aspect of the nature of management is being highlighted in the above description. Identify the aspect.
- (ii) Explain any three features of the aspect identified in part-(i).

(CBSE 2017) (4 marks)

**Ans.** (i) Management as an art.

- (ii) Three features that establish it as an art are:

- (a) Existence of theoretical knowledge: As in art, in management too, there is a lot of literature available in various areas of management which the manager has to specialise in.

- (b) Personalised application: Like in any art, in management too, a manager applies his acquired knowledge in a personalised and unique manner.
- (c) Based on continuous practice and creativity: Management satisfies this criteria as manager gains experience through regular practice and becomes more effective. 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.

3. Akshat and Kshitiz are managers at the same level of management in a company. Akshat says that management is an 'art' whereas Kshitiz says that management is a 'science'. As the director of the company, explain the true nature of management to Akshat and Kshitiz. **(6 marks)**

**Ans.** Management is regarded as an 'art' because like in any art, in management too, there is:

- existence of theoretical knowledge (e.g. finance, marketing, etc.);
- personalised application of scientific methods to a given situation; and
- continuous practice and creativity which gives rise to formulation of theories and styles of management.

Management is regarded as a 'science' because like science, management is a systematic body of knowledge with its own theories and principles which are derived through observation and repeated experimentation. However, since management deals with human beings and human behaviour, the outcomes of these experiments are not capable of being accurately predicted. Therefore, management is called an 'inexact science'.

#### True nature of management

Management is both an art and a science. The practice of management is an art. However, managers can work better if their practice is based on the principles of management. These principles constitute the science of management. Management as an art and a science are therefore not mutually exclusive, but complementary to each other.

4. Aman, Ahmad and Ally are partners in a firm engaged in the distribution of dairy products in Maharashtra state. Aman is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post graduation in History and Ally in dairy farming. One day there was a serious discussion between Ahmad and Ally regarding the nature of management. Ahmad argued that management was a profession whereas Ally argued against it saying that the legal and medical professions are the only professions because they fulfill all the conditions of profession.

Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally.

Explain, how Aman would have satisfied both Ahmad and Ally. **(5 marks)**

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

1. Well-defined body of knowledge: Like a profession, management too is based on a systematic body of knowledge comprising well-defined principles.
2. Restricted Entry: The entry to a profession is restricted through a prescribed qualification. But there is no restriction on anyone being appointed as a manager in any business enterprise.
3. Professional association: Like legal and medical professions are affiliated to bar council and medical council, there are several associations of practising managers in India, like the AIMA. However, there is no compulsion for managers to be members of such an association.
4. Ethical code of conduct: Legal and medical professions are bound by a code of conduct which guides the behaviour of its members. AIMA has devised a code of conduct for Indian managers but there is no statutory backing for this code.
5. Service motive: The basic purpose of management to help the organisation achieve its goals by providing good quality products at reasonable prices, thereby serving the society is being increasingly recognised.

## 1.4 Coordination – Concept, Characteristics and Importance

### Concept of Coordination

The process by which a manager synchronises the activities of different departments is known as coordination. Coordination is the force that binds all the other functions of management. It is the common thread that runs through all activities such as purchase, production, sales, and finance to ensure continuity in the working of the organisation.

It is through the process of coordination that a manager ensures the orderly arrangement of individual and group efforts to ensure unity of action in the realisation of common objectives. Coordination therefore involves synchronisation of the different actions or efforts of the various units of an organisation. This provides the requisite amount, quality, timing and sequence of efforts which ensures that planned objectives are achieved with a minimum of conflict.

Coordination is important as it integrates the efforts of individuals, departments and specialists. The primary reason for coordination is that departments and individuals in the organisation are interdependent, i.e. they depend on each other for information and resources to perform their respective activities. Thus, managers need to reconcile differences in approach, timing, effort or interest. At the same time, there is a need to harmonise individual goals and organisational goals.

#### DEFINITIONS OF COORDINATION

- ❖ "Coordination is the orderly synchronising of efforts of subordinates to provide proper amount, timing and quality of execution so that their united efforts lead to the stated objectives, namely, the common purpose of the enterprise." —**Theo Haimann**
- ❖ "Coordination is the process whereby an executive develops an orderly pattern of group efforts among his subordinates and secures unity of action in the pursuit of common purpose." —**McFarland**
- ❖ "Coordination is balancing and keeping together the team by ensuring suitable allocation of tasks to the various members and seeing that the tasks are performed with harmony among the members themselves." —**E.F.L. Brech**

### Coordination – The Essence of Management

Coordination is sometimes considered a separate function of management. It is however, the essence of management, for achieving harmony among individual efforts towards the accomplishment of group goals. Each managerial function is an exercise contributing individually to coordination. Coordination is implicit and inherent in all functions of an organisation.

- The process of coordinating the activities of an organisation begins at the **planning** stage itself. Top management plans for the entire organisation.
- According to these plans the organisational structure is developed, which is the outcome of **organising** process.
- The **staffing** function is performed to fill the roles designed in the organisational structure.
- In order to ensure that these plans are executed according to plans, **directing** is required.
- Any discrepancies/deviations between actual and standard performance are taken care of at the stage of **controlling**.

Thus, coordination is not a separate function of management, but its very essence. For an organisation to effectively and efficiently achieve its objectives coordination is required. Like a thread in a garland, coordination is a part of all management functions.



## Characteristics/Features of Coordination

### 1. Coordination integrates group efforts.

Coordination unifies unrelated or diverse interests into purposeful work activity. It gives a common focus to group effort to ensure that performance is as it was planned and scheduled.

### 2. Coordination ensures unity of action.

The purpose of coordination is to secure unity of action in the realisation of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.

### 3. Coordination is a continuous process.

Coordination is not a one-time function but a continuous process. It begins at the planning stage and continues till controlling.

### 4. Coordination is an all pervasive function.

Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels.

### 5. Coordination is the responsibility of all managers.

Coordination is the function of every manager in the organisation.

- Top level managers need to coordinate with their subordinates to ensure that the overall policies for the organisation are duly carried out.
- Middle level management coordinates with both the top level and first line managers.
- Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans.

### 6. Coordination is a deliberate function.

A manager has to coordinate the efforts of different people in a conscious and deliberate manner. Even where members of a department willingly cooperate and work, coordination gives a direction to that willing spirit.

#### Top Tip

Cooperation in the absence of coordination may lead to wasted effort and coordination without cooperation may lead to dissatisfaction among employees.

## Importance of Coordination

### 1. Growth in size

As organisations grow in size, the number of people employed by the organisation also increases. At times, it may become difficult to integrate their efforts and activities. All individuals differ in their habits of work, background, approaches to situations and relationships with others.

It becomes necessary to ensure that all individuals work towards the common goals of the organisation. But employees may have their own individual goals also. Therefore, for organisational efficiency, it is important to harmonise individual goals and organisational goals through coordination.

### 2. Functional differentiation

Functions of an organisation are divided into departments, divisions and sections. In an organisation there may be separate departments of finance, production, marketing or human resources. All these departments may have their own objectives, policies and their own style of working. *For example*, the marketing department's objective may be to increase sales by 10 per cent by offering discounts. But, the finance department may not approve of such discounts as it means loss of revenue.

These kinds of conflict arise in organisations because each unit/ department is performing activities in isolation from others and barriers between departments are becoming more rigid. However, all departments and individuals are interdependent and they have to depend on each other for information to perform their activities. The activity of each department needs to be focused on attainment of common organisational goals. The process of linking the activities of various departments is accomplished by coordination.

### 3. Specialisation

Modern organisations are characterised by a high degree of specialisation. Specialisation arises out of the complexities of modern technology and the diversity of tasks to be performed. Organisations, therefore, need to employ a number of specialists. Specialists usually think that they only are qualified to evaluate, judge and decide according to their professional criteria. They do not take advice or suggestions from others in matters pertaining to their area of specialisation.

This often leads to conflict amongst different specialists as well as others in the organisation. Therefore, some coordination is required by an independent person to reconcile the differences in approach, interest or opinion of the specialists.

#### RECAP



#### Coordination – The essence of management

The process by which a manager synchronises the activities of different departments is called coordination.

Co-ordination is not a separate function of management. It is the force that binds all other functions and thus called the essence of management.

- The process of coordinating the activities begins at the planning stage in which the top management plans for the entire organization.
- At the organizing stage, the organizational structure is developed as per plans.
- The staffing function is performed thereafter as per the structure developed in the organization structure.
- Directing is then required to ensure that these plans are executed accordingly.
- Controlling function ensures that the discrepancies between actual and planned activities are taken care of.

Coordination, therefore, synchronises the efforts through all functions of management and ensures that the organizational objectives are achieved with a minimum of conflict.

#### Characteristics/Features of Coordination

DU PCR I

1. Coordination **integrates** group efforts by unifying diverse interests into purposeful work activity.
2. Coordination ensures **unity** of action by acting as a binding force between departments and ensuring that all action is aimed at achieving the goals of the organisation.
3. Coordination is a **continuous** process as it starts at the planning stage and continues till controlling.
4. Coordination is a **pervasive** function as it is required in all types of organisations, in all the departments and at all levels. Coordination is required at all levels of management due to the interdependent nature of activities of various departments.
5. Coordination is the **responsibility** of all managers at the top, middle and operational level.
  - Top level managers need to coordinate with their subordinates to ensure that the overall policies are duly carried out.
  - Middle level management coordinates with both the top level and first line managers.
  - Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans.
6. Coordination is a **deliberate** function as every manager has to coordinate the efforts of different people in a conscious and deliberate manner.

#### Need and Importance of Coordination

1. **Growth in size** – As organizations grow in size, the number of people employed by the organization increases. Individuals differ in their habits of work, needs and behavior and may have their own individual goals. Coordination is necessary to harmonize individual goals and organizational goals. Coordination ensures that all individuals work towards the common goals of the organization.
2. **Functional differentiation** – Functions of organization are divided into departments /divisions of finance, production, marketing or human resources. All these departments are dependent on each other. Coordination links the activities of various departments to focus on attainment of common goals. There may also arise conflict among them. Coordination is needed to ensure unity of action to avoid inter-departmental conflicts.
3. **Specialisation** – Modern organizations have high degree of specialization and employ a number of specialists. This leads to conflict as some specialists do not like to take advice or suggestions from others. Coordination is required to reconcile their differences.

## Objective Type Questions 1.4

- The process of linking the activities of various departments is accomplished by \_\_\_\_\_. (Fill up the blank with correct answer)
- Coordination is a one-time function. (True/False)
- \_\_\_\_\_ involves synchronisation of the different actions or efforts of the various units of an organisation. (Fill up the blank with correct answer)
- In the absence of \_\_\_\_\_ there is overlapping and chaos instead of harmony and integration of activities. (Fill up the blank with correct answer)
- Coordination is the function of the top management. (True/False)
- For organisational efficiency, it is important to harmonise individual goals and organisational goals through \_\_\_\_\_. (Fill up the blank with correct answer)
- Identify and state the force that binds all the other functions of management.
- The process by which a manager synchronises the activities of different departments is known as \_\_\_\_\_. (Choose the correct alternative)
 

(a) Coordination	(b) Cooperation
(c) Organising	(d) Supervision
- Which of the following is not a function of management? (Choose the correct alternative)
 

(a) Planning	(b) Staffing
(c) Coordination	(d) Controlling
- Coordination is (NCERT) (Choose the correct alternative)
 

(a) a function of management.	(b) the essence of management.
(c) an objective of management.	(d) None of the above
- It is the force which binds all other functions of management. It is the common thread that runs through all activities such as purchase, production, sales and finance to ensure continuity in the working of the organisation. Identify it.
- Name the process which provides the requisite amount, quality, timing and sequence of efforts and ensures that planned objectives are achieved with a minimum of conflict. (CBSE SQP 2018)
- "Coordination is needed at all levels of management." State the characteristic of coordination highlighted in the statement.

## Case Studies

## Analysing, Evaluating &amp; Creating Type Questions

- In X Ltd., the purchase department purchased 10 tonnes of raw material for the production department. However, the production department needed just 7 tonnes. Due to this reason, goods were over produced and were not accepted by Sales department. As a result, some goods remained unsold. Which aspect of management is lacking? (1 mark)  
**Ans.** Coordination
- In Flipmart Co. Ltd. the production and sales department have to coordinate their work, so that production takes place according to the demand in the market. State the feature of coordination highlighted above. (1 mark)  
**Ans.** Coordination ensures unity of action. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.
- Company X is facing a lot of problems these days. It manufactures white goods like washing machines, microwave ovens, refrigerators and air conditioners. The company's margins are under pressure and the profits and market share are declining. The production department blames marketing for not meeting sales targets and marketing blames production department for producing goods, which are not of good quality meeting customers expectations. The finance department blames both production and marketing for declining return on investment and bad marketing.
  - What quality of management do you think the company is lacking?
  - Explain any five features of the concept of the management identified in part (a). (NCERT) (6 marks)

- Ans.** (a) Coordination  
 (b) Features of Coordination:  
 (i) Coordination integrates group efforts by unifying diverse interests into purposeful work activity.  
 (ii) Coordination ensures unity of action by acting as a binding force between departments and ensuring that all action is aimed at achieving the goals of the organisation.  
 (iii) Coordination is a continuous process as it starts at the planning stage and continues till controlling.  
 (iv) Coordination is a pervasive function as it is required in all types of organisations, in all the departments and at all levels.  
 (v) Coordination is the responsibility of all managers at the top, middle and operational level.

4. Smita Rai is the director of Namchi Designer Candles, which has 100 per cent women as employees. They also produce varieties of candles. During Diwali, they produce customized candles meant for the occasion. Smita plans her dewali collection in the month of June itself. She has to then ensure that there is adequate workforce and continuously monitor whether production is proceeding according to plans. Her marketing department also has to be briefed in time to prepare their promotional and advertising campaigns.

At Namchi Designer Candles, the production and sales department coordinate their work, so that production takes place according to the demand in the market.

The purchase, production and sales departmental efforts have to be coordinated by Smita for achieving organisational objectives harmoniously. The purchase department is responsible for procuring fabric. This then becomes the basis of the activities of the production department and finally sales can take place. If fabric purchased is of an inferior quality or is not according to the specifications of the production department, further sales will also decline.

Identify and explain by quoting lines from the above the three characteristics of coordination. (6 marks)

- Ans.** Three characteristics of coordination highlighted are:

- (i) Coordination is a continuous process: Coordination is not a one-time function but a continuous process. It begins at the planning stage and continues till controlling.  
*"Smita plans her dewali collection in the month of June itself. She has to then ensure that there is adequate workforce and continuously monitor whether production is proceeding according to plans."*
- (ii) Coordination ensures unity of action: The purpose of coordination is to secure unity of action in the realisation of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.  
*"...the production and sales department coordinate their work, so that production takes place according to the demand in the market."*
- (iii) Coordination is an all pervasive function: Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels.  
*"The purchase, production and sales departmental efforts have to be coordinated by Smita for achieving organisational objectives harmoniously. The purchase department is responsible for procuring fabric. This then becomes the basis of the activities of the production department and finally sales can take place."*

5. Modern organisations are characterised by a high degree of specialisation. Specialisation arises out of the complexities of modern technology and the diversity of tasks to be performed. Organisations, therefore, need to employ a number of specialists. Specialists usually think that they only are qualified to evaluate, judge and decide according to their professional criteria. They do not take advice or suggestions from others. This often leads to conflict amongst different specialists as well as others in the organisation.

State the reason why coordination is required in such a case.

(1 mark)

- Ans.** Coordination is required to reconcile the differences in approach, interest or opinion of the specialists.

 Key Terms

**Management** – Management is defined as a process of getting things done with the aim of achieving goals effectively and efficiently.

**Process** – 'Process' in the definition of management means the primary functions or activities that management performs to get things done.

**Effectiveness** – Effectiveness in management is concerned with doing the right task, completing activities and achieving goals.

**Efficiency** – Efficiency means doing the task correctly and with minimum cost.

**Planning** – Planning is defined as setting objectives for a given time period, formulating various courses of action to achieve them, and then selecting the best possible alternative from among the various courses of action available.

**Organising** – Organising is the management function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.

**Staffing** – Staffing function of management is concerned with obtaining, utilising and maintaining a satisfactory and satisfied workforce.

**Directing** – Directing involves leading, influencing and motivating employees to perform the tasks assigned to them.

**Motivation** – Motivation means creating an environment that makes the employees want to work.

**Leadership** – Leadership is influencing others to do what the leader wants them to do.

**Controlling** – Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals.

**Management of work** – It means translating the work in terms of goals to be achieved and assigning the means to achieve it.

**Management of people** – It means dealing with employees as individuals with diverse needs and behaviour as well as dealing with individuals as a group of people.

**Management of operations** – It means managing a production process which involves transforming inputs into desired output for consumption.

**Objectives of Management** – Objectives of Management are the desired result of any activity.

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

**Social objectives** – It involves the creation of benefit for society, and consistently creating economic value for various constituents of society.

**Personal objectives** – Personal objectives refer to satisfying the diverse needs of people who have different personalities, backgrounds, experiences and objectives.

**Levels of management** – The authority-responsibility relationship binds individuals as superiors and subordinates and gives rise to different levels of management in an organisation.

**Top Level Management** – They consist of the senior-most executives of the organisation. For example, Chief Operating Officer, Chief Executive Officer (CEO), Chairman, President, Vice-President, etc.

**Middle Management** – Middle Management is the link between top and lower level managers. They are subordinate to top managers and superior to the first line managers. They are usually known as division heads. For example, Production manager etc.

**Supervisory or Operational Management** – Foremen and supervisors comprise the lower level in the hierarchy of the organisation.

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

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

**Profession** – A profession has the following characteristics: (i) Well-defined body of knowledge (ii) Restricted entry (iii) Professional association (iv) Ethical code of conduct (v) Service motive

**Coordination** – The process by which a manager synchronises the activities of different departments is known as coordination.

### Extra Shots

#### The Management Mantra from GE

Jack Welch was appointed CEO of GE in 1981. At that time the firm had a market capitalisation of \$13 billion. In 2000 when he stepped down the firm's turnover had increased multifold to \$500 billion. What was the secret of Welch's success? He has laid down the following pointers for managers to be successful:

- Create a vision and then ignite your organisation to make this vision a reality. Get people so passionate about what they are doing that they cannot wait to execute this plan. Have great energy, competitive spirit and the ability to spark excitement and achieve results. Search for leaders who have the same qualities.
- Focus on strategic issues. Your job is to understand the vital issues within each of your businesses. Recognise the talent needed to win in those markets.
- Focus on the main issue. Your job is to see the big picture. Don't manage every detail. Don't get caught up in the minute details, but instead inspire others to execute some of your vision. Surround yourself with great people and trust them to do their job and contribute their best to the organisation.
- Involve everyone and welcome great ideas from everywhere. Anyone can be a leader, just so long as they contribute, and the most meaningful way for anyone to contribute is to come up with a good idea. Business is all about getting the best ideas from everyone. New ideas are the lifeblood of the organisation, the fuel that makes it run. "The hero is the person with a new idea." There is simply nothing more important to an organisation than expressing ideas and creating a vision.
- Lead by example. To spark others to perform, you must lead by example. Jack Welch's mastery of the four E's of leadership – Energy, Energise, Edge, and Execution – was always in evidence. "He had great energy, sparked others, had incredible competitive spirit, and had a record of execution that was second to none. This is a key of the Welch phenomenon. Had he been lacking in any of the traits he espoused, he would not have commanded such acclaim."

#### 'DABBAWALLAS' – Excellence through Coordination

The Dabbawallas of Mumbai is the story of a SIX SIGMA business enterprise. The success of the business lies in the complex yet well coordinated exercise that is carried out on the streets of Mumbai day after day. What is the secret behind the efficiency with which their business is conducted?

The story of the dabbawallas begins in the kitchens of Mumbai. After they step out of their door, someone begins the time-consuming process of preparing the worker a fresh, homecooked lunch. What happens next for demonstrates the coordination of the dabbawallas system. The first dabbawalla picks up the tiffin from home and takes it to the nearest railway station. The second dabbawalla sorts out the dabbas at the railway station according to destination and puts them in the luggage carriage. The third one travels with the dabbas to the railway stations nearest to the destinations. The fourth one picks up dabbas from the railway station and drops them off at the offices. By mid-morning, thousands of dabbawallas are bicycling through the streets of Mumbai, ensuring a hot home cooked lunch for their customers. The whole tiffin distribution requires negligible technology. The dabbawallas rely on low capital and use cycles, wooden carriages and local trains to achieve their target. There are several groups that work independently and network with each other to achieve their goal.

Each area is divided into several small distribution sectors and each sector is handled by a particular person. This person understands the address in that locality very well. Also, this perfection comes with practice. Many new employees work for months under the guidance of their seniors.

Punctuality and time management are on top of the agenda for dabbawallas. Whatever be the circumstances, the dabbawallas never get delayed even by a few minutes.

#### Management in the Twenty-first Century

Even as you read this chapter, the organisation and its management are changing. As boundaries between cultures and nations get blurred and new communication technology makes it possible to think of the world as a 'global village', the scope of international and intercultural relationships is rapidly expanding. The modern organisation is a global organisation that has to be managed in a global perspective. What does this imply?

A global manager today is one who possesses what can be termed as 'hard' types of skills as well as 'softer' types of skills. Managers who understand analysis, strategy, engineering, and technology are still going to be needed, but extremely critical to global success are people who understand how teams work, how organisations work, how people are motivated.

A manager who really understands different cultures should be able to work in a West European, non-English speaking country, then move to a developing country like Malaysia or Kenya, and then be transferred to an office based in New York, USA, and be almost immediately productive in all three places.

It can thus be understood that the role of a global manager has evolved in much the same way that the global industry and economy have evolved. It has changed from being a single dimensional role in a defined business context, to being a multi-faceted role that calls for a diverse combination of technical skills, soft management and people skills, and the ability to imbibe and learn different cultural experiences.

## Self Assessment Test 1

## Nature and Significance of Management

Time allowed : 1 hour

Maximum Marks : 25

Q.1 Match the columns:

(1 mark)

(i) The force that binds all the other functions of management.	(A) Planning
(ii) Doing the right task, completing activities and achieving goals.	(B) Coordination
(iii) Doing the task correctly and with minimum cost.	(C) Efficiency
(iv) Setting goals and developing a way of achieving them efficiently and effectively.	(D) Effectiveness

Q.2 Management is

(Choose the correct alternative) (1 mark)

- (a) A Science            (b) An Art            (c) both science and art            (d) Neither

Q.3 A firm plans in advance and has a sound organisation structure with efficient supervisory staff and control system but on several occasion it finds that plans are not being adhered to. It leads to confusion and duplication of work. Advise remedy. (1 mark)

Q.4 It is through the process of \_\_\_\_\_ that a manager ensure the orderly arrangement of individual and group efforts to ensure unity of action in the realisation of common objectives. (Choose the correct alternative) (1 mark)

- (a) Management            (b) Organising            (c) Coordination            (e) Controlling

Q.5 Justify how coordination is (a) a continuous process (b) an all-pervasive function. (3 marks)

Q.6 Mita has a successful ice cream business at Bikaner, namely 'Smartflavours'. Her ice creams are utterly delicious. She makes ice creams from fresh milk and the same are available in a wide range of flavours and packs. She sets viable business objectives and works with the same in mind in order to ensure that the customers will come back for purchasing. Having the first mover advantage, her business was doing well. To earn higher profits, she started cutting down costs. This would sometimes lead to delay in delivery and the ice cream was not reaching the market in time. Over a period of time, the demand for her ice cream declined and because of it the competitors entered the market. She lost some of her market share to competitors. At the beginning of summer season, she got back to back orders for supply of 4,000 ice cream packs of different flavours for special occasions. To ensure that the task was completed and orders delivered in time she hired additional workers. She was, thus able to produce and deliver the ice cream packs but at a high production cost.

While completing activities and finishing the given task for achieving goals, Mita realised that she was ignoring one of the important aspects of management. Identify the aspect of management that has been ignored by Mita. Also explain the same with the help of an example. (3 marks)

Q.7 Successful organisations do not achieve their goals by chance but by following a deliberate process. Identify it and explain its importance by giving any three points. (4 marks)

Q.8 "Management seeks to achieve certain objectives which must be derived from the basic purpose of the business." In the light of this statement, explain the objectives of management. (5 marks)

Q.9 Forex Ltd. is a private limited company with several branches all over India. It promotes the sales of Indian handloom and handicraft products while providing equitable employment to traditional artisans. Mr. Brijesh, a branch manager of the company plans his winter collection in the month of June itself. He has to ensure that there is adequate workforce and continuously monitor whether production is proceeding according to plans. He also provides direction and motivation to his employees. The purchase, production and sales departmental efforts are coordinated by Mr. Brijesh for achieving organisational objectives harmoniously. The production and the sales department coordinate their work, so that production takes place according to the demand in the market. The purchase department is responsible for procuring material. This then becomes the basis of the activities of the production department and finally sales can take place.

(a) Identify any three functions of management performed by Mr. Brijesh in Forex Ltd. by quoting lines from the above case.

(b) Identify and explain any two features of coordination discussed in the above case. (6 marks)

## Self Assessment Test 2

## Nature and Significance of Management

Time allowed : 1 hour

Maximum Marks : 25

- Q.1** “Management has to see that tasks are completed and goals are achieved with the least amount of resources at a minimum cost.”  
Identify by quoting lines the two important aspects of the concept of management highlighted in the above statement. (1 mark)
- Q.2** \_\_\_\_\_ gives a common flow to group effort to ensure that performance is as it was planned and scheduled. (Choose the correct alternative) (1 mark)
- (a) Planning (b) Controlling  
(c) Coordination (d) Directing
- Q.3** Through \_\_\_\_\_ the management helps individuals to develop team spirit, cooperation and commitment to group success. (Choose the correct alternative) (1 mark)
- (a) Coordination (b) Motivation and leadership  
(c) Effectiveness (d) Efficiency
- Q.4** Das is the Managing Director of ‘Gamut Ltd.’, manufacturing different varieties of cheese. He has an efficient team working under him consisting of Rajat, the Production manager, Vinay – the Marketing manager and Adit – the Finance manager. They understand and interpret the policies made by Das, ensure that their departments have adequate manpower, assign them the necessary duties and motivate them to achieve the desired objectives. State one more function other than those mentioned above, that this team may perform at the level they are working. (1 mark)
- Q.5** Indian Railways has launched a new broad gauge solar power train which is going to be a path breaking leap towards making trains greener and more environment friendly. The solar power DEMU (Diesel Electric Multiple Unit) has 6 trailer coaches and is expected to save about 21,000 liters of diesel and ensure a cost saving of ₹12,00,000 per year. Identify and explain the objectives of management achieved by Indian Railways in the above case. (3 marks)
- Q.6** The management of Vrinda Ltd. strongly believes that the members of an organisation should work towards fulfilling the common organisational goals. This requires team work and integration of efforts of all individuals, departments and specialists. This is because all the individuals and departments depend on each other for information and resources to perform their respective activities. Managers need to reconcile differences in approach, timing, effort or interest. At the same time it should enable all its members to grow and develop. Thus, there is a need to harmonise individual goals and organisational goals.
- (a) Identify and explain the concept of management discussed above.  
(b) State the characteristic of management which is reflected from the above para. (3 marks)
- Q.7** “Science is a systematised body of knowledge that explains certain general truths or the operation of general laws.” In the light of this statement, describe whether management is a science. (4 marks)
- Q.8** “Coordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of common purpose.” In the light of this statement, explain the nature of coordination. (5 marks)
- Q.9** Name the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish selected aims. Also, explain its importance by giving any five points. (6 marks)



## Self Assessment Test 3

## Nature and Significance of Management

Time allowed : 1 hour

Maximum Marks : 25

- Q.1 'Management is defined as a process of getting things done with the aim of achieving goals effectively and efficiently.' 'Process' in the definition means the primary function or activities that management performs to get things done. Enumerate these functions or activities. (1 mark)
- Q.2 The basic objective of any business is \_\_\_\_\_ . (Choose the correct alternative) (1 mark)
- (a) Survival (b) Profit  
(c) Growth (d) Personal
- Q.3 \_\_\_\_\_ is responsible for implementing and controlling plans and strategies developed by the senior most executives of the organisation. (Fill up the blank with correct answer) (1 mark)
- Q.4 The purchase, production and sales managers at Sharda Ltd, a firm manufacturing ready made garments are generally at a conflict, as they have their own objectives. Usually each thinks that only they are qualified to evaluate, judge and decide on any matter, according to their professional criteria.  
Name the concept which will be required by the CEO Mr. Raman, to reconcile the differences in approach, interest or opinion in the organisation. (1 mark)
- Q.5 List any three tasks that Mr. Armstrong needs to do, as a production manager, in his firm, to carry out the plans laid down by the top managers. (3 marks)
- Q.6 In a company, the marketing department's objective is to increase sales by 10 per cent by offering discounts. But, the finance department does not approve of such discounts as it means loss of revenue.  
These kinds of conflict arise in organisations because of the lack of one of the concepts of management.
- (a) Identify and explain the concept of management highlighted above.  
(b) State the characteristic of management the company is violating. (3 marks)
- Q.7 Kamal, Khan and David are partners in a firm engaged in the distribution of dairy products in Madhya Pradesh. Kamal is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Khan had done his post-graduation in Hindi literature and David in Dairy Farming. One day there was a serious discussion between Khan and David regarding the nature of 'Management as a Science. Khan argued that Management is not a science whereas David was of the opinion that Management is a science. Kamal intervened and corrected both Khan and David about the nature of Management as a Science with the help of his knowledge of Business Studies.  
Explain, how Kamal would have been able to satisfy both Khan and David. (4 marks)
- Q.8 "A successful enterprise has to achieve its goals effectively and efficiently." Explain the statement, giving examples. (5 marks)
- Q.9 Define management. State any five characteristics of management. (6 marks)

## Self Assessment Test 4

## Nature and Significance of Management

Time allowed : 1 hour

Maximum Marks : 25

- Q.1 \_\_\_\_\_ is concerned with the end result (Effectiveness/Efficiency).  
(Choose the correct option) (1 mark)
- Q.2 Management has to ensure that the organisation makes a profit. Profit is essential for \_\_\_\_\_.  
(Complete the sentence) (1 mark)
- Q.3 Providing basic amenities like schools and crèches to employees is an example of \_\_\_\_\_ objectives of management.  
(Choose the correct alternative) (1 mark)
- (a) Organisational (b) Social  
(c) Personal (d) Growth
- Q.4 In an organisation, managers need to reconcile differences in approach, timing, effort or interest. At the same time, there is a need to harmonise individual goals and organisational goals.  
State the concept of management highlighted in the above para. (1 mark)
- Q.5 One of the objectives of management is to consistently create economic value for various constituents of the society. Explain this objective of management by giving any two examples. (3 marks)
- Q.6 Answer the following: (3 marks)
- (a) How does coordination ensure unity of action in Management?  
(b) At which level of management coordination takes place in an organisation?  
(c) How does coordination integrate group efforts?
- Q.7 Nishtha is a manager of a company selling laptops. She plans the target sale of 2,000 laptops per month. She allocates necessary resources to carry out the plan. She has six salesmen working under her. She works with them, guiding and motivating them to achieve the target sales. At the end of the month, after comparison of actual sales with the target sales she found that actual sales exceeded the target sales.  
Identify, by quoting the lines from the above paragraph, the functions of management Nishtha is performing. Explain these functions by quoting the lines. (4 marks)
- Q.8 A company's target production is 5000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5000 units but at a higher production cost. (5 marks)
- (a) Is the manager effective and efficient? Give reasons .  
(b) Why is it important for a manager to be both effective and efficient? Explain.
- Q.9 Define management. Do you think management has the characteristics of a full-fledged profession? Give reasons in support of your answer. (6 marks)

## Self Assessment Test 5

## Nature and Significance of Management

*Time allowed : 1 hour**Maximum Marks : 25*

- Q.1** There is a kind of cost benefit analysis and the relationship between inputs and outputs. If by using less resources (i.e. the inputs) more benefits are derived (i.e., the outputs), then efficiency has increased.  
Name any four input resources required to do a particular task. (1 mark)
- Q.2** \_\_\_\_\_ is responsible for all the activities of first line managers.  
(Fill up the blank with correct answer) (1 mark)
- Q.3** Management is required not for itself but for \_\_\_\_\_. (Complete the sentence) (1 mark)
- Q.4** In which two functions of management do managers at the top level spend more time than managers at lower level of the organisations? (1 mark)
- Q.5** Answer the following: (3 marks)
- (a) Why is management a group activity?
  - (b) How does management increase efficiency?
  - (c) What is the purpose of coordination?
- Q.6** Why is management considered to be a multi-dimensional concept? Explain. (3 marks)
- Q.7** Company X is facing a lot of problems these days. It manufactures white goods like washing machines, microwave ovens, refrigerators and air conditioners. The company's margins are under pressure and the profits and market share are declining. The production department blames marketing for not meeting sales targets and marketing blames production department for producing goods, which are not of good quality meeting customers' expectations. The finance department blames both production and marketing for declining return on investment and bad marketing.  
What quality of management do you think the company is lacking? Explain its importance by giving any three points. (4 marks)
- Q.8** "Coordination is the essence of management." Do you agree? Give reasons. (5 marks)
- Q.9** B Ltd. wants to modify its existing product, DVD player in the market due to decreasing sales. State any two functions of each level of management to give effect to this decision of the company. (6 marks)

## Check List to Objective Type Questions

### Objective Type Questions 1.1

1. they reduce costs and ultimately lead to higher profits.
2. **True:** High efficiency and high effectiveness is the aim of all managers. Poor management is due to both inefficiency and ineffectiveness.
3. False
4. True
5. **True:** Planning can only predict them and prepare contingency plans to deal with them if and when they occur.
6. Organising
7. (i) – (a), (ii) – (d), (iii) – (b), (iv) – (c), (v) – (e)
8. Organising
9. Staffing
10. Staffing
11. Controlling
12. Organising
13. Management is a dynamic function and has to adapt 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.
14. (i) – (c), (ii) – (a), (iii) – (b)
15. Staffing
16. Management is a dynamic function.
17. Process highlighted in the statement is 'Management'.
18. Organising
19. (d) (i)–c; (ii)–a; (iii)–b; (iv)–d; (v)–c
20. (b) Efficient only
21. Management
22. Management is a continuous process.
23. Management is considered a multi-faceted concept because management is a complex activity that has three main dimensions: management of work, management of people and management of operations.

### Objective Type Questions 1.2

1. (d) None of the above
2. (d) policy making
3. Social objectives of management
4. Social objectives of management
5. Survival
6. Growth
7. Growth; since number of employees is increasing, it leads to increase in production and hence growth of the company.
8. Survival, profit and growth.
9. (d) Motivation and leadership.
10. levels of management
11. to carry out the plans formulated by the top level managers.
12. (c) Foremen and supervisors

13. they interest with the actual workforce and pass in instructions of the middle management to the workers.

OR

Supervisors directly oversee the efforts of the workforce and the quality and quantity of output depends on the hard work, discipline and loyalty of the workforce.

It is through their efforts that quality of output is maintained, wastage of materials is minimised and safety standards are maintained.

14. (i) Supervisory management  
(ii) Top level management
15. (c) Operational management
16. Middle level management; Her main task is to carry out the plans formulated by the top managers.
17. Top level management
18. Supervisory/Operational management
19. Middle level management
20. Top level management
21. Top level management.
22. (i) – (a), (ii) – (c), (iii) – (b)
23. Dheeraj is working at middle level management.
24. Top level management

### Objective Type Questions 1.3

1. Management is a science
2. Management is an art
3. (a) Two managers deal with the same problem differently.
4. (c) both art and science.
5. (c) Based on practice and creativity
6. Management is a profession. However, it is not a full-fledged profession like legal, accounting and medical professions.

### Objective Type Questions 1.4

1. Coordination
2. **False:** Coordination is a continuous process. It begins at the planning stage and continues till controlling.
3. Coordination
4. Coordination
5. **False:** Coordination is the responsibility of all managers from top level to supervisory level of management.
6. Coordination
7. Coordination, which means the process by which a manager synchronises the activities of different departments.
8. (a) Coordination
9. (c) Coordination
10. (b) the essence of management.
11. Coordination
12. Coordination
13. Coordination is an all pervasive function.

## Answers to Self Assessment Tests Questions

### Self Assessment Test 1

1. (i) – (B), (ii) – (D), (iii) – (C), (iv) – (A)
2. (c) both science and art.
3. The management of the firm must perform 'Directing' function properly, which involves execution of plans and motivating, leading, communicating and supervising employees at work.
4. (c) Coordination
6. **Efficiency:** Efficiency means doing the task correctly and with minimum cost.  
Example: Suppose a company's target production is 5,000 units in a year. The manager wants to achieve the production target by cutting down costs. He was able to cut down costs but could not achieve the target production. In this case, the manager was efficient but not effective.
9. (a) The functions of management performed by Mr. Brijesh in Forex Ltd. are: (any three)
  - (i) **Planning:** "...plans his winter collection in the month of June itself."
  - (ii) **Staffing:** "...ensure that there is adequate workforce"
  - (iii) **Controlling:** "...continuously monitor whether production is proceeding according to plans."
  - (iv) **Directing:** "...provides direction and motivation to his employees."
- (b) The features of coordination discussed in the given case are: (any two with explanation)
  - (i) **Coordination is a continuous process.**  
"...plans his winter collection... ensure that there is adequate workforce and continuously monitor whether production is proceeding according to plans."
  - (ii) **Coordination is an all pervasive function.**  
"The purchase, production and sales departmental efforts are coordinated by Mr. Brijesh for achieving organisational objectives harmoniously."
  - (iii) **Coordination ensures unity of action.**  
"...The production and the sales department coordinate their work, so that production takes place according to the demand in the market."

### Self Assessment Test 2

1. (i) **Effectiveness** – "tasks are completed and goals are achieved."  
(ii) **Effectively** – "goals are achieved with the least amount of resources at a minimum cost."
2. (c) Coordination

3. (b) Motivation and leadership
4. Co-operate with other departments for smooth functioning of the organisation.
5. The objectives of management achieved by Indian Railways are:
  - (i) **Organisational Objectives**
    - (a) **Profit:** Cost saving of ₹12,00,000 per year due to solar power DEMU (Diesel Electric Multiple Unit) implies increase in profits of Indian Railways.
    - (b) **Growth:** Increase in number of products, i.e. new broad gauge solar power trains.
  - (ii) **Social Objectives** — New broad gauge solar power train is going to be a path breaking leap towards making trains greener and more environment friendly.
6. (a) Coordination (*give explanation*)  
(b) Management is a group activity
9. Management  
Importance of management (*explain five points*)

### Self Assessment Test 3

1. Planning, Organising, Staffing, Directing and Controlling.
2. (a) Survival
3. Middle level management
4. Coordination.
5. Following are the tasks that Mr. Armstrong needs to perform as a production manager in his firm to carry out the plans laid down by the Top managers: (any three)
  - (i) Interpret the policies framed by top management.
  - (ii) Ensure that the production department has the necessary personnel.
  - (iii) Assign necessary duties and responsibilities to them.
  - (iv) Motivate them to achieve the desired objectives.
  - (v) Cooperate with other departments for the smooth functioning of the organization.
6. (a) Coordination (*give explanation*)  
(b) Management is a group activity.

### Self Assessment Test 4

1. Effectiveness
2. covering costs and risks of the business
3. (b) Social
4. Coordination, which is the process by which a manager synchronises the activities of different departments.

7. Nishtha is performing the following functions of management: *(explain)*
- Planning**– *'She plans the target sale of 2,000 laptops per month.'*
  - Organising**– *'She allocates necessary resources to carry out the plan.'*
  - Directing**– *'She works with them, guiding and motivating them to achieve the target sales.'*
  - Controlling**– *'At the end of the month, after comparison of actual sales with the target sales she found that actual sales exceeded the target sales.'*
8. (a) In this case, the manager is effective since he is able to produce the company's target production is 5000 units in a year. But he is not so efficient, since for the same output, more inputs (labour cost, electricity costs) were used.

### Self Assessment Test 5

- Money, Materials, Equipment and persons
  - Middle level management
  - achieving the goals the organisation
  - Planning and Organising
  - Coordination *(Explain)*
  - Top level managers such as the chief executive officer, the chairman, president, etc. should perform the following functions:
    - To modify/modernise their existing product (DVD player), they must plan to manufacture MP3 player, Blue ray player, etc. They must formulate overall organisational goals and strategies for their achievement.
    - They must coordinate the activities of different departments according to all overall objectives of the organisation.
- Middle level managers such as production manager, marketing manager etc., should perform the following functions:
- They must interpret the policies framed by top management regarding modernisation of their product and ensure that their department has the necessary personnel.
  - They must assign necessary duties and responsibilities to them, motivate them to achieve desired objectives, and cooperate with other departments for smooth functioning of the organisation.
- Foremen and supervisors should perform the following functions:
- To pass on instructions of the middle management to the workforce and to oversee their efforts to produce new products, i.e. Mp3 player, Blue ray player etc.
  - To maintain quality of output, minimise wastage of materials, and to maintain safety standards.