

**INDIAN SCHOOL MUSCAT**  
**DEPARTMENT OF COMMERCE & HUMANITIES**  
**BUSINESS STUDIES NOTES (054)**

<b>UNIT No.</b>	<b>Unit</b>	<b>Marks</b>
	<b>Part A : Principles and Functions of Management</b>	
1.	Nature and significance of Management	<b>16</b>
2.	Principles of Management	
3.	Business Environment	
4.	Planning	<b>14</b>
5	Organizing.	
6	Staffing	<b>20</b>
7	Directing	
8	Controlling	
	<b>Part B : Business Finance and Marketing</b>	
9	Financial Management	<b>15</b>
10	Financial Market	
11	Marketing Management	<b>15</b>
12	Consumer Protection	
	<b>TOTAL</b>	<b>80</b>
	<b>PROJECT WORK</b>	<b>20</b>

# Chapter 1

## NATURE AND SIGNIFICANCE OF MANAGEMENT

Meaning: Management is an art of getting things done with and through others. Management can be defined as, the process of getting things done with the aim of achieving organizational goals effectively and efficiently.

### **Characteristics of Management:**

1. **Goal oriented Process:** It is a goal oriented process, which is undertaken to achieve already specified and desired objectives by proper utilization of available resources.
2. **Pervasive:** Management is universal in nature. It is used in all types of organizations whether economic, social or political irrespective of its size, nature and location and at every level.
3. **Multidimensional:** It is multidimensional as it involves management of work, people and operations. Every organization is established for doing some work like school provides education, a factory produces goods etc. The management has to ensure the participation, of its people in the realization of the organization goal. Also management needs to conduct the various operations such as production, sale, purchase etc.
4. **Continuous:** Management is not a process which can be performed once and for all, but it is a continuous process. Functions of management like planning, organizing, staffing, directing and controlling continuously need to be done.
5. **Group Activity:** It is a group activity since it involves managing and coordinating activities of different people as a team to attain the desired objectives.
6. **Dynamic function:** It is a dynamic function since it has to adapt according to need, time and situation of the changing environment in order to be successful, an organization must change itself and its goals. For example, McDonalds made major changes in its 'Menu' to survive in the Indian market.
7. **Intangible Force:** Management is such a force that cannot be seen, only its presence can be felt. When the goals of an organization are being realized in

accordance with its plans, we can say that the management of the organization is good.

## **Objectives of Management**

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

1. Organizational/Economic objectives: Organization should utilize human and material resources to the maximum possible advantage. These are survival, Profit & growth.

- Survival– An organization can survive when it earns enough revenue to cover costs.
- Profit– After achieving the objective of survival, organization should move towards earning profit for covering costs & risks of business.
- Growth– Besides earning profits a business must grow in the long run in order to remain in the industry. A business can grow by increasing sales volume, no of employees, product & capital investment.

2. Social objectives: It involves fulfilling obligations towards society. This includes.

- Creating employment opportunities for society.
- Providing/Producing good quality products & services.
- Protecting environment.

3. Personal objectives: Personal objectives are concerned with satisfying needs of the employees such as:

- Giving competitive salary and perks to employees.
- Giving recognition to employees.
- Satisfying diverse needs of employees

## **Importance of Management**

1. **Achieving Group Goals:** Management creates team work and coordination in the group. Managers give common direction to individual efforts in achieving the overall goals of the organization.
2. **Increases Efficiency:** Management increases efficiency by using resources in the best possible manner to reduce cost and increase productivity.
3. **Creates Dynamic organization:** Management helps the employees overcome their resistance to change and adapt as per changing situation to ensure its survival and growth.
4. **Achieving personal objectives:** Management helps the individuals achieve their personal goals while working towards organizational objectives.
5. **Development of Society:** Management helps in the development of society by producing good quality products, creating employment opportunities and adopting new technology.

## **Nature of management as an Art, Science and profession**

### **Management as an Art**

Art refers to skillful and personal application of existing knowledge to achieve desired results. It can be acquired through study, observation and experience. The features of art as follows:

1. Existence of theoretical knowledge: In every art, systematic and organized study material should be available compulsorily to acquire theoretical knowledge.
2. Personalized application: The use of basic knowledge differs from person to person and thus, art is a very personalized concept.
3. Based on practice and creativity: Art involves the creative practice of existing theoretical knowledge.

In management also a huge volume of literature and books are available on different aspects of management. Every manager has his own unique style of managing things and people. He uses his creativity in applying management techniques and his skills improve with regular application. Since all the features of art are present in management so it can be called an Art.

### Management as a Science

Science is a systematized body of knowledge that is based on general truths which can be tested anywhere and anytime. The features of Science are as follows:

1. Systematized body of knowledge: Science has a systematized body of knowledge based on principles and experiments.
2. Principles based on experiments and observation: Scientific principles are developed through experiments and observation.
3. Universal validity: Scientific principles have universal validity and application.

Management has systematic body of knowledge and its principles are developed over a period of time based on repeated experiments &

observations which are universally applicable but they have to be modified according to given situation.

Conclusion: -As the principles of management are not as exact as the principles of pure science, so it may be called-an inexact science. The prominence of human factor in the management makes it a Social Science.

### Management as Profession

Profession means an occupation for which specialized knowledge and skills are required and entry is restricted. The main features of profession are as follows:

1. Well-defined body of Knowledge: All the professions are based on well- defined body of knowledge.
2. Restricted Entry: The entry in every profession is restricted through examination or through some minimum educational qualification.
3. Professional Associations: All professions are affiliated to a professional association which regulates entry and frames code of conduct relating to the profession.
4. Ethical Code of Conduct: All professions are bound by a code of conduct which guides the behavior of its members.
5. Service Motive: The main aim of a profession is to serve its clients.

Conclusion:-Management does not fulfil all the features of a profession and thus it is not a full-fledged profession because anybody can proclaim to be a manager; prescribed compulsory educational degree

or license is not required. Besides there are not any formal ethical codes which are required to be observed.

### **Levels of Management: Top, Middle and Operational Levels**

“Levels of management” means different categories of managers, the lowest to the highest on the basis of their relative responsibilities, authority and status.

#### **Top Level**

Consists of Chairperson, Chief Executive Officer, Chief Operating Officer or equivalent and their team. Chief task is to integrate and to coordinate the various activities of the business, framing policies, formulating organizational goals & strategies bearing the responsibility for the impact of activities of the business on society.

#### **Middle Level**

Consists of Divisional or Departmental heads, Plant Superintendents and Operation Managers etc. Main tasks are to interpret the policies of the top management, to ensure the availability of resources to implement policies, to coordinate all activities, ensure availability of necessary personnel & assign duties and responsibilities to them.

#### **Lower Level/Supervisory Level**

Consists of Foremen and Supervisor etc. Main task is to ensure actual implementation of the policies as per directions, bring workers' grievances before the management & maintain discipline among the workers, maintain the quality of output and minimize wastage.



## Functions of Management / Elements of Management

- (1) Planning implies setting goals and objectives in advance and developing a way of achieving them.
- (2) Organising is to assign duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.
- (3) Staffing is finding the right people for the right job by following a series of steps and includes training and development.
- (4) Directing is leading, influencing and motivating employees to perform the tasks assigned to them. It includes four activities: - Supervision, Communication, Leadership and Motivation.
- (5) Controlling is monitoring the organizational performance towards the attainment of the organizational goals.



## **Co-ordination**

Coordination is to synchronize the various activities of an organization. In the context of business unit, the meaning of coordination is to balance its various activities (purchase, sales, production, finance, personnel etc.) so that objective of business can be easily achieved.

Lack of coordination results in overlapping, duplication, delay and chaos.

### **Characteristics of Coordination**

1. Coordination integrates group efforts: It integrates diverse business activities into purposeful group activity ensuring that all people work in one direction to achieve organizational goals.
2. Coordination ensures unity of action: It directs the activities of different departments and employees towards achievement of common goals and brings unity in individual efforts.
3. Coordination is a continuous process: It is not a specific activity matter, it is required at all levels, in all departments till the organization continues its operations.
4. Coordination is all pervasive function: It is universal in nature. It synchronizes the activities of all levels and departments as they are interdependent to maintain organizational balance.
5. Coordination is the responsibility of all managers: It is equally important at all the Three-Top, Middle and lower levels of management. Thus it is the responsibility of all managers that they make efforts to establish coordination.

6. Coordination is a deliberate function: Coordination is never established by itself rather it is a conscious effort on the part of every manager. Cooperation is voluntary effort of employees to help one another. Effective coordination cannot be achieved without cooperation of group members.

Coordination is the Essence of Management.

Coordination is not a separate function of management. It is the force that binds all the functions & thus, called the essence of management. It is needed in all management functions:

### **NEED FOR COORDINATION (IMPORTANCE)**

The reasons that bring out the importance or the necessity for coordination are:

- Growth in the size of the organization results in the increase in varied quality of manpower too with varied individual aspirations. Coordination seeks to match the individual goals with the organizational goals.
- Functional Differentiation arising out of departmentalization and division brings forth a motive for achievement of individual objectives, in isolation from other objectives leading to departmental clashes. Coordination seeks to iron out these variations.
- Specialization can give rise to feeling of superiority and prioritizing of their zone or activities. Coordination seeks to sequence and integrate all the specialist of activities into a wholesome effort

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