

CLASS 12TH Commerce

DATE : 27.03.2020

SUBJECT : BUSINESS STUDIES

MANAGEMENT

Definition: Management is a set of principles relating to the functions of planning, organizing, directing and controlling, and the application of these principles in harnessing physical, financial, human and informational resources efficiently and effectively to achieve organizational goals.

Meaning: It is the process of getting things done through others with the aim of achieving goals effectively and efficiently. It is organization and coordination of different activities of the business in order to achieve organizational goals and objectives. It is a distinct intellectual activity consisting of several functions.

like Planning, Organising, Directing, Controlling and staffing. The person who performs all these functions is known as Manager

OBJECTIVES OF MANAGEMENT

Management attempts to accomplish specific objectives which are the solicited outcome of any action. They must be received from the fundamental view of the business. In any business, there are several objectives and the administration has to complete all objectives in an efficient and effective manner. Objectives can be categorised into organisational objectives, social objectives and personal or individual objectives.

(i) Organisational Objectives: Management is accountable for establishing and attaining objectives for the company. It has to deliver a variety of objectives in all operations contemplating the interest of all shareholders including, stakeholders, consumers, the government and employees. The principal objective of any company must be to use material and human resources to the maximum potential benefit, i.e., to meet the financial objectives of a firm. And, they are survival, profit and growth.

(a) Survival: The essential objectives of any industry is survival. Management must attempt to assure the continuation of the business. In order to survive, an industry must gain enough funds to meet the costs that would be incurred.

Example: *If Ram is running a shop and incurring a cost of Rs.50,000 per month then he has to collect minimum revenue of Rs.50,000 to cover all his costs otherwise his business won't survive.*

(b) Profit: Poor survival is not sufficient for the industry. Management has to make sure that the company earns the profit. Profit contributes to a necessary catalyst for the sustained successful performance of the firm. Profit is crucial for meeting the costs and uncertainties of the business concern.

Example: *If the revenue of the shop is more than Rs.50,000, than Ram is earning a profit. The more the gap between the cost of production and revenue collected, the better the profit. It will help him in reducing business risk.*

(c) Growth: A firm requires to add to its chances, in the long run, for this it is necessary for the concern to develop. To prevail in the business, management must utilise adequately the growth potential of the firm.

Example: Patanjali is growing as it is dealing in a variety of products and opening megastores in multiple cities.

(ii) Social objectives: It includes the establishment of benefit for the community. As a part of the community, every business whether it is a trade or non-trading concern has a social responsibility to meet. This applies to consistently generating financial value for many components of society. This includes using environmentally beneficial technologies of production, providing job opportunities to the disadvantaged sections of the community and furnishing the primary facilities like crèches and schools to employees.

(iii) Personal Objectives: Establishments are made up of resources who possess different backgrounds, experiences, objectives and personalities. They all become part of the establishment to meet their several demands. These differ from economic necessities such as ambitious perks and salaries, social obligations such as equal attention and higher level demands such as individual growth and progress.

Characterstics of Management

1. Management is goal oriented process:

Management always aims at achieving the organizational objectives. The functions and activities of manager lead to the achievement of organizational objectives; for example, if the objective of a company is to sell 1000 computers then manager will plan the course of action, motivate all the employees and organise all the resources keeping in mind the main target of selling 1000 computers.

2. Management is Pervasive:

Management is a universal phenomenon. The use of management is not restricted to business firms only it is applicable in profit-making, non-profit-making, business or non-business organizations; even a hospital, school, club and house has to be managed properly. Concept of management is used in the whole world whether it is USA, UK or India.

3. Management is Multidimensional:

Management does not mean one single activity but it includes three main activities:

- i. Management of work
- ii. Management of people
- iii. Management of operations

(a) Management of work:

All organizations are set up to perform some task or goal. Management activities aim at achieving goals or tasks to be accomplished. The task or work depends upon the nature of Business for example, work to be accomplished in a school is providing education, in hospital is to treat patient, in industry to manufacture some product. Management makes sure that work is accomplished effectively and efficiently.

(b) Management of people:

People refer to Human resources and Human resources are the most important assets of an organisation. An organisation can win over competitor with efficient employees only because two organisations can have same physical, technological and financial resources but not human resources. Management has to get task accomplished through people only.

(c) Management of operations: Operations refer to activities of production cycle such as buying inputs, converting them into semi-finished goods, finished goods.

Management of operations concentrates on mixing management of work with management of people, i.e., deciding what work has to be done, how it has to be done and who will do it.

4. Management is a continuous process:

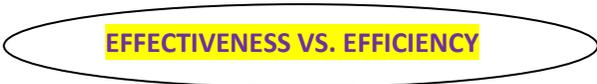
Management is a continuous or never ending function. All the functions of management are performed continuously, for example planning, organising, staffing, directing and controlling are performed by all the managers all the time. Sometimes, they are doing planning, then staffing or organising etc. Managers perform ongoing series of functions continuously in the organisation.

5. Management is a group activity:

Management always refers to a group of people involved in managerial activities. The management functions cannot be performed in isolation. Each individual performs his/her role at his/her status and department, and then only management function can be executed. Even the result of management affects every individual and every department of the organisation so it always refers to a group effort and not the individual effort of one person.

6. Intangible:

Management function cannot be physically seen but its presence can be felt. The presence of management can be felt by seeing the orderliness and coordination in the working environment. It is easier to feel the presence of mismanagement as it leads to chaos and confusion in the organisation.



Effectiveness is about doing the right task, completing the assigned job on time, no matter whatever the cost. And on the other hand, Efficiency is about doing the job in cost effective manner i.e. getting maximum output with minimum input

Definition of Efficiency

Efficiency refers to the ability to produce maximum output from the given input with the least waste of time, effort, money, energy and raw materials. It can be measured quantitatively by designing and attaining the input-output ratios of the company's resources like funds, energy, material, labor, etc.

Efficiency is also considered a parameter to calculate the performance and productivity by making comparisons between the budgeted output and the actual outputs produced with the fixed number of inputs. It is the ability to do things in a well-mannered way, to achieve the standard output.

Definition of Effectiveness

Effectiveness refers to the extent to which something has been done, to achieve the targeted outcome. It means the degree of closeness of the achieved objective with the predetermined goal to examine the potency of the whole entity.

Effectiveness has an outward look i.e. it discloses the relationship of the business organisation with the macro environment of business. It focuses on reaching the competitive position in the market.

Meaning: It refers to the completion of work on time. It refers to the completion of work correctively with minimum cost and maximum profit. In simple words, it simply means doing right things. It simply means doing things rightly (i.e. in cheaper and faster manner).

Objective: To achieve end results on time. Performing task with least waste of time and effort (cost). Main Focus: Time Cost. **Efficiency** means whatever you produce or perform; it should be done in a perfect way. Although, **Effectiveness** has a broader approach, which means the extent to which the actual results have been achieved to fulfill the desired outcome i.e. doing accurate things. These are the metrics used to gauge the performance of an employee in an organization.

Efficiency and Effectiveness are the two words which are most commonly juxtaposed by the people; they are used in place of each other, however they are different. While efficiency is the state of attaining the maximum productivity, with least effort spent, effectiveness is the extent to which something is successful in providing the desired result.

BASIS FOR COMPARISON	EFFICIENCY	EFFECTIVENESS
Meaning	The virtue of being efficient is known as efficiency.	The magnitude of nearness of the actual result with the intended result, is known as effectiveness.
What is it?	Work is to be done in a correct manner.	Doing accurate work.
Emphasis on	Inputs and Outputs	Means and Ends
Time Horizon	Short Run	Long Run
Approach	Introverted	Extroverted

BASIS FOR COMPARISON	EFFICIENCY	EFFECTIVENESS
Ascertainment	Strategy Implementation	Strategy Formulation
Orientation	Operations	Strategies

Example:

Mr. Ram (a salesman) achieved the target of 10000 units but not in the given time.

We can say that Ram is effective but not efficient

Mr. Rahim (a salesman) achieved the target of 20000 units (double of the target assigned) in a given time.

We can say that Rahim is efficient

QUESTIONS:

- 1. What do you mean by Management ? Give its proper definition.**
- 2. Discuss the social objectives of management.**
- 3. Difference between Efficiency and Effectiveness.**
- 4. Write the characteristics of Management.**