

Introduction to Management and Different Perspectives of Management

Part 01

AAT Level II

Business Management (BMA)

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204 - Business Management - BMA

Curriculum Overview

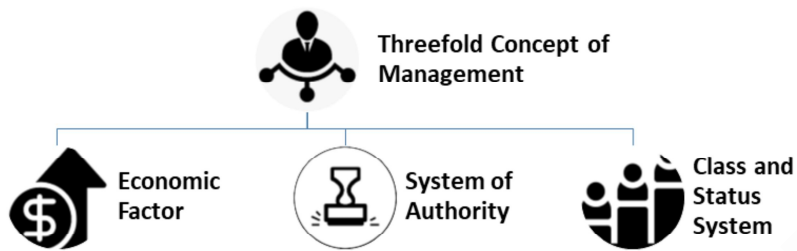
01	Introduction to Management and different perspectives	10 %
02	Functions of Management Process	35 %
03	Operations Management	10 %
04	Marketing Management	15 %
05	Human Resource Management	15 %
06	Change Management	15 %
07	Introduction to Strategic Management	15 %

Meaning of Management

Management defined as all the activities and tasks undertaken for archiving goals by continuous activities like; planning, organizing, leading and controlling.

Management is a process of planning, decision making, organizing, leading, motivation and controlling the human resources, financial, physical, and information resources of an organization to reach its goals efficiently and effectively.

Threefold Concept of Management



To understand the definition of management and its nature, a threefold concept of management for encompassing a broader scope for the viewpoint of management.

Threefold Concept of Management

Management is an Economic Factor : For an economist, management is one of the factors of production together with land, labor, and capital.

As the industrialization of a nation increases, the need for management becomes greater. The managerial resources of a firm determine, in large measure, its productivity and profitability. Executive development, therefore, is more important for those firms in a dynamic industry in which progress is rapid.

Management as a system of authority: From an administrator's point of view, management is a system of authority. Historically, management first developed an authoritarian philosophy.

Later on, it turned paternalistic.

Still, later, constitutional management emerged, characterized by a concern for consistent policies and procedures for dealing with the working group.

Finally, the trend of management turned towards a democratic and participatory approach.

Modern management is nothing but a synthesis of these four approaches to authority.

Threefold Concept of Management

Management as a class and status System: As viewed by a sociologist, management is a class-and-status system.

The increase in the complexity of relationships in modern society demands that managers become elite of brain and education.

Entry into this class of executives is being more and more dependent on excellence in education and knowledge rather than family or political connections.

Some scholars view this development as a “Managerial Revolution”.

Nature of Management

- Management as a systematic process of planning, organizing, staffing, leading and controlling. As managers, people carry out the managerial functions of planning, organizing, staffing, leading, and controlling.
- The concepts and activities of management apply to all levels of management, as well as to all types of organizations and activities managed.
- The aim of all managers is universal: to create a surplus.
- Management identifies a special group of people whose job is to direct the effort and activities of other people towards common objectives.
- Management is concerned with productivity, thereby implying efficiency and effectiveness. Factors of production of an organization such as labor, capital, land, equipment, etc. are used efficiently and effectively prepared through management for achieving organizational goals.
- Management has to pay attention to fulfilling the objectives of the interested parties

Nature of Management



Management is Associated with Group Efforts



Management is Goal-oriented



Management is Purposeful



Management is Indispensable



Management is Accomplished Through the Efforts of Others



Management is Intangible



Management can Ensure Better Life

Functions of Management

Planning

One main role of a manager is creating a plan to meet company goals and objectives. This involves allocating employee resources and delegating responsibilities, as well as setting realistic timelines and standards for completion

Planning
Determining
Course of
Actions

Organizing

Along with planning, a manager's organizational skills can help to ensure a company or departmental unit runs smoothly.

Organizing
Coordination of
Activities and
Resources

Functions of Management

Controlling

To ensure all of the above functions are working toward the success of a company, managers should consistently monitor employee performance, quality of work, and the efficiency and reliability of completed projects.

Controlling
Monitoring and
Evaluating
Activities

Leading
Managing and
Leading
People

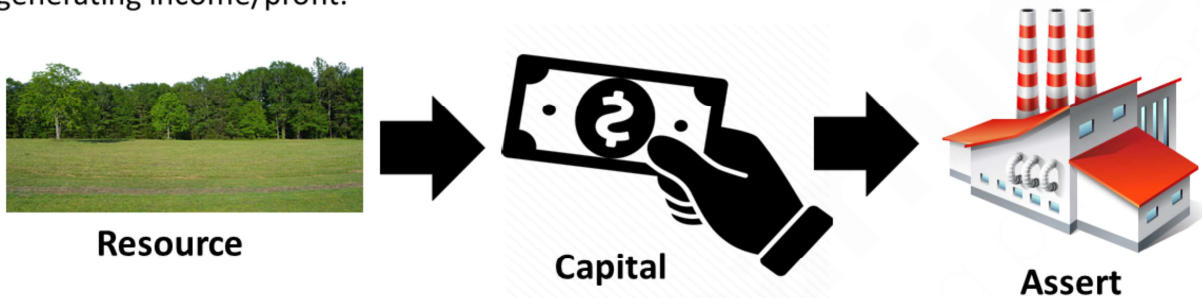
Leading

Managers should be comfortable and confident commanding their team members' daily tasks as well as during periods of significant change or challenge.

Resource vs Asset

Resource - An economic or productive factor required to accomplish an activity. Three major resources are land, labor, and capital; there are more as energy, water etc.

Asset - Anything which is valuable that an entity owns, benefits from, or has use of, in generating income/profit.



Let us take for example a plot of land. A company, let's call that X buys that plot of land in exchange of money to be used in production activities.

In this case, land is a **resource**- as in, the land is the source from which benefit is produced. The benefit here is the land being used for productive purposes.

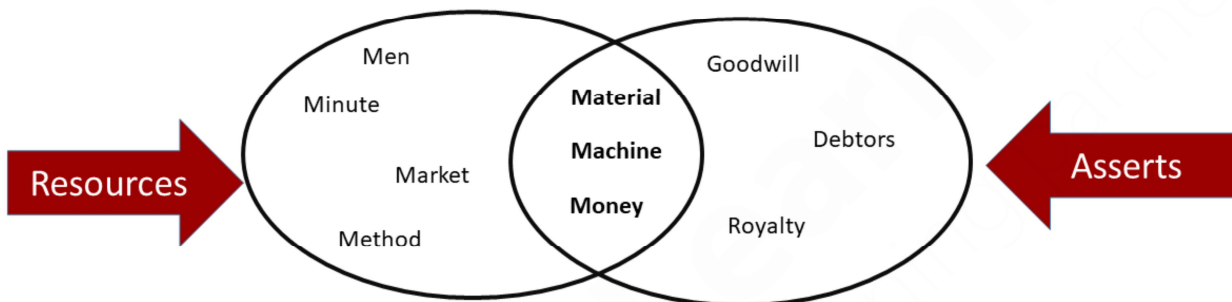
The land becomes an **asset** for the company. An asset is a resource that is controlled by the person/company from which one can expect to receive future benefits. By future benefit, I mean the revenue that is generated by the operation of the business in the land.

The **capital** is the money that is used to buy the plot of land. In other terms, the capital can also be explained as the amount that is invested to run the business. In simple terms, asset creation requires capital.

To sum it up, **resource** is the source of profit. When controlled, resource becomes an **asset**; and the money used to purchase the asset is the **capital**.

Resource vs Assert

Resource	Assert
A factor you have access	A factor own to you
No direct benefit to you	You have a direct benefit
Value is steady	Value increase / Decrease



Objectives of a Business



A. Economic Objectives:

Economic objectives of business refer to the objective of earning profit and also other objectives that are necessary to be pursued to achieve the profit objective, which include, creation of customers, regular innovations and best possible use of available resources.

(i) Profit Earning:

Profit is the lifeblood of business, without which no business can survive in a competitive market. In fact profit making is the primary objective for which a business unit is brought into existence. Profits must be earned to ensure the survival of business, its growth and expansion over time.

Profits help businessmen not only to earn their living but also to expand their business activities by reinvesting a part of the profits. In order to achieve this primary objective, certain other objectives are also necessary to be pursued by business, which are as follows:

(ii) Creation of customers:

A business unit cannot survive unless there are customers to buy the products and services. Again a businessman can earn profits only when he/she provides quality goods and services at a reasonable price. For this it needs to attract more customers for its existing as well as new products. This is achieved with the help of various marketing activities.

(iii) Regular innovations:

Innovation means changes, which bring about improvement in products, process of production and distribution of goods. Business units, through innovation, are able to reduce cost by adopting better methods of production and also increase their sales by attracting more customers because of improved products.

Reduction in cost and increase in sales gives more profit to the businessmen. Use of power looms in place of handlooms, use of tractors in place of hand implements in farms etc. are all the results of innovation.

(iv) Best possible use of resources:

As we all know, to run any business we must have sufficient capital or funds. The amount of capital may be used to buy machinery, raw materials, employ men and have cash to meet day-to-day expenses. Thus, business activities require various resources like men, materials, money and machines.

The availability of these resources is usually limited. Thus, every business should try to make the best possible use of these resources. Employing efficient workers. Making full use of machines and minimizing wastage of raw materials, can achieve this objective.

B. Social Objectives:

Social objective are those objectives of business, which are desired to be achieved for the benefit of the society. Since business operates in a society by utilizing its scarce resources, the society expects something in return for its welfare. No activity of the business should be aimed at giving any kind of trouble to the society.

If business activities lead to socially harmful effects, there is bound to be public reaction against the business sooner or later. Social objectives of business include production and supply of quality goods and services, adoption of fair trade practices and contribution to the general welfare of society and provision of welfare amenities.

(i) Production and Supply of Quality Goods and Services:

Since the business utilizes the various resources of the society, the society expects to get quality goods and services from the business he objective of business should be to produce better quality goods and supply them at the right time and at a right price It is not desirable on the part of the businessman to supply adulterated or inferior goods which cause injuries to the customers.

They should charge the price according to the quality of e goods and services provided to the society. Again, the customers also expect timely supply of all their requirements. So it is important for every business to supply those goods and services on a regular basis.

(ii) Adoption of Fair Trade Practices:

In every society, activities such as hoarding, black- marketing and over-charging are considered undesirable. Besides, misleading advertisements often give a false impression about the quality of products. Such advertisements deceive the customers and the businessmen use them for the sake of making large profits.

This is an unfair trade practice. The business unit must not create artificial scarcity of essential goods or raise prices for the sake of earning more profits. All these activities earn a bad name and sometimes make the businessmen liable for penalty and even imprisonment under the law. Therefore, the objective of business should be to adopt fair trade practices for the welfare of the consumers as well as the society.

(iii) Contribution to the General Welfare of the Society:

Business units should work for the general welfare and upliftment of the society. This is possible through running of schools and colleges better education opening of vocational training centres to train the people to earn their livelihood, establishing hospitals for

medical facilities and providing recreational facilities for the general public like parks, sports complexes etc.

C. Human Objectives:

Human objectives refer to the objectives aimed at the well-being as well as fulfillment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training. The human objectives of business may thus include economic well-being of the employees, social and psychological satisfaction of employees and development of human resources.

(i) Economic Well-being of the Employees:

In business employees must be provided with fair remuneration and incentive for performance benefits of provident fund, pension and other amenities like medical facilities, housing facilities etc. By this they feel more satisfied at work and contribute more for the business.

(ii) Social and Psychological Satisfaction of Employees:

It is the duty of business units to provide social and psychological satisfaction to their employees. This is possible by making the job interesting and challenging, putting the right person in the right job and reducing the monotony of work. Opportunities for promotion and advancement in career should also be provided to the employees. Further, grievances of employees should be given prompt attention and their suggestions should be considered seriously when decisions are made. If employees are happy and satisfied they can put their best efforts in work.

(iii) Development of Human Resources:

Employees as human beings always want to grow. Their growth requires proper training as well as development. Business can prosper if the people employed can improve their skills and develop their abilities and competencies in course of time. Thus, it is important that business should arrange training and development programmes for its employees.

(iv) Well-being of Socially and Economically Backward People:

Business units being inseparable parts of society should help backward classes and also people those are physically and mentally challenged. This can be done in many ways. For instance, vocational training programme may be arranged to improve the earning capacity of backward people in the community. While recruiting its staff, business should give preference to physically and mentally challenged persons. Business units can also help and encourage meritorious students by awarding scholarships for higher studies.

D. National Objectives:

Being an important part of the country, every business must have the objective of fulfilling national goals and aspirations. The goal of the country may be to provide employment opportunity to its citizen, earn revenue for its exchequer, become self-sufficient in production of goods and services, promote social justice, etc. Business activities should be conducted keeping these goals of the country in mind, which may be called national objectives of business.

The following are the national objectives of business.

(i) Creation of Employment:

One of the important national objectives of business is to create opportunities for gainful employment of people. This can be achieved by establishing new business units, expanding markets, widening distribution channels, etc.

(ii) Promotion of Social Justice:

As a responsible citizen, a businessman is expected to provide equal opportunities to all

persons with whom he/she deals. He/ She is also expected to provide equal opportunities to all the employees to work and progress. Towards this objectives special attention must be paid to weaker and backward sections of the society.

(iii) Production According to National Priority:

Business units should produce and supply goods in accordance with the priorities laid down in the plans and policies of the government. One of the national objectives of business in our country should be to increase the production and supply of essential goods at reasonable prices.

(iv) Contribute to the Revenue of the Country:

The business owners should pay their taxes and dues honestly and regularly. This will increase the revenue of the government, which can be used for the development of the nation.

(v) Self-sufficiency and Export Promotion:

To help the country to become self-reliant, business units have the added responsibility of restricting import of goods. Besides, every business units should aim at increasing exports and adding to the foreign exchange reserves of the country.

E. Global Objectives:

Previously India had very restricted business relationship with other nations. There was a very rigid policy for import and export of goods and services. But, now-a-days due to liberal economic and export-import policy, restrictions on foreign investments have been largely abolished and duties on imported goods have been substantially reduced.

This change has brought about increase in competition in the market. Today because of globalisation the entire world has become a big market. Goods produced in one country are readily available in other countries. So, to face the competition in the global market every business has certain objectives in mind, which may be called the global objectives. Let us learn about them.

(i) Raise General Standard of Living:

Growth of business activities across national borders makes quality goods available at reasonable prices all over the world. The people of one country get to use similar types of goods that people in other countries are using. This improves the standard of living of people.

(ii) Reduce Disparities among Nations:

Business should help to reduce disparities among the rich and poor nations of the world by expanding its operation. By way of capital investment in developing as well as underdeveloped countries it can foster their industrial and economic growth.

(iii) Make Available Globally Competitive Goods and Services:

Business should produce goods and services which are globally competitive and have huge demand in foreign markets. This will improve the image of the exporting country and also earn more foreign exchange for the country.

Effectiveness, Efficiency and Productivity

Efficiency is doing right things Effectiveness is doing things right
Peter Drucker

Effectiveness is the achievement of the objective. "Effectiveness" is how well the process achieves its desired output and the desired output is what its user or customer requires- are the chosen output and process the right ones.

Efficiency is the achievement of the ends with the least amount of resources. In organizational terms, minimization of the extent of expenditure of resources (including money, time and information) in a process to get an output (result) is called "efficiency".

Productivity is the relationship between a given amount of output and the amount of input needed to produce it. Successful companies create a surplus through productive operations.

Productivity = $\frac{\text{Outputs}}{\text{Inputs}}$ Within a time period, quality considered

Balancing Effectiveness Efficiency



Effectiveness, Efficiency and Productivity

Combination	Books Production (Effectiveness)	Material used (KG) (Efficiency)	Books produced per 1 KG
A	15	5	3
B	20	9	2.22
C	25	7	3.57



Q & A

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