

NCERT Solutions for Class 12

Business Studies

Chapter 1 - Nature and Significance of Management

1. What is meant by Management?

Ans: Management refers to the process of managing people and tasks efficiently and effectively using the right techniques and methods. It is an integrated process which involves a series of functions like Planning, Organising, Staffing, Directing and Controlling.

2. Name any two important characteristics of management.

Ans: The two characteristics of management are as follows:

- **Management is a goal-oriented process:** Each and every organisation has a set of goals to be achieved in a certain period of time. Different organisations have different types of goals depending upon the reason for its existence.
- **Management is a dynamic function:** The world is changing at a very fast pace and has become very dynamic. Management has to adapt itself as per the changing environment. Various external factors like social, political, economic factors have to be taken into consideration in order to survive.

3. Identify and state the force that binds all the other functions of management.

Ans: Coordination binds all the other functions of management. It is also considered as the essence of management.

Coordination as a process begins from the first step of management i.e planning. This is the process through which all the activities are lined up and put to action.

4. List any two indicators of growth of an organisation.

Ans: The two indicators are:

- Increase in the sales volume of an organisation.
- Increase in number of employees over a period of time.

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 Rs 12, 00,000 per year. Name the objectives of management achieved by Indian Railways in the above case.

Ans: Social objectives of the management of Indian Railways have been achieved in the above case, as the organisation succeeded in saving diesel and costs, by making the trains environment friendly.

6. Ritu is the manager of the northern division of a large corporate house. At what level does she work in the organisation? What are her basic functions?

Ans: Ritu works in the middle-level management, being the manager of the northern division of a large corporate house.

The basic functions of the middle level managers are:

- They interpret and explain the organisational plans and policies to line managers.
- They recruit and select the appropriate personnel.
- They are responsible for organising required resources for effective implementation of plans.
- They assign duties and responsibilities to first line managers.
- They motivate lower level management to achieve the best of their potential.
- They represent the complaints and problems of lower level management to top level management.

7. State the basic features of management as a profession.

Ans: The basic features of management as a profession are:

- **Well defined body of knowledge:** Manager is a professional who can acquire specialised knowledge through books for joining specific courses.
- **Restricted entry:** Professional degree is a must to become a professional but an individual with managerial skills can become a manager despite having no professional degree.
- **Professional association:** Professionals need to be associated with respective professional bodies. They are professional bodies for management as well but it is not compulsory for managers to join.
- **Ethical code of conduct:** Professionals are bound by the code of conduct laid by associations they are associated with. Managers are expected to be ethical but there is no specifically laid down code of conduct for them.
- **Service motive:** A professional and a manager both aim to provide dedicated and committed services towards the increase of their clients.

8. Why is management considered a multi-dimensional concept?

Ans: Management is considered to be a multi-dimensional concept because it involves:

- **Management of work:** Each and every organisation has some work to perform. The management translates the work into goals to achieve and also the means used to achieve it.
- **Management of people:** Human Resource is an organisation's greatest asset. The task of management involves making people work, dealing and communicating with them, strengthening their positive aspects, and working upon their weaknesses
- **Management of operations:** Each and every organisation has some basic products to serve and some services to provide for survival. This requires a process through which the input materials are transformed into desired output.

9. 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.

State the quality of management that the company is lacking? What quality of management do you think the company is lacking? Explain briefly. What steps should the company management take to bring the company back on track?

Ans: The given situation of declining market share and profits is a clear indication of lack of coordination in the organisation. As each of the departments are blaming each other rather than taking the responsibility of acting in a better way.

Coordination is a factor or the force that binds all other functions of the management. The coordination as a process has to be implemented in all the departments of the organisation like the production, sales, marketing, finance, etc to bring a good result. The steps that the management of the company should undertake to bring back the company on track are:

- Interdependency between the department needs to be maintained.
- The company has to recognise its weakness and improve upon the quality of the products.
- The goals of an individual needs to be matched with the needs of the organisation.
- Efforts should be made to settle the differences, and change the outlook of the different departments.

- All the departments must be motivated to work hand-in-hand in order to reach the common objective as well as achieve their departmental goals.
- Proper communication and guidance needs to be provided in order to avoid any scope of misunderstanding.
- A 360° analysis of the environment has to be done to recognise the potential threats in the market.
- The investment decision of the company has to be improved and the investments has to be done in an effective manner so that it can fetch maximum return on investment.

10. Coordination is the essence of management. Do you agree? Give reasons.

Ans: Yes, I agree. Coordination is a process that starts from the planning process itself. Each and every activity in an organisation must be coordinated well to reach a common objective. It links the activities of the organisation for the achievement of a common goal.

The reasons why coordination is the essence of management are as follows:

- **Coordination ensures unity of action:** Coordination acts as a binding force for all the departments. It makes all the departments realise the common objective to be reached.
- **Coordination integrates group efforts:** It unites the diverse interests of all the departments to one common goal.
- **Coordination is a continuous process:** The coordination of activities starts with planning in the organisation and continues till controlling.
- **Coordination is an all-pervasive function:** It is required at all the levels of the management as all the activities are interdependent on each other.
- **Coordination is a responsibility of all the managers:** The managers at each and every level of the management where top, middle or bottom needs to ensure that the work is done as per the decided course of action.

11. 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 Rs 100 per bracelet. Ashita was able to produce the required number within the stipulated time at the cost of Rs 55,000 whereas, Lakshita was able to produce only 450 units at a cost of Rs 90 per unit. State whether Ashita and Lakshita are efficient and effective. Give reasons to justify your answer.

Ans: According to the above case:

Akshita: Ashita was effective but not efficient as she completed her task within the set time frame but couldn't maintain the cost. Hence, she is inefficient, but effective.

Lakshita: Lakshita was neither effective nor efficient as she wasn't able to complete her target on time.

Effectiveness means completing the given work in the required time, whereas, Efficiency means completing work with minimum cost and resources.

12. Management is considered to be both an art and a science. Explain.

Ans: Management is considered to be both an art and a science because it fulfills the criteria of being an art and few criterias of being a science.

Management as an art:

- 1. Existence of theoretical knowledge:** It is a set of few pre-existing basic principles that are applicable in all types of organisations. A successful manager manages his day to day work based on few studies, experiences and observations.
- 2. Personalised application:** A manager uses the universal principles in his own unique manner as per the requirement which may vary from time to time and case to case.
- 3. Based on practice and creativity:** A good manager applies various theories by moulding it according to the needs of the organisation.

Management as Science:

- 1. Systemised body of knowledge:** Like science, management is also a systematized body of knowledge. It has its own theories that have evolved over time. It also has a common vocabulary that is used by the managers across the globe.
- 2. Principles based on experimentation:** The principles of management have evolved over a period of time and it is made to tailor fit as per the time to time requirements of the managers, whereas, Scientific principles are developed through observation, testing, and repeated experimentation.
- 3. Universal Validity:** In science theories are fixed and are universally valid whereas, in management few basics are used to train the managers. These apply to all the organisations but may need modification to be suitable to given situation.

On comparing features of science with the management we can conclude that management cannot be considered as accurate science like physics, chemistry. But we can call it inexact science or soft science.

13. Do you think management has the characteristics of a full fledged profession?

Ans: No, management does not possess the features of a full fledged profession.

The following are the reasons:

- **Well Defined Body Of Knowledge:** Every profession has a systematised body of knowledge which can be learned through instructions. This feature of the profession is present in management as it consists of systematic knowledge of concepts, theories and principles.
- **Restricted Entry:** Professional degree is a must to become a professional but an individual with managerial skills can become a manager despite having no professional degree. Hence, this feature of the profession is not applicable to management as management is open to all individuals who want to learn skills of management.
- **Professional Association:** All professionals are affiliated to their respective professional associations, which regulate entry, grant certificates of practice, formulate, and develop code of conduct. This feature is not applicable to management as it is not compulsory for a manager to be a member of any management association.
- **Ethical Code Of Conduct:** A strict code of conduct exists in every profession. This feature is not present in management as there is no specific code of conduct for managers.
- **Service Motive:** A professional and a manager both aim to provide dedicated and committed services towards the increase of their clients. However, in the case of management, the primary aim is generally profit maximisation, and not service motive.

14. “A successful enterprise has to achieve its goals effectively and efficiently.” Explain.

Ans: Effectiveness means completing the given work in the required time, whereas, Efficiency means completing work with minimum cost and resources.

For the success of an activity it is necessary that it is completed effectively and with efficiency. The success of a business enterprise is measured in terms of profits earned, cost effective production techniques, satisfied customer base, etc. All this is possible only if business is able to complete each and every activity within the desired deadlines and with minimum wastage of resources and at minimum cost.

Effectiveness and efficiency together leads towards achievement of business goals and success of the business enterprise.

15. Management is a series of continuous interrelated functions. Comment.

Ans: Management is an ongoing series of various functions that are planning, organising, staffing, directing and controlling. Though they are independent, most of the time they are simultaneously performed.

- **Planning:** It involves establishing organisational goals, setting business targets and planning the process to achieve the same most effectively and efficiently. Planning entails deciding what to accomplish and how to do it ahead of time. It is a fundamental managerial function.
- **Organising:** It involves organising human and physical resources to implement decisions taken at the planning stage. Organising refers to the process of the identification, classification and coordination of work to be performed by establishing reporting relationships between the people, setting up their responsibilities and authorities so as to collectively integrate the human efforts for the successful achievement of organisational objectives.
- **Staffing:** Staffing is a management function that entails hiring candidates who are a good fit for the organization by evaluating their skills and knowledge and assigning them specific roles based on their skill set. It is involved in meeting an organization's human resource requirements.
- **Directing:** Directing is the process in which a superior provides instructions, guidance and counselling to its subordinate so as to motivate and lead them for the successful achievement of objectives
- **Controlling:** Controlling is a process that entails comparing actual performance to the desired outcome, so as to ensure the successful achievement of objectives. Setting standards, measuring actual performance, and taking corrective action in case of deviations are all part of the managerial role of controlling function.

16. A company wants to modify its existing product in the market due to decreasing sales. You can imagine any product about which you are familiar. What decisions/steps should each level of management take to give effect to this decision?

Ans: The following are the steps that the each level of the management can perform to increase the sale of product in the market:

A. Top Level Management

- They need to analyse the business environment and take decisions regarding the modification to be done.
- They need to establish objectives of modification, formulate plans and policies to implement the modification.
- They need to organise all physical and human resources required for modification.
- Inform all departments about modification and coordinate their activities.

B. Middle Level Management

- They must inform top level management about the possibilities of modification, market demand or expectations required to implement modification.
- They must interpret plans and policies and instruct lower level management for their implementation.
- They must recruit, select and train personnel to be able to take up modification.
- They must assign responsibilities and duties to lower level managers.

C. Lower Level Management

- Before the modification decision is taken, they may give their views about the kind of modification or technology is required
- They must issue orders and instructions to the workforce to implement plans.
- They must train or guide the workforce to carry out production activities.
- They must supervise work closely to ensure that work is done effectively and efficiently.

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

Ans: The firm's planning is good, but there is a problem in implementation. The firm should take the following actions in the case above:

- Interdependency between the department needs to be maintained.
- The goals of an individual needs to be matched with the needs of the organisation.
- Efforts should be made to settle any differences between the departments, if there exists any.
- All the departments must be motivated to work hand-in-hand in order to reach the common objective as well as achieve their departmental goals.
- Proper communication and guidance needs to be provided in order to avoid any scope of misunderstanding.
- Timely and proper follow up and feedback should be encouraged from the lower level to the higher level of management.
- Transparent, organized and clear work patterns should be fostered to avoid any miscommunication.
- Meetings should be held at periodic and regular intervals to ensure the smooth flow of operations.
- Proper training, both on the job and off the job should be provided to the employees, so that they could perform the work with utmost efficiency and effectiveness.

- Unity of command and unity of direction should be maintained.

