
Business Studies (NCERT)

Chapter 1: Nature and Significance of Management

1. Define Management.

Ans. Management can be defined as a process of getting the work done required for achieving the goals of an organisation in an efficient and effective manner.

Thus, management can be defined as the process of planning, organising, staffing, directing and controlling to achieve organizational goals successfully with minimum cost and resources.

2. Name any two important characteristics of management.

Ans. The following are the two characteristics of management-

- i. Pervasive: Pervasive means present everywhere. All organizations whether large or small, working for economic, social or political interest need management. For example, a corporate firm requires management and so does a non-profit organization. Similarly, a school needs as much management as a hospital.
- ii. Continuous Process: Management is a continuous process. The various functions of management (planning, organising, directing, staffing and controlling) are performed simultaneously by the managers. However, the focus or the priority of the manager may differ. While on one day, the manager may devote more time towards planning, while on other day more time may be spent on controlling.

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

Ans. The force that binds all the other functions of management is Coordination.

It is neither a function nor an objective of an organisation. Rather, it is intrinsic in all the operations and functions of the management. It is a process through which the activities of various departments and units are synchronised towards the achievement of the common goals of the organisation.

Thus it is rightly said coordination is the essence of management.

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

Ans. Profits and expansion of an organization are indicators of growth.

When an organization is earning profits which are continuously increasing, then one can consider that the organization is growing. That's why it is said that management is intangible.

Similarly expansion also leads to more employees and turnover which can be considered as a good indicator of growth.

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. The Management of Indian Railways is efficient, as the task was done correctly and with minimum cost. The management used resources in efficient manner.

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 being the manager of the northern division of the organisation is working at the middlelevel Management. She act as a link between the top management and the operational management. Her main task is to oversee the implementation of the plans and policies formulated by the top

management by directing and supervising the functions of the lower management. Following are her basic functions.

1. Interpreting the policies formulated by the top management.
2. To make sure that each department under her division has the required personnel for carrying out the assigned work.
3. To assign the necessary duties to the persons working in various departments.
4. To encourage and motivate the personnel towards achieving the goals.
5. Coordinating with the functions of other divisional heads.

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

Ans. A profession has the following characteristics:

- | | |
|-------------------------------------|------------------------------|
| (i) Well-defined body of know-ledge | (ii) Restricted entry |
| (iii) Professional association | (iv) Ethical code of conduct |
| (v) Service motive | |

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

Ans. Management comprises of three dimensions:

- (i) Management of work: It is concerned with performance of tasks in an organisation.
- (ii) Management of people: It implies dealing with employees as individuals and dealing with individuals as a group.
- (iii) Management of operations: It is interlinked with both management of work and management of people to achieve the goals of an organization.

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?

- (a) What quality of management do you think the company is lacking? Explain briefly.
- (b) What steps should the company management take to bring the company back on track?

Ans. (a) The company is lacking an important aspect of management that is coordination. Here production department, marketing department and finance department are not working in unity for achieving the goals of the organisation due to which return on investment and market share is declining.

- (b) To bring company back on track, proper coordination should be ensured. Coordination will help in integrating activities of separate units of an organization to accomplish the goals efficiently. Favourable environment should be created where departments can work in harmony with each other.

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

Ans. It is rightly said that Coordination is the essence of management.

In the absence of coordination, all other functions of management are meaningless. Best plans can fail and even motivated staff cannot achieve the desired result because their performance can be jeopardize by lack of coordination of the other department.

Coordination is a process through which the activities of various departments and units are synchronised towards the achievement of the common goals. It is only through coordination among the different functions of management that the desired goals can be achieved.

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. Ashita was effective as she completed her task within the prescribed time limit. She was effective by completing her target on time but not efficient as she did the task with high cost of Rs. 5,000.

Lakshita was not effective as she was not able to complete the task. If you are not effective than efficiency is meaningless.

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

Ans. Management fulfills the criteria of both an art as well as a science. The following points explain the features of management as an art and as a science:

Management as an Art: Management satisfies the following criteria for it to be called as an art. **Existence of Theoretical Knowledge:** All art forms such as music and dance presuppose a defined body of knowledge and literature. Similarly, management also has a lot of literature for theoretical knowledge and learning. Various theories and principles have been developed in management. Such as Henry Fayol's Principles of Management and Taylor's Scientific Theory of Management.

Personalised Application: Art is the personalised application of the existing knowledge. That is, each individual uses the basic knowledge in his own creative way. For example, some doctors are able to save patient while others are not even after acquiring same knowledge. Thus performing operation is an art. In a similar manner, managers use the available theories and principles as per the situation in their own unique manner. That the managers use their own creativity and imagination for the application of the knowledge of management.

Based on Practice and Creativity: Art involves practice and innovation. The artists uses the existing literature as per their own creativity and innovation. For example, two teachers can teach a given lesson based on their own unique way. Similarly, in management, a manager applies the theories and principles of management to different situations as per his/her own creativity and imagination and sometimes even formulates new ways to address a situation.

Management as a Science: As a science, management fulfills the following criteria. **Systematic Body of Knowledge:** Science has a specified body of knowledge which is based on cause and effect relationship. Similarly, management has its own body of theories and principles that are developed over years. Management also has its own vocabulary.

Theories Based on Experimentation: In science the principles and theories are based on continuous observation and experimentation. In the same manner, principles of management have also been developed over several years based on repeated observations and experiments. However in management no exact cause and effect relationship can be established. This is because management primarily deals with humans. As human behavior is subject change, so, the outcome of these theories would also vary from one situation to another. Despite this, management fulfils this criterion of science to some extent but is not exact science.

Universal Validity: In science, the principles have universal validity. In management also the theories and principles are valid to some extent if not universal. Although the application of the theories and their outcomes vary from situation to situation.

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

Ans. Profession refers to an occupation backed by specialized knowledge and training, in which entry is, restricted.

Features of Profession v/s Management

- Well defined body of knowledge – Every profession has a systematized body of knowledge, which can be learnt through instructions. This feature of profession is present in management as it also consists of systematized knowledge of concepts, theories and principles. This knowledge can be acquired through large number of books and many BBA and MBA colleges.

- **Restricted Entry** – Every profession restricts the entry on the basis of examination or education. An individual can enter a profession, like Doctor or Lawyer, only after acquiring knowledge and skills through formal education and training. This feature is not applicable to management as management is open to all individuals. There is no restriction on any person being designated or appointed as manager. But time is changing and mostly people with MBA degree are only appointed as managers. Due to this reason even IIT people are accruing MBA degree.
- **Professional Association** – All professions are affiliated to a professional association which regulates entry, grants certificate of practice and develops code of conduct. For example, a lawyer has to become a member of Bar Council, to practice law in India. This feature is also not applicable to management as it is not compulsory for a manager to be a member of any management association. Although, there are management associations (like AIMA), but they do not enjoy legal status and membership of such associations is not essential for practicing managers.
- **Ethical code of conduct** - A strict code of conduct exists in every profession. Members of a profession are required to follow the code sincerely and honestly. This feature is also not present in management. Although, certain management associations, like AIMA, have formulated ethical codes for managers, but there is no legal support for it.
- **Service Motive** – The basic motive of a profession is to serve clients with dedication. For example, task of lawyer is to ensure that his client gets justice. This feature is also present in management but not cent percent. In the present scenario, the objective of profit maximization is changing. To survive in this competitive world, management has to give due importance to social obligation along with economic objectives.

Conclusion: Finally, it can be concluded that management does not possess all the necessary features of a profession. But, it is moving fast in the direction of becoming a profession as professionals enjoy higher status in every society. So, there has been growing a trend towards professionalization of management as managers also want to earn social status and recognition.

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

Ans. Management is defined as a process of getting the work or the task done that is required for achieving the goals of an organisation in an efficient and effective manner. Here, the two key words- efficient and effective play an important role.

Effectiveness means completing the given work in the required time. In other words, it means doing the right things with focus on the end result. It is a very important aspect of management as it helps in reaching the set goals.

Efficiency on the other hand, means completing the task with minimum possible costs and resources.

Efficiency is said to increase if greater benefits are achieved using same resources or even if same benefits can be derived by cutting down on resources.

For an organisation, both effectiveness and efficiency play an equally important role in achieving the goals. While on one hand, being effective implies actually achieving the goals, on the other hand, being efficient would reduce the cost and thereby, increase profits. But dilemma is that a company has to compromise either on efficiency or effectiveness. If the company focuses on effectiveness, it may have to compromise on efficiency and vice versa.

For example, a company sets a target of producing 1,00,000 boxes per month, Due to power failure, the management operates the factory on double shifts and gives extra wages to achieve the target. In this case, management is effective but not efficient.

Hence, it is necessary to maintain a balance between effectiveness and efficiency.

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

Ans. Management is defined as the process of planning, organising, staffing, directing and controlling. This helps in achieving coordination of the human and material resources essential in the effective and efficient attainment of objectives.

They have to be performed simultaneously as they are interrelated. No function can be complete without the other one. For example, until planning is done, organising cannot take place. Similarly, until right kind of staffing is there, then direction would not be successful.

A detailed explanation of the functions of management is as follows:

- (a) **Planning:** Planning implies deciding what to be done, who is to do it and how it is to be done. That is, it implies the setting up of goals to be achieved and devising the means for achieving them effectively and efficiently.
- (b) **Organising:** Under organising the duties and tasks are grouped and allotted to different departments, authority is defined and a hierarchical structure is established in the organisation. Proper organisation leads to both effectiveness and efficiency. Peter Ducker has rightly said that a wrong structure can destroy any organisation.
- (c) **Staffing:** Any organisation requires specialised personnel for the accomplishment of the tasks. Staffing implies hiring the right kind of people with the required qualification for the work. Staffing also includes hiring, training and development of the people.
- (d) **Directing:** Directing deals with guiding and steering the people working in the office. It includes motivating them in the right direction so that they can put in their best to achieve the goals. Directing has four important aspects Supervision, leadership, motivation and communication.
- (e) **Controlling:** Once the above functions are done, it is necessary to control and check that the work is moving in the right direction. It involves measuring the actual work against the set standards and the policies. It also ensures that the work is up-to the mark and there is no diversion or errors from the set targets. Controlling also takes care that if there arises any error or discrepancy then, appropriate measures are taken to rectify it. This helps in finally achieving the goals in time.

Thus, we can say that the functions of management are interdependent on each other and the manager performs these functions simultaneously.

- 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. Assuming that the company is in business of manufacturing sports equipment. Due to strong competition the sales of product is declining. Role played by each level to increase sales will be:-

Top Level

- Study competition and find out USP of product.
- Develop strategies

Middle Level

- To carry out the plans according directives laid down by the top level management.
- To motivate junior managers to improve their efficiency.

Lower Level

- To allot and assign responsibilities to the operative employees.
- To ensure quality.
- To give periodic reports of the workers to the higher level managers.

- 17.** 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.

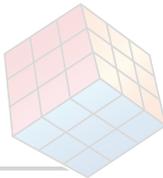
Ans. Above case study implies that firm lacks in directing its personnel effectively.

The following remedy is to taken for improving the situation:

- (i) A proper communication pattern is to be followed.

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- (ii) The workforce should be properly trained and motivated.
 - (iii) Good leaders should be appointed at Middle Level.



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