

Satish Chandra Memorial School

Class : XII

Business Studies

Chapter 1 – Nature & Significance of Management

Short Answer Type Questions

Question 1. Define management.

Answer: Management is defined as a process of getting things done with the aim of achieving goals effectively and efficiently.

or

It is a process of designing and maintaining an environment in which Individuals working in groups, can achieve selected objectives efficiently and effectively.

Question 2. Name any two important characteristics of management.

Answer: Pervasive and Multidimensional

Question 3. 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?

Answer: Ritu is working at the middle level Her basic functions are (number of functions should be given according to the marks allotted for the question).

Interpreting the policies formed by the top level management and acting as a link between top level

management and operative management

Assigning necessary duties to the employees.

Question 4. Why is management considered a multi-faceted concept?

Answer: Management is considered as a multi-faceted concept because it is a complex activity that has three main dimensions. These are

Management of Work All organisations perform some work e.g., producing or selling. A work is defined as the goals to be achieved

Management of People The main asset of an organisation IS the human resources. Thrs resource has to be managed In such a manner that it helps to achieve the goals of the organisations.

Management of Operations All organisations either produce a product or provide a service This requires a production process which means using an operation to convert the inputs into the output It is interlinked with both management of work and management of output

Question 5. Discuss the basic features of management as a profession.

Answer: Basic features of management as a profession management as a protession has the following features which are as follows

Well-defined Body of Knowledge All professionals are based on a well-defined body of knowledge that can be acquired through Instruction

Professional Association There are several associations of practicing managers in India, like the AIMA (All India Management Association) that has laid the code of conduct to regulate the activities of their members.

Service Motive All business organisations aim to provide good quality product or service at a reasonable price thus serving the society

Thus, we can say management does not meet the exact cneria of a profession but It has some features as a profession

Long Answer Type Questions

Question 1. Management is considered to be both an art and science. Explain.

Answer : Art is the skillful and personal applications of existing knowledge to achieve desired goal

Management is considered an art due to the following reasons

Existence of Theoretical Knowledge All art subjects are based on theoretical knowledge e.g, written material is available on dancing, time arts, music etc same way there is lot of literature available on management and its branches – finance, marketing human resource etc

Personalised Application The use of this basic knowledge differs from one individual to the other. Two painters, two dancers or two singers all use their knowledge in their own way Same way two managers who have acquired the same knowledge may use it in their own different ways to get the work done

Based on Practice and Creativity All art is practical. It involves creative practice. The more we practice it better we become at it. It also requires creativity.

Same way a manager applies his acquired knowledge in a unique manner. More practice makes him a better manager and he also develops his own style of management

Management is an In-exact Science

Systematised Body of Knowledge Science is a systematised body of knowledge Its principles are based on cause and effect relationship. e.g .. water evaporates on being heated Same way management is a systematised Knowledge All managerial principles have cause and effect relationship

Principles Based on Experimentation Scientific principles are first developed through observation and then tested through repeated experimentation. Same way management principles are also propounded after observation and repeated experimentation

Universal Validity All scientific principles have universal validity. They give same result wherever applied

Principles of management do not have Universal validity. They have to be adjusted and applied according to the need of the situation.

Thus, management is an in-exact science.

Question 2. Do you think management has the characteristics of a full fledged profession?

Answer : No, management does not possess all the characteristics of a full fledged profession. The reasons go as follows

Well-defined Body of Knowledge All professions are based on a well-defined body of knowledge that can be acquired teaching – learning process. This feature of a profession is possessed by management as well. There is vast knowledge available on management in the form of definitions, concepts, theories, principles etc.

Restricted Entry All professions have a restriction on the entry of its practitioners. They have to acquire a specific degree to be professional e.g., LLB for a lawyer MBBS for a doctor etc. But a manager can be an MBA qualified or not.

Professional Association All professions are affiliated to a professional association which regulates entry, grants certificate of practice and formulates a code of conduct e.g., all lawyers have to be a member of Bar Council to practice law. It is not compulsory for all managers to be a member of AIMA.

Ethical Code of Conduct All professions are bound by an ethical code of conduct which guides the behaviour of its members. But as it is not compulsory for all managers to be members of AIMA, they all may not be aware of the prescribed code of conduct of AIMA.

Service Motive All basic motive to serve their client's interest. e.g., lawyers to get justice for their clients, doctors to treat the patients etc. All managers also work in a manner where by they show their effectiveness and efficiency in the form of good quality goods provided to the customer at a reasonable price.

Thus, management possesses some characteristics of a profession but not all.

Question 3. Co-ordination is the essence of management. Do you agree? Give reasons.

Answer : Co-ordination plays a vital role as it binds all the other functions of management. It is the common thread of all activities such as purchase, production, sales etc that runs through. Some of the basic features are as follows

Integrates Group Efforts Co-ordination brings unity to all. It gives a common focus to group efforts.

Ensures Unity of Actions It acts as a binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.

It is a Continuous Process Co-ordination is not a one time function but a continuous process. It begins at the planning stage and continues till controlling.

It is an All Pervasive Function Co-ordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels.

It is the Responsibility of All Managers All managers need to co-ordinate something or the other. A manager of production department needs to co-ordinate the work within his department and also with the other departments at the same time.

It is a Deliberate Function Whatever the managers are doing in an organisation they are doing it knowingly. Co-ordination is one of the most important functions of all managers. Thus co-ordination is also done deliberately. Whatever the managers do, they do it deliberately to achieved the predetermined goals and objectives.

Thus, we can say co-ordination is the essence of management after analyzing these points.

Question 4. "A successful enterprise has to achieve its goals effectively and efficiently:' Explain.

Answer : "A successful enterprise has to achieve its goals effectively and efficiently". Thus, management has to see that task are completed and goals are achieved with the minimum resources.

Management is thus getting things done with the aim of achieving goals effectively and efficiently. Being effective or doing work effectively basically means finishing the given task. It is concerned with end result, it is achieved or not. Efficiency means doing the work correctly and with minimum cost. If by using less resources more benefits are derived then efficiency has increased. It is thus essential for any organisation to focus on efficiency as well as effectiveness. It is not only important to complete the work correctly but equally important to complete it with minimum cost. In the same manner, it is not only important to reduce cost but equally important to complete the work correctly.

Question 5. Management is a series of continuous inter-related functions. Comment.

Answer : Management is a series of continuous inter-related functions. Each one of them performed to guide and direct the efforts of others.

Planning Planning is the primary function which runs through all other functions. It is the process of thinking before doing. It bridges the gap between where we are and where we want to go.

Organising It is the process of defining the formal relationship among people and resources to accomplish the desired goals. It involves

- (a) Identification and division of work
- (b) Departmentalisation
- (c) Assigning of duties
- (d) Establishing reporting relationships

Staffing Organisational goals can be achieved only through human efforts. It is the duty of management to make the best possible use of this resource. Thus, placing the right person on the right job is very important. Staffing helps management to motivate, select and place the right person on the right job.

Directing Directing involves leading, influencing and motivating employees to perform the tasks assigned to them. This requires establishing an atmosphere that encourages employees to do their best. Directing comprises of four elements; supervision, motivation, leadership and communication.

Controlling Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals. The task of controlling involves

- (a) Establishing standards of performance
- (b) Measuring current performance
- (c) Comparing this with established standards
- (d) Taking corrective action

Multiple Choice Questions

Question 1. Which is not a function of management of the following?

- (a) Planning
- (b) Staffing

- (c) Co-operating
- (d) Controlling

Answer : (c) Co-operating is not the function of management.

Question 2. Management is

- (a) an art
- (b) a science
- (c) Both art and science
- (d) Neither

Answer : (c) Management has features of both art and science as it relies on practice, thus it an art and it is based on the principles which are the outcome of science. Thus, it is science also.

Question 3. The following is not an objective of management

- (a) earning projects
- (b) growth of the organisation
- (c) providing employment
- (d) policy making

Answer : (d) Policy making is not the objective of management.

Question 4. Policy formulation is the function of

- (a) top level managers

- (b) middle level managers
- (c) operational management
- (d) All of these

Answer : (a) Top level managers focusses on determination of objectives and formulation of policies.

Question 5. Co-ordination is

- (a) function of management
- (b) the essence of management
- (c) an objective of management
- (d) None of these

Answer : (b) Co-ordination brings unity of action and integrates different activities. Thus, it is considered as the essence of management.

Case Problems

1. Company X is facing a lot of problems these days. It manufactures white goods like washing machines, micro-waves, 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.

Question : 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?

Answer : Co-ordination IS missing in Company X. All the departments are not co-ordinannq with each other and that is why they end up blaming each other for the poor performance. To bring co-ordination, management should take the following steps

After the goals are established, it should be communicated to all departments well in advance to understand its importance and their role In helping to achieve it.

Managers ensure that all departments co-ordinate with each other.

Wherever is the difference of interest, the managers should try and strike a balance so that they all work in the same direction.

Meetings between the departmental heads of production, marketing, finance etc should be organised on regular basis and in routine to solve problems when they emerge.

2. 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.

Question : What decisions/steps should each level of management take to give effect to this decision?

Answer : The three leves of management will work together towards the modification of the product with the motive of increasing sales. The following are the three levels of management.

Top Management

Middle Management

Lower Management

Decisions Taken by Top Management for Increasing Sales

Direction of modification.

Drafting sales targets and various sales plans and sales incentives.

How to enhance the value of the product in qualitative terms?

Thinking of the financial requirements.

Marketing and promotional techniques required for fastening the sales.

Decisions Taken by Middle Level Management for Increasing Sales

Interpretation of the policies framed by top management to the lower level management.

Hiring necessary personnel with the required qualities and qualifications.

Assigning responsibility as per capability and establishing the supervisor-subordinate relationship.

Co-operating with the team members as well as first line supervisors.

Taking the feedback and arranging the follow up meeting.

Decisions Taken by Lower Level Management for Increasing Sales

Interpretation of planned targets to the actual work force and labourers.

Helping and directing the workers regarding how to carry out the work.

Maintaining standards, quality control and frequent checks

Minimisation of wastage and motivating the workers so that they can deliver up to their maximum potential.

Communicating the grievances and feedback to the middle management and bringing in the changes if required

3. A firm plans in advance and has a sound organisation structure with efficient supervisory staff and control system. On several occasion, it finds that plans are not being adhered to, It leads to confusion and duplication of work.

Question : Advise remedy.

Answer : As per the case. the problem is in co-ordination and in communicating the work schedule. Because the duplication of work implies that there is a lack of co-ordination in between the levels of management as well as there is a problem in communication because the confusion is only arise when the things are not communicated properly.

Following Remedies are to be Taken

A proper communication pattern is to be followed

A proper co-ordination is to be made between the workers.

Time to time feedback is to be taken by the managers from the bottom level.

There is a transparency in the working pattern.