

NCERT Solutions for Class 12 Business Studies

Chapter 1 – Nature And Significance Of Management

Very Short Answer Type:

1.

What is meant by management?

Ans: The practice of safely and effectively handling personnel duties using desirable tactics and approaches is referred to as management. Planning, organizing, hiring, managing, and leading are some of the commonly known responsibilities that are part of this holistic procedure.

2.

Name any two important characteristics of management.

Ans: The 2 major features of management can be categorized as per the below factors:

- **Management is an Objective-based Approach:** Each corporation includes an established list of criteria that must be met within a specific time frame. Various entities possess a multitude. Of the purposes based on which they are present right here.
- **Management is a Complex Scope:** The entire globe is now extremely unpredictable and is shifting rapidly. Management must change to keep up with the environment that is constantly shifting. For survival, one has to consider several external influences, including economic, political, and social ones.

3.

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

Ans: Every other responsibility of management is bound together by coordination. This is regarded as the foundation for leadership as well. The technique of coordination starts with preparation, which is the initial stage of governance. This refers to the procedure that organizes and executes each of the different conducts.

4.

List any two indicators of growth of an organisation.

Ans: Two indicators of growth of an organisation will be,

- Increase in an organization's sales volume.
- The number of employees increases throughout 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: With the earlier instance, the social goals of Indian Railways' management were successfully met as the firm has reduced a considerable amount of expenses and diesel consumption through rendering the locomotives more environmentally friendly. By launching the broad-gauge solar-powered train, Indian Railways also succeeded in several objectives, such as reducing expenses, promoting environmental sustainability, fostering creative thinking, and improving client happiness.

Short Answer Type:

1.

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 hub. The basic functions of the middle-level managers are:

- They interpret and explain the organizational plans and policies to line managers.
- They recruit and select the appropriate personnel.
- They are responsible for organising the required resources for the effective implementation of plans.
- They assign duties and responsibilities to first-line managers.
- They give confidence to lower-grade management to attain the best of their potential.

- They represent the complaints and problems of lower-level management to top-level management.

2.

State the basic features of management as a profession.

Ans: The basic responsibilities of management as a profession are as follows:

- Well-defined Body of Knowledge: A manager is a professional who can acquire specialised knowledge through books for join specific courses.
- Restricted Entry: A 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 managers don't need to join.
- Ethical Code of Conduct: Professionals are bound by the code of conduct laid by the 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.

3.

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

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

- Management of Work: Every organization has some work to perform. The management translates the work into goals to achieve and the means used to achieve them.
- Management of People: Human Resources is an organization's greatest asset. The task of management involves making people work, dealing with and communicating with them, strengthening their positive aspects, and working on their weaknesses.
- Management of Operations: Each organization 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 the desired output.

4.

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 declining market share and profits are a clear symbol of a lack of coordination in the organization. As each of the departments is blaming the others, despite taking responsibility for acting in a better way.

The force that brings together all other functions of the management is coordination. All the departments of the organization should follow this process of coordination with the production, sales, marketing, finance, etc, to bring a good result. The steps that the management of the company should undertake to bounce the company back on track are:

- Interdependency was needed to maintain the needs of the department.
- The company has to realize its weakness and then improve the quality of its products.
- The goals of an individual should match the needs of the organization.
- The differences should be settled, and departments should be maintained.
- All the departments must work hand-in-hand to reach the common objective, along with achieving their departmental goals.
- Proper communication and guidance should be introduced to avoid any scope of misunderstanding.
- A 360° analysis of the environment should be executed to identify the potential threats in the market.
- The investment decision of the company should always aim to fetch the maximum return on investment.

5.

Coordination is the essence of management. Do you agree?

Give reasons.

Ans: Yes, I agree that coordination is the essence of management. Coordination begins with planning. To reach a common objective, all activities in an organization must be coordinated. It helps the organization to achieve its goals.

These are the reasons why coordination is the essence of management:

- Coordination Ensures Unity of Action: Coordination is a binding force among all the departments. It ensures that all the departments focus on the common objective to be reached.
- Coordination Integrates Group Efforts: It centralizes the goal for all the departments.
- Coordination is a Concurrent Method: The coordination starts with planning and goes along till it reaches controlling.
- Coordination is an All-Pervasive Function: Every management needs coordination, as many activities processed remain interdependent.
- Coordination is a responsibility of all the managers: The managers at every level of the management, i.e., top, middle, or bottom, must ensure that the work is done within the decided timeline.

6.

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-given case:

Akshita: Ashita can be called effective but not efficient. This is because she completed her task within the set time frame but compromised the cost. Hence, she is inefficient, but effective.

Lakshita: Lakshita was neither effective nor efficient because she failed to complete her target on time.

Effectiveness means completing the given work within the required time, and efficiency means completing work with minimum usage of both cost and resources.

Long Answer Type:

1.

Management is considered to be both an art and science.

Explain.

Ans: Management is considered to be both an art and a science because it has the taste of both art and science.

Management as an Art:

1. Existence of Theoretical Knowledge: A set of a few pre-existing basic principles that are common in all types of organizations. A successful manager ensures that to perform their day-to-day work based on a few studies, experiences, and observations.
2. Personalized Application: A unique manner of principle could be introduced by the manager as per the requirement. This may differ based on time and cases.
3. Based on Practice and Creativity: A good manager tries out various theories before selecting the one suitable for the organization.

Management as Science:

1. Systemised Body of Knowledge: The way science is a systematized body of knowledge, management is also. It is based on its theories that have evolved. It also has a common vocabulary, which makes it easy to be used by managers across the globe.
2. Principles Based on Experimentation: The principles of management have gradually evolved, adapting to the changing needs and circumstances faced by managers. These models are flexible and are profoundly altered to suit various situations across periods. On the other hand, scientific principles are formulated via careful observation, rigorous testing, and repeated experiments, making them more stable and universally accepted.
3. Universal Validity: Theories in science are fixed and are universally valid, and the same in management, from which a few basics are used to train the managers. But some modifications are necessary based on the organization.

After comparing a few features of science with the management, the conclusion is that the management cannot be considered as accurate as science, like physics, chemistry. But we can call it an inexact science or a soft science.

2.

Do you think management has the characteristics of a fullfledged profession?

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

Below are the reasons:

- Well-defined Body of Knowledge: Every profession pertains to its own systematised body of knowledge, which can only be learned through instructions. This characteristic of the profession is present in its management, consisting of concepts, theories, and principles.
- Restricted Entry: A professional degree can make you professional, but to be a manager, an individual requires managerial skills and not a professional degree. Hence, this feature of the profession does not apply to management, as management is open to all individuals who are keen to learn management skills.
- Professional Association: All professionals are affiliated with their respective professional associations, which regulate entry, grant certificates of practice, formulate, and develop a code of conduct. This feature does not apply to management, as a manager doesn't need to be a member of any management association.
- Ethical Code of Conduct: Every profession has its strict code of conduct. This feature is not present in management, because of no specific code of conduct for managers.
- Service Motive: A professional and a manager both aim to provide satisfactory services to their clients. However, in the case of management, the primary aim is generally maximisation of profit, and not the service.

3.

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

Ans: A successful enterprise has to achieve its goals effectively and efficiently by:

- Effectiveness means completing the given task within the given time, while efficiency means completing the task considering minimum resources and cost.
- The presence of effectiveness and efficiency is needed to establish a successful business or organization.
- A successful business enterprise is judged by factors such as profits earned, cost-effective production techniques, and a satisfied customer base.
- To complete activities within deadlines and by using minimal resources and minimal cost, effectiveness, and efficiency in business operations are the most important.
- When both effectiveness and efficiency combine, it leads to the accomplishment of business goals and the success of the enterprise to its fullest.

4.

Management is a series of continuous interrelated functions. Comment.

Ans: An ongoing series of various functions, which includes planning, organising, staffing, directing, and controlling, is called management. Even after the fact that they are independent, most of the time they are simultaneously performed.

- **Planning:** Planning consists of laying the strong base for achieving organizational outcomes. It includes defining clear business objectives, setting realistic targets, and figuring out the best way to reach them efficiently. In simple terms, planning means thinking ahead by deciding what needs to be done differently. It's considered one of the most vital duties of a manager, as it guides the direction of various future actions.
- **Organizing:** To put the company goals into reality, organizing entails bringing together human and material resources. It entails identifying the necessary tasks, classifying related activities, and allocating them among the appropriate people or groups. It additionally involves setting up a suitable chain of authority, assigning duties, and identifying positions. Through doing this, it guarantees that everyone collaborates and has a common purpose of more precisely and dynamically accomplishing the organization's objectives.
- **Staffing:** Discovering the correct individuals for the correct positions within a business is the main goal of hiring, an essential leadership role. It entails determining the needs of the workforce, choosing people who possess the necessary abilities and credentials, and assigning them to roles in which they can make a meaningful contribution. Ensuring the company has a competent and appropriate workforce to accomplish its goals and run its business efficiently is the aim of employment.
- **Directing:** The practice of guiding is when a superior gives another worker commands, direction, and counseling to inspire and guide them to achieve goals.
- **Controlling:** One vital leadership task that helps guarantee that everything is on course to achieve the objectives of the company is monitoring. It entails monitoring actual achievement and contrasting it with anticipated outcomes. The appropriate actions are made to close any openings or discrepancies. Establishing performance criteria, assessing how effectively they have been fulfilled, and making necessary modifications to bring them in line with your objectives are all part of this method of operation.

5.

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 each level of management can perform to increase the sales of the product in the market:

A. Top Level Management

- They need to assess the business environment and make decisions considering the situation.
- Modification, formulation of plans, and policies are needed to be implemented.
- All physical and human resources will be required for modification.
- All the departments should know about the modification and then coordinate their activities.

B. Middle-Level Management

- Top-level management should be well informed about the possibilities of modification, market demand, or expectations needed to implement the modification.
- Plans and policies should be introduced and instruct lower-level management to implement them.
- They must recruit, select, and train personnel to be able to take up modification.
- Lower-level managers should be assigned responsibilities and duties.

C. Lower Level Management

- Before the modification decision is taken, they may give their opinions about the kind of modification or technology needed.
- Orders and instructions need to be issued to the workforce for implementing plans.
- The workforce should be trained enough to carry out production activities.
- They must supervise work closely to ensure that the work is done effectively and efficiently.

6.

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

- Interdependency among the departments needs to be maintained.
- The goals of an individual should match the needs of the organization.
- Differences between the departments should be avoided.
- All the departments must be encouraged to work hand-in-hand to reach the common objective, along with achieving their departmental goals.
- Proper communication and guidance should be provided 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 as an appreciation.
- Transparent, organized, and clear work patterns should be maintained to avoid any kind of miscommunication.
- Meetings should be held at periodic and regular intervals to ensure the smooth flow of all operations.
- Proper training, both on the job and off the job, should be given to the employees so that they can perform the work with full efficiency and effectiveness.
- Unity of command and unity of direction should be balanced efficiently.