



INDIAN SCHOOL MUSCAT
Senior Section
Department of Commerce and Humanities

Class : 12

SOLVED SUPPORT MATERIAL
CHAPTER :1 : NATURE AND SIGNIFICANCE
OF MANAGEMENT
BUSINESS STUDIES (054)

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Q.1. Define Management.

A.1 “Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.” ----Harold Koontz and Heinz Weihrich

“Management is defined as the process of planning, organising, actuating and controlling an organisation’s operations in order to achieve coordination of the human and material resources essential in the effective and efficient attainment of objectives.” -----Robert L. Trewelly and M. Gene Newport

Q2 What is Management?

A2 Management is a process of getting things done with the aim of achieving goals effectively and efficiently.

Q3 ‘Effectiveness and efficiency are two sides of the same coin’. Comment.

A3 Effectiveness in management is concerned with doing the right task, completing activities and achieving goals. In other words, it is concerned with the end result.

Efficiency means doing the task correctly and with minimum cost. There is a kind of cost-benefit analysis involved and the relationship between inputs and outputs. (I:e at minimum costs/ input resources like money, materials, equipment and persons required to do a particular task, the maximum output is to be produced.)

Therefore, it is important for management to achieve goals (effectiveness) with minimum resources i.e., as efficiently as possible while maintaining a balance between effectiveness and efficiency.

e:g a production incharge producing 3000 units of electric motors by using materials worth only Rs 5000 is more efficient than another who is producing the same quantity by using materials worth Rs.6000.

Poor management is due to both inefficiency and ineffectiveness.

Q4 Explain the features/characteristics of Management.

A4 The features/characteristics of Management are as follows-

- (i) **Management is a goal-oriented process:** Different organisations have different goals, for which it is set up. Management unites the efforts of different individuals in the organisation towards achieving these goals.
- (ii) **Management is all pervasive:** The activities involved in managing an enterprise are common to all organisations whether economic, social or political. How they do it may be quite different. This difference is due to the differences in culture, tradition and history.
- (iii) **Management is multidimensional:** Management is a complex activity that has three main dimensions. These are:
 - (a) *Management of work:* All organisations exist for the performance of some work (e.g production of electronic items or providing catering services etc.) This is done in terms of problems to be solved, decisions to be made, plans to be established, budgets to be prepared, responsibilities to be assigned and authority to be delegated.
 - (b) *Management of people:* Human resources or people are an organization's greatest asset. Managing people has two dimensions (i) dealing with employees as individuals with diverse needs and behavior; (ii) dealing with individuals as a group of people. The task of management is to make people work towards achieving the organization's goals, by using their strengths/talents.
 - (c) *Management of operations:* This requires a production process which entails the flow of input material and the technology for transforming this input into the desired output for consumption.
- (iv) **Management is a continuous process:** The process of management is a series of continuous, composite, but separate functions (planning, organizing, directing, staffing and controlling). These functions are simultaneously performed by all managers all the time.
- (v) **Management is a group activity:** An organisation is a collection of diverse individuals with different needs. This requires team work and coordination of individual effort in a common direction, that is provided for by an effective management system.
- (vi) **Management is a dynamic function:** An organisation interacts with its external environment (which consists of various social, economic and political factors). In order to be successful, an organisation must change itself and its goals according to the needs of the environment, which it is able to do successfully because of management. (Why is management a dynamic function? management is a dynamic function because it has to adapt itself to the ever changing external environmental factors that affect the operations/results of any business.
- (vii) **Management is an intangible force:** Management is an intangible force that cannot be seen but its presence can be felt in the way the organisation functions. The effect of management is noticeable in an organisation where targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.

Q5 'Management seeks to achieve certain objectives which are the desired result of any activity'. Discuss in detail the various objectives of Management'.

A5 Objectives of Management can be classified as follows-

- (i) **Organisational Objectives:** Management is responsible for setting and achieving objectives for

the organisation. The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage. (What are the economic objectives of a business? The economic objectives of a business are survival, profit and growth.)

a) *Survival*: The basic objective of any business is survival. Management must strive to ensure the survival of the organisation by earning enough revenues to cover costs.

b) *Profit*: Management has to ensure that the organisation makes a profit, because profit provides a vital incentive for the continued successful operation of the enterprise and is essential for covering costs and risks of the business.

c) *Growth*: To remain in the industry, management must exploit fully the growth potential of the organisation. Growth of a business can be measured in terms increase in the of sales volume, number of employees, the number of products or the increase in capital investment, etc.

(ii) **Social objectives**: As a part of society, every organisation whether it is business or non-business, has a social obligation to fulfill, which can be using environmental friendly methods of production, giving employment opportunities to the disadvantaged sections of society and providing basic amenities like schools and crèches to employees.

(iii) **Personal objectives**: Organisations are made up of people who have different personalities, backgrounds, experiences and objectives. They all become part of the organisation to satisfy their diverse needs(e:g financial needs like higher salary and incentives or social needs such as peer recognition and higher level needs such as personal growth and development.) Management has to reconcile personal goals with organisational objectives for harmony in the organisation.

Q6 'Lack of proper management leads to wastage of time, money and efforts (all resources)'. Do you agree to it? Justify. **OR**

Discuss the significance/role/importance/benefits/merits of management.

A6

Yes, I fully agree with the above mentioned statement whereby definitely lack of management leads to wastage of time, money and all efforts, because of the following benefits provided to any organisation by a sound system of management-

(i) **Management helps in achieving group goals**: The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organisation.

(ii) **Management increases efficiency**: The aim of a manager is to reduce costs and increase productivity through better planning, organising, directing, staffing and controlling the activities of the organisation.

(iii) **Management creates a dynamic organisation**: All organisations have to function in an environment which is constantly changing. Management helps people adapt to these changes so that the organisation is able to maintain its competitive edge.

(iv) **Management helps in achieving personal objectives**: A manager motivates and leads his team to develop team spirit, cooperation and commitment to group success, in such a manner that individual members are able to achieve personal goals while contributing to the overall

organisational objective.

- (v) **Management helps in the development of society:** Management helps in the development of the organisation and through that it helps in the development of society. It helps to provide good quality products and services, creates employment opportunities, adopts new technology for the greater good of the people and leads the path towards growth and development.

Q7 How has the study of management evolved over a period of time?

The study of management has evolved over a period of time along with the modern organisations; based both on the experience and practice of managers and a set of theoretical relationships.

Q8 Explain the nature of management. **OR**

Discuss as to why management is- a) an art b) a science c) both a science and an art c)
a Profession d) a discipline?

a) Management is **an art** because it satisfies the following conditions-

1) **Existence of theoretical knowledge:**

There is a lot of literature available in various areas of management like marketing, finance and human resources which the manager has to specialise in.

There are various theories of management, as propounded by many management thinkers, which has universal application to some extent.

2) **Personalised application :**

A good manager applies this acquired knowledge in a personalised and skillful manner to real situations involves in all the activities of the organisation, studies and analysis critical situations and formulates his own theories/styles to be used in a given/ real business situation/circumstances.

3) **Based on practice and creativity:**

A good manager works through a combination of practice, creativity, imagination, initiative and innovation.

A manager applies these scientific methods and body of knowledge to a given situation, an issue or a problem, in his own unique manner.

b) Management is **a Science** because it satisfies the following conditions-

1) **Systematised body of knowledge:**

It has Its own theory and principles, own vocabulary of terms and concepts, which is very common for all Organisations.

2) **Principles based on experimentation:**

The principles of management have evolved over a period of time based on repeated experimentation and observation in different types of organisations.

- c) Management is **both an art and a science** because it satisfies the following conditions-

The practice of management is an art. However, managers can work better if their practice is based on the principles of management. These principles constitute the science of management.

Management as an art and a science are therefore not mutually exclusive, but complement each other.

- d) Management is a **Profession** because it satisfies the following conditions-

1) **Well-defined body of knowledge:**

It is based on a systematic body of knowledge comprising well-defined principles based on a variety of business situations.

2) **Restricted entry:**

Entry to different institutes is usually through an examination. E:g India Institutes of Management(IIM's)

3) **Professional association:**

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

- e) Management is a **Discipline** because it satisfies the following conditions-

- 1) It takes in lots of information from other subjects like economics, sociology, psychology, math's etc.
- 2) There are various such theories as propounded by management thinkers which prescribe certain universal principles.
- 3) The subject is taught at different schools, colleges and published in lots of books and journals.

Q9 Explain as to why management is NOT considered to be--a) a science b) full fledged Profession.

- a) Management is not considered to be an Exact Science or it is an Inexact Science because of the following reasons-

- 1) Since management deals with human being and their behaviour, which may not be constant at all points of time but keep changing depending on their moods, attitude, psychology, desires etc. hence the applications of these principles on human beings will not give the same result/outcomes every time like physics, chemistry.
- 2) Because of point no.1) above, we can say that the management principles are not strictly universal but can be changed/modified according to the given situation.

- b) Management is not considered to be a full fledged Profession because of the following reasons-

- 1) Anyone can be designated or appointed as a manager depending on their previous

experience.(unlike a doctor/lawyer who are so because of their specific academic qualifications)

- 2) Many associations are there but it is not compulsory for any manager to be member of such associations as it does not have any statutory backing.

Q10 Discuss the various functions of Management.

Management is described as the process of planning, organising, directing and controlling the efforts of organisational members and of using organisational resources to achieve specific goals.

Planning is the function of determining in advance what is to be done and who is to do it. This implies setting goals in advance and developing a way of achieving them efficiently and effectively. Planning cannot prevent problems, but it can predict them and prepare contingency plans to deal with them if and when they occur.

Organising is the management function of grouping tasks, assigning duties, establishing authority and allocating resources required to carry out a specific plan. Proper organisational techniques help in the accomplishment of work and promote both the efficiency of operations and the effectiveness of results. Different kinds of business require different structures according to the nature of work.

Staffing is to make sure that the right people with the right qualifications are available at the right places and times to accomplish the goals of the organisation. This is also known as the human resource function and it involves activities such as recruitment, selection, placement and training of personnel.

Directing involves leading, influencing and motivating employees to perform the tasks assigned to them. Motivation and leadership are two key components of direction.

Motivating workers means simply creating an environment that makes them want to work. Leadership is influencing others to do what the leader wants them to do.

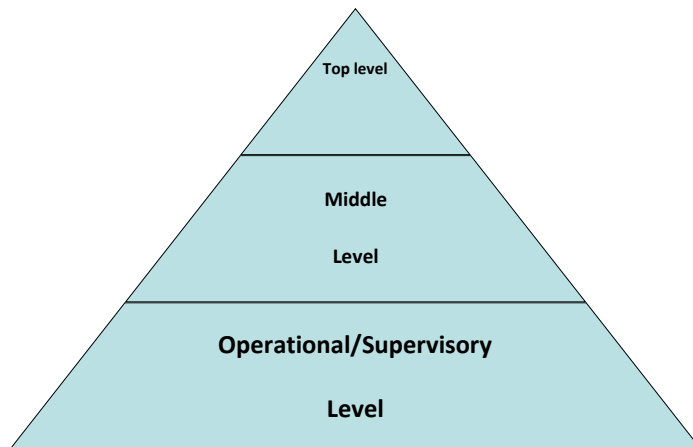
Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals. The task of controlling involves establishing standards of performance, measuring current performance, comparing this with established standards and taking corrective action where any deviation is found.

All the above mentioned functions/ activities of a manager are interrelated and interdependent.

Q11 Describe the various levels of management hierarchy and their respective functions.

A11 The authority-responsibility relationship binds individuals as superiors and subordinates and gives rise to different levels in an organisation. Generally there are three levels in the managerial hierarchy of any organisation as

follows-



LEVELS	FEATURES/EXAMPLES	FUNCTIONS
TOP LEVEL	<p>They consist of the senior most executives of the organisation.</p> <p>E:g President, Vice-President, Chairman, Managing Director, Chief Operating/Executive Officer</p>	<p>1) To integrate and coordinate the activities of different departments.</p> <p>2) To take care of the welfare and survival of the Organisation by analysing the business environment.</p> <p>3) They formulate overall Organisational goals, strategies and policies.</p> <p>E:g sales and marketing strategies by offering any discount or gifts scheme, opening a new branch abroad.</p>
MIDDLE LEVEL	<p>They are the link between top and lower level managers i:e They are subordinate to top managers and superior to the first line managers.</p> <p>E:g Division heads(Production,</p>	<p>1) They implement and control plans and strategies developed by top management, by</p>

	<p>sales, finance etc), operations manager or plant superintendent.</p>	<p>interpreting them in the proper form.</p> <ol style="list-style-type: none"> 2) To achieve 1)above, they ensure that their department has the necessary personnel/people, 3) They assign necessary duties and responsibilities to them and motivate them to achieve desired objectives. 4) They co-operate with other departments for smooth functioning of the organisation. 5) At the same time they are responsible for all the activities of first line managers. <p>E:g to increase profit by 20% for the coming year, the sales target has to be increased to 35000 units, p.m. for which the sales manager has to motivate his team.</p>
<p>OPERATIONAL/SUPERVISORY LEVEL</p>	<p>They are below the middle managers and jut above the workers.</p> <p>Their authority and responsibility is limited according to the plans drawn by the top management.</p> <p>E:g Foremen, lineman,</p>	<ol style="list-style-type: none"> 1) Supervisors directly oversee the efforts of the workforce. 2) They directly interact with the actual work force and pass on instructions of the middle management to

	<p>chargeman and supervisors.</p>	<p>the workers.</p> <p>3) Through their efforts quality of output and safety standards are maintained.</p> <p>4) They help in minimizing the wastage of materials, by imparting proper training/guidance to the workers.</p> <p>5) They help to settle the disputes, fights and any disagreements between the workforce and help to maintain peace, law and order.</p>
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Q12 What are the functions/role of a supervisor?

A12 Refer Q. No. 11(Functions of supervisory/operational level)

Q13 What is Coordination? Define coordination.

A13 The process by which a manager synchronises the activities of different departments is known as coordination.

Coordination is the force that binds all the other functions of management and all other activities such as purchase, production, sales, and finance to ensure continuity in the working of the organisation.

Coordination is the orderly synchronising of efforts of subordinates to provide proper amount, timing and quality of execution so that their united efforts lead to the stated objectives, namely, the common purpose of the enterprise.

Theo Haimann

Q14 Why is coordination called as the essence of management? Justify by explaining the entire process.

A14 Coordination is called as the essence of management because it is implicit and inherent in all functions of an organisation and is needed for achieving harmony among individual efforts towards the accomplishment of group goals.

The process of coordinating the activities of an organisation begins at the planning stage itself. Top management plans for the entire organisation.

According to these plans the organisational structure is developed and staffed.

In order to ensure that these plans are executed according to plans directing is required.

Any discrepancies between actual and realised activities are then taken care of at the stage of controlling.

It is through the process of coordination that a manager ensures the orderly arrangement of individual

and group efforts to ensure unity of action in the realisation of common objectives.

Coordination therefore involves synchronisation of the different actions or efforts of the various units of an organisation. This provides the requisite amount, quality, timing and sequence of efforts which ensures that planned objectives are achieved with a minimum of conflict.

Q15 Discuss the nature/feature/characteristics of Coordination.

A15 The nature/feature/characteristic of coordination are as follows-

- (i) **Coordination integrates group efforts:** Coordination unifies unrelated or diverse interests into purposeful work activity. It gives a common focus to group effort to ensure that performance is as it was planned and scheduled.
- (ii) **Coordination ensures unity of action:** It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.
- (iii) **Coordination is a continuous process:** Coordination is not a one-time function but a continuous process. It begins at the planning stage and continues till controlling.
- (iv) **Coordination is an all pervasive function:** Coordination 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.
- (v) **Coordination is the responsibility of all managers:** Coordination is the function of every manager in the organisation. Top level managers need to coordinate with their subordinates to ensure that the overall policies for the organisation are duly carried out. Middle level management coordinates with both the top level and first line managers. Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans.
- (vi) **Coordination is a deliberate function:** A manager has to coordinate the efforts of different people in a conscious and deliberate manner, because the absence of coordination may lead to wasted effort and coordination without cooperation may lead to dissatisfaction among employees.

Q16 Describe the significance/role/importance/benefits of Coordination.

A16 The significance/role/benefits/importance of coordination can be summarized as follows-

- 1) **Growth in Size**- As the organisation grows in size, the number of people and their efforts also increases. Hence for Organisational efficiency it is important to harmonise individual goals and organisational goals through coordination.
- 2) **Functional differentiation**- All the functions of an Organisation are divided into departments, divisions and sections, which are all interdependent on each other for information to perform their activities and achieve organisational goals. The process of linking these interdepartmental activities is done by coordination.
- 3) **Specialisation**- Due to complexities of modern technology and the diversity of tasks to be performed, the need for specialisation are felt by the organisation. Coordination is required to reconcile the differences in approach, interest or opinion.

*****Chapter1*****