

# NCERT SOLUTIONS

CLASS - 12th



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Class : 12th

Subject : Business Studies

Chapter : 1

Chapter Name : Nature and Significance of Management

Q1 What is meant by management?

Answer. Management is a process of getting things done required for achieving the goals of a company or organisation in the long term as well as in the short term.

In the words of Kreitner, "Management is the process of working with and through others to effectively achieve organisational objectives by effectively using limited resources in the changing environment."

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Q2 Name any two important characteristics of management.

Answer. The two important characteristics of management are :

→ Management is a goal oriented process : Each and every company or firm has some goals or objectives which is the basic reason for its existence. Each and every organisation or Company has its own goal and own methods and deadlines of achieving it.

→ Management is a group activity : A company or an organisation is a conglomerate of different types of talents. A team of people having different talents, different ways of working, etc work under one roof together. Management being so diverse in nature requires different types of people in one team who can work together in order to fulfill the goals of the company.

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Q3 Identify and state the force that binds all the other functions of management.

Answer. The force that binds all the other functions of management is the coordination of all the activities. It acts as a binding force or the thread that interlinks all the activities with other activities.

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Q4 List any two indicators of growth of an organisation.

Answer. The two indicators of growth of an organisation are :

- Expansion in terms of sales and operations.
- Increase in profits over the years.

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Q5 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.

Answer. Objectives of management achieved by Indian Railways in the above case are :

- Use of renewable sources of energy, that is, solar energy.
- Saving a non-renewable source of energy i.e diesel.
- Making railways more cost effective
- Making trains greener and more environmentally friendly.

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Q1 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 being the manager of the northern division is working at the middle level in the organisation. People working in this level act as a link between the top and the lower level.

Her basic functions are as follows :

- Interpretation of the policies framed by the top level management and acting as a link between top level management and operative management.
- Ensuring that their department has the necessary manpower.
- Assigning necessary duties to the employees.

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Q2 State the basic features of management as a profession.

Answer. As a profession, management has the following basic features -

- Well-defined body of knowledge : Every profession requires a well-defined body of knowledge which helps the professionals to gain specialized knowledge of that profession. And this knowledge can be acquired through instructions.
- Restricted entry : The entry of people in a profession is restricted through an examination or degree. Any random person cannot enter in any profession until and unless he/she acquires the appropriate knowledge of it.
- Professional association : For all the professional associations, there exists special associations or bodies which regulate and govern these organisations. This association is responsible for the proper conduct of the professional associations and for providing them the code of conduct. All professional associations must get registered with this special association. There are certain professional institutions for management as well in India but it isn't compulsory to get registered to them.

→ Existence of ethical codes : Every profession has some ethical codes of conduct which are issued by the institution governing those organisations. Every profession has to adhere to these codes of conduct.

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Q3 Why is management considered to be a multi-dimensional concept?

Answer. Management is a complex activity and has three main dimensions which are as follows :

→ Management of work : Each and every organisation exists with a motive of performing certain tasks. The nature of work in each organisation depends on the goal which it needs to achieve in the short term and long term.

→ Management of people : The greatest asset of every organisation is its manpower. The work of every management is to lead people towards the achievement of organisational goals and motivate people towards achievement of their personal goals and enhance their skills.

→ Management of operations : Every organisation deals in a line of production of certain goods and services for which they need to convert the inputs into outputs. For this conversion of inputs into outputs a strong management is required so as to utilise the resources to an optimum level.

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Q4 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?

Answer. According to the given situation, the organisation lacks coordination. Coordination is referred to as that force which binds other functions of management. It refers to the

synchronization of efforts of all the people working in the organisation and of all the departments. Coordination brings unity of action and integrates different activities of the organization.

Steps which can be taken by the management to bring the company back on track are :

- Market analysis should be conducted.
- Quality of the products must be checked.
- Marketing products at a larger scale.
- Customer satisfaction should be given adequate priority.
- The coordination should be restored.

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Q5 Coordination is the essence of management. Do you agree? Give reasons.

Answer. Yes, coordination is the essence of management. Coordination is referred to as that force which binds other functions of management. It refers to the synchronization of efforts of all the people working in the organisation and of all the departments. It is the essence of management because of the following reasons:

- Coordination is needed to perform all the functions of management. Coordination brings unity of action and integrates the efforts of different departments and various activities of the organization.
- Coordination is needed at every level of management. It leads the efforts of all the individuals in one common direction. It helps to balance the activities of different departments.
- Coordination is the most important function of an organization: Coordination ensures that the company works towards its goals in an integrated and efficient manner. Thus a company must have coordination to run successfully in the long run.

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Q6 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.

Answer. Ashita was effective as she accomplished her goal within the stipulated time but a higher cost.

Lakshita is efficient as she produced 450 units at lower cost.

Effectiveness implies successfully completing the given task in the stipulated time, which Ashita achieved but Lakshita could not since Ashita was able to produce the required number within the stipulated time whereas, Lakshita was able to produce only 450 units.

On the other hand, being efficient implies completing the task with minimum possible resources, which Lakshita achieved but Ashita could not since Ashita was able to produce the required number at the cost of Rs 55,000 which is higher than the estimated cost whereas, Lakshita was able to produce at a cost of Rs 90 per unit.

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Q1 Management is considered to be both an art and science. Explain.

Answer. Management can be said to be an art because of the following reasons :

→ Existence of theoretical knowledge : In every art, there is a systematic and organized study material available to acquire theoretical knowledge. The experts and eminent personalities have defined and stated basic principles which are applicable to their respective areas of study. In the same way, managers practice the art of management in the day-to-day job of managing an experience based on study observation and experience.

→ Personalized application : Every artist and individual possesses personal skills and creativity that makes their work very unique and different from others. In management, managers' efficiency depends on how well they use these principles by applying personal skills and creativity in different situations.

→ Based on practice and creativity : The artist requires regular practice of art to become more fine and perfect. Same way with experienced managers also improve their managerial skills.

Management can be addressed as a science because of the following reasons :

→ Systematic body of knowledge : In science, there is a systematic and organized study which helps one to reach a conclusion. It's principles are based on a cause and effect relationship. In the same way management has developed its own theories and cause and effect relationships.

→ Principles are based on repeated experiments : Like the principles of science, managers also test and experiment managerial principles under different conditions in different organizations. The conclusions from these experiments become benchmarks for all and serves in form on case studies.

Hence, we can conclude that management is both an art as well as science and both complement each other.

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Q2 Do you think management has the characteristics of a full fledged profession?

Answer. No, management do not have the characteristics of a full fledged profession but possess the following features of profession:

→ Well-defined body of knowledge : In every profession there is practice of systematic body of knowledge which helps the professionals to gain specialized knowledge of that profession. In case of management, there is availability of a systematic body of knowledge.

→ Restricted entry : The entry to a profession is restricted through an examination or degree. Although there are no specific degrees required to be a manager, companies do prefer people with degrees and diplomas acting as proof of professional competency to act as a manager, thereby restricting entry to management..

→ Presence of professional associations : For all the professional associations, there exists special associations or bodies which regulate and govern these organisations. This association is responsible for the proper conduct of the professional associations and for providing them the code of conduct. All professional associations must get registered with this special association. There are certain professional institutions for management as well in India but it isn't compulsory to get registered to them.

→ Existence of ethical codes : Every profession has some ethical codes of conduct which are issued by the institution governing those organisations. Every profession has to adhere to these codes of conduct.

Thus, management does not have the characteristics of a full fledged profession but possesses some features of profession.



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Q3 “A successful enterprise has to achieve its goals effectively and efficiently.” Explain.

Answer. Management is a process wherein various activities and functions are performed to achieve the various goals and objectives of an organisation in an effective and efficient manner.

→ Effective and efficient performance: Modern concept say that employees must be effective and efficient. Effectiveness refers to completion of work on time. Efficiency refers to optimum utilization of resources. Effectiveness and efficiency together lead to higher profit and prosperity of an organization. Effectiveness and efficiency are the two sides of the same coin, one without the other is of no use.

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Q4 Management is a series of continuous interrelated functions. Comment.

Answer. Management is a series of continuous interrelated following functions:

→ Planning : Planning is always the first function performed by every manager. Planning bridges the gap between where the company stands at present and at what position it wants to look itself in future. It is the base on which all other functions of management depend.

→ Organising : The management, in order to execute the plans has to provide for sufficient resources and funds and a proper organisational structure to carry out the activities effectively and efficiently. This is termed as organising function.

→ Staffing : Staffing is the third step of management. It refers to hiring the right number of people in the organisation after analysing the workforce requirement. It involves recruiting and selecting the right employees and then keeping them in the organisation by providing them necessary facilities. It also includes training and development of the employees.

→ Directing : Directing refers to giving directions to employees by motivating them, supervising the activities of the employees, and communicating with them. Directing function include supervising, motivating, communicating and leadership.

→ Controlling : It is the last function of the management process. In this function, the management tries to find out the deviation in the actual performance from the set standards. If

the deviations are large then it tries to find out the reason for the same and take corrective measures to come on the path of the plan.

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Q5 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?

Answer. In order to modify the existing product in the market, the following decisions/steps should be taken by each level of management:

Top-Level Management

- Market analysis
- Framing of plans and policies
- Assemble all the resources such as finance, fixed assets, etc.

Middle-Level Management

- Interpreting of policies framed by top level management to lower level
- Organizing the activities of the department and ensuring availability of resources

Operational Level

- To run operations of the organization in a smooth manner
- Helps to minimize the wastage of available resources
- They are responsible for boosting the morale of the workers

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Q6 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.

Answer. In the given situation, the organisation lacks coordination. Coordination is referred to as that force which binds other functions of management. It refers to the synchronization of efforts of all the people working in the organisation and of all the departments. Coordination is needed to perform all the functions of management. Coordination brings unity of action and integrates the efforts of different departments and various activities of the organization. Coordination is the most important function of an organization. Any company which fails to coordinate its activities cannot survive and run successfully for a long period of time.

Step which can be taken by the management to bring the company back on track:

→ Coordination should be maintained in the organization. Coordination is needed at every level of management. It leads the efforts of all the individuals in one common direction. It helps to balance the activities of different departments.

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