

**CLASS 12 BUSINESS STUDIES**  
**CHAPTER-1**  
**NATURE AND SIGNIFICANCE OF MANAGEMENT**

**IMPORTANT QUESTIONS**

**VERY SHORT ANSWER QUESTIONS (1 or 2 Marks)**

**QUESTION 1:**

**What is meant by management by people?**

**(CBSE Board -2014)**

**Or**

**'Management is the process of getting things done.' State the meaning of the term 'process' used in this statement.**

**(CBSE Board -2016)**

**Answer:** Management of people is an art of getting things done through others. A manager tries to direct and motivate the individuals and tries to achieve individual needs along with organizational needs.

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**QUESTION 2:**

**The Activities involved in managing an enterprise are common to all organizations whether economic, social or political. Which characteristics of management is highlighted by this statement ?**

**Or**

**The management principles can be applied to all types of activities. Which type of characteristics is highlighted by this statement?**

**(CBSE Board -2008)**

**Answer:** Management is all pervasive: Management is common to all organisations whether economic, social or political. For e.g. management is applicable for a government company, school, private company or a NGO.

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**QUESTION 3:**

**What is meant by management?**

**(CBSE Board -2011 )**

**Answer:** Management is an art of getting things done through others. Management can be defined as, the process of getting things done with the aim of achieving goals effectively and efficiently.

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**QUESTION 4:**

**In order to be successful an organization must change its goals according to the need of the environment. Which characteristic of management is highlighted in the statement?**

**Answer:** Management is dynamic function- It has to adapt itself to its changing external environment, which consists of various social, economic and political factors.

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**QUESTION 5:**

**To meet the objectives of the firm the management of Angora Ltd. offer employment to physically challenged persons . Identity the organizational objective it is trying to achieve.**

**Answer:** Social objective - Is to provide quality products at reasonable rates and generating employment opportunities for disadvantaged sections of society. To provide basic amenities like schools and crèches to employees and by using environmental friendly methods of production.

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**QUESTION 6:**

**“A collection of diverse individuals with different needs but working towards fulfilling the common organizational goals” this statement highlights which characteristic of management?**

**Answer:** Management is a group activity- All the individuals in the organisation contributes towards achieving the goals set by the organization.

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**QUESTION 7:**

**'Is Management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the cost benefit'? Give reason in support of your answer?**

**(CBSE Board- 2016)**

**Answer:** No, management is not only concerned with doing the right task, completing activities and achieving goals but it also takes into consideration the cost benefit. Efficient management minimizes the costs and increases the productivity through the optimum utilization of resources and minimum wastage.

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**QUESTION 8:**

**List any two social objectives of management.**

**(CBSE Board -2011, 2010)**

**Answer:** (a) By creating employment opportunities to the disadvantaged sections of the society  
(b) To provide basic amenities like schools and crèches to employees

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**QUESTION 9:**

**“Management is considered to be a three-tier machinery”. Why?**

**Answer:** Because of the three levels in the management hierarchy-Top, Middle & operational.

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**QUESTION 10:**

**How does co-ordination integrates group efforts? State Briefly.**

**(CBSE Board-2015)**

**Answer:** Co-ordination integrates group efforts by unifying diverse interests thereby giving them

a common focus to ensure that the performance is according to the plans.

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**QUESTION 11:**

**How is entry to a profession restricted?**

**Answer:** The entry to a profession is restricted through an examination or through acquiring an educational degree.

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**QUESTION 12:**

**State any two points which prove that management is multi-dimensional?**

**Answer:** a) Management of work  
b) Management of people.

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**QUESTION 13:**

**An achievement of which organizational objectives results in “an increase in sales volume, increase in number of employees, no of products ,and increase in capital investment’**

**Answer:** Objective of growth

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**QUESTION 14:**

**A company’s target production is 5000 units in a year, to achieve this target the manager has to operate in double shifts due to power failure. The manager is able to meet the target but at a higher production cost. Is the manager efficient or effective?**

**Answer:** The manager of the company is effective but not efficient

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**QUESTION 15:**

**'Is Management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the cost benefit?' Give reason in support of your answer.**

**CBSE Board 2016**

**Answer:** No, management is not only concerned with doing the right task, completing activities and achieving goals but it also takes into consideration the cost benefit. It is one of the most important part of management, that it increases the efficiency which means management minimises the costs by increasing the productivity through the optimum utilisation of resources.

## **SHORT ANSWER TYPE QUESTIONS (3 OR 4 MARKS)**

### **QUESTION 16:**

**Explain the features of management that do not establish it as a profession.**

**( CBSE Board-2016)**

**Answer:** The features of management that do not establish it as a profession are as follows.

**Restriction to Entry:** Management satisfies this criterion only to some extent. As against other professions such a doctor or a lawyer, no specific qualification or degree are required to be a manager. That is, any person holding any degree or qualification can be a manager. However, the entry is restricted as persons with professional management degree or diploma are preferred.

**Professional Association:** All professions are affiliated to a professional association, which regulates entry and frames code of conduct relating to the profession. For example, to practice Chartered Accountancy, a person has to be a member of the Institute of Chartered Accounts of India. Similarly, management is also affiliated to a professional association that regulates the functions of the members. In India, the AIMA (All India Management Association) for its member managers. However, it is not compulsory for managers to be a part of them.

**Code of Conduct:** Any professional has to abide by the rules and regulations developed by the apex authority, which regulates the functions of that profession. There is a set Code of Conduct that a professional has to follow for smooth functioning. In management, also, we have a specific Code of Conduct but it is not obligatory for the managers to abide by them. Unlike other profession, the members violating the rules are not penalized.

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### **QUESTION 17:**

**ABC Ltd. is facing a lot of problem these days. The company's profit margin is declining day-by-day. The production manager is blaming marketing management whereas marketing is blaming production department for not maintaining the quality. Finance department is blaming both. What quality of management do you think is lacking. Explain it briefly.**

**Answer:** The quality, which is lacking in the above case, is "co-ordination". The manager is able to execute all the function but he is unable to co-ordinate with the other functional managers. Co-ordination is the essence of management and a functional department cannot function in isolation, coordination of all the departments are required to achieve organizational goals and targets.

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### **QUESTION 18:**

**What is meant by 'Management'? Explain its any three features that establish it as an Art.**

**Answer:** Art refers to skillful and personal application of existing knowledge acquired through study, observation and experience. The features of art are as follows:

**Existence of theoretical knowledge:** In every art, Systematic and organized study material is available to acquire theoretical knowledge and experts in the respective fields apply these principles to their respective art forms.

**Personalized application:** The use of basic knowledge differs from person to person and thus, art is a very personalized concept.

**Based on practice and creativity:** Art involves creativity and practice of the experts. For e.g. the music created by musicians are different though the musical notes used are the same.

Every manager has his own unique style of managing things and people. He/she uses his creativity in applying management techniques and his skills improve with regular application. Since all the features of art are present in management. So it can be called as an art.

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#### QUESTION 19:

**Ashutosh Goenka was working in 'Axe Ltd.', a company manufacturing air purifiers. He found that the profits had started declining from the last six months. Profit has an implication for the survival of the firm, so he analysed the business environment to find out the reasons for this decline.**

**(a) Identify the level of management at which Ashutosh Goenka was working.**

**(b) State three other functions being performed by Ashutosh Goenka. (CBSE Board-2017)**

**Answer:** (a) Ashutosh Goenka was working at 'top level management'.

(b) The other functions performed by managerial staff employed at top level are enlisted below:

Coordinates different activities of the organisation for the accomplishment of the common goals

Works towards the survival of the organisation by analysing the business environment.

Drafting of necessary plans and policies for increasing the profits of the company.

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#### QUESTION 20:

**Rishitosh Mukherjee has recently joined AMV Ltd, A company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organisation. Therefore, he ensured that his department has the required number of employees and its cooperation with other departments improved.**

**(a) Identify the level at which Rishitosh Mukherjee was working.**

**(b) Also, state three more functions required to be performed by Rishitosh Mukherjee at this level.**

**(CBSE Board-2017)**

**Answer:** Rishitosh Mukherjee is working at Middle Level Management as he is the head of a department.

The other functions performed by Rishitosh are:

Acts as a link between the top management and the workers at the lower level

Interpretation and implementation of policies and plans formulated by the top level management

Assigns responsibilities to the workers and ensures proper working environment in their respective department.

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### QUESTION 21:

**How is management all pervasive?**

**Answer:** Activities involved in management are applicable to every type of organisation whether economic, social, economic or political. For example, a cricket team needs to be managed as much as a club or a hospital. The activities of managers in India are similar to their activities in say U.K. or USA. Thus, it can be said that management is all-pervasive.

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### QUESTION 22:

**‘Management provides judgement and vision’. Explain?**

**Answer:** Management keeps adjusting to the complex and ever-changing external environment. It helps in decision making. As it visualizes the future and the right course of action for same, sound decisions become possible. Thus, its foresight provides judgment and vision.

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### QUESTION 23:

**Explain any four features of co-ordination.**

**(CBSE BOARD 2016)**

**Answer:** Coordination is the essence of management. It unites the functioning and efforts of various employees for the achievement of the common goals and objectives of an organisation. It forms the link between the various functions of management. The following are the characteristics that highlight features of coordination.

**i. Group activity:** Coordination is said to be a group activity as it integrates the efforts of various individuals for the achievement of common objectives. In other words, it unifies the collective efforts of the employees for the achievement of set targets or goals.

**ii. Binding force:** The main purpose of coordination is to unify the actions of individuals. It acts as a force that binds the various functions of management. It ensures that the people of an organisation work together towards the accomplishment of the organisational goals.

**iii. Continuous process:** Coordination is a continuous process. It creates a channel between the functions of management. It ensures that work is being performed according to the planned targets.

**iv. All-pervasive function:** Coordination is a pervasive function. That is, it is performed at all the levels of management. The managers of all departments at every level practice it in order to ensure unity of action.

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## LONG ANSWER TYPE QUESTIONS (5 OR 6 MARKS)

### QUESTION 24:

A company manufacturing mobiles is facing the problem of decreasing sales in the market. You can imagine any product about which you are familiar. What decisions/ steps, each level of management should take to give effect to this decision?

**Answer:** Modernization of product is needed to increase its market share. Hence to modernize the product each level should work as follows:

#### **Top level management**

- Concentrate on research and development and add new features to their products or start a new product line.
- Drafting sales targets, sales plan and sales incentive.
- Increase marketing and promotional activities.
- Coordinate all the functional departments activities.
- To raise money from the market if there is any financial requirements.

#### **Middle level management**

- Implementation of the plans formulated by the top level
- Hiring candidates with required qualifications as the job position demands.
- They should try to use available resources efficiently and should try to minimize the cost of product.
- Continuously evaluate all activities and take corrective actions for any deviations and report the top level management

#### **Lower/supervisory level**

- Interpretation of the plans and targets to the work force of the company.
  - Assign the task depending on the efficiency & qualification of employees.
  - Maintain the quality of work and reduce the wastage by efficient utilization of available resources.
  - Make efforts to improve the loyalty of workers and communicate the grievances and feedback to the managers.
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### QUESTION 25 :

Without effective management the resources will remain as resources cannot be converted into productive utilities. "do you agree" ? give reasons.

OR

"Success of an organization largely depends upon its management." Explain any five reasons to justify the above statement.

**Answer:** Success of an organization largely depends upon its management because of the following reasons:-

- It helps in achieving organizational goals and plans
- Increases efficiency and effectiveness of the individuals and other resources of an organisation.

- Creates a dynamic organization structure.
  - Help in achieving individual objectives of employees along with the objectives of the organization.
  - Helps in the overall development of society by adhering to the norms of corporate social responsibility.
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#### QUESTION 26:

Aman, Ahmad and Ally are partners in a firm engaged in the distribution of dairy products in Maharashtra state. Aman is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post graduation in History and Ally in dairy farming. One day there was a serious discussion between Ahmad and Ally regarding the nature of management, Ahmad argued that management was a profession. Whereas Ally argued against it saying that the legal and medical profession are the only professions because they fulfill all the conditions of profession. Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally. Explain, how Aman would have satisfied both Ahmad and Ally

(CBSE Board 2015)

**Answer:** Aman would have satisfied both Ahmed and Ally by explaining the following features of management as a profession.

**(i) Well-defined body of knowledge:** All professions are based on a well-defined body of knowledge that can be acquired through instruction. Management is based on a systematic body of knowledge comprising well defined principles. This feature of profession is present in management.

**(ii) Restricted entry:** The entry to the above stated profession is restricted through a prescribed qualification. However, there is no restriction on anyone being appointed as a manager in any business enterprise. Therefore, presently this feature of profession is not present in management.

**(iii) Professional association:** Legal and medical professions are affiliated to a professional association like bar council and medical council which regulates entry, grants certificate of practice and formulates and enforces a code of conduct. There are several associations of managers in India. Like the AIMA that has laid down a code of conduct to regulate the activities of their members. There is, however, no compulsion for managers to be members of such an association. Therefore, presently this feature of profession is not present in management.

**(iv) Ethical code of conduct:** Legal and medical professions are bound by a code of conduct which guides the behaviour of its members. AIMA has devised a code of conduct for Indian managers but there is no statutory backing for this code. Therefore, presently this feature of profession is not present in management.

**(v) Service motive:** The motive of legal and medical profession is to serve their client's interests by rendering dedicated and committed service. The basic purpose of management to help the organisation achieve its goals by providing good quality products at reasonable prices, thereby serving the society



The above discussion shows that management does not satisfy all the criteria of a profession. Through the above discussion Aman would have been able to satisfy both Ahmed and Ally by making them understand that Management is a profession but not a full fledged or a true profession.