

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

class 12 commerce Sub.BST Date1.7.2020

Teacher name – Ajay Kumar Sharma

Nature and Significance of Management Important Questions for CBSE Class 12 Business Studies Meaning , Characteristics , Objectives and Importance of Management

1. Meaning of Management

Management is the process of planning, organising, staffing, directing and controlling the enterprise resources efficiently and effectively for achieving the goals of the organisation.

2. Definition of Management

According to Harold Koontz, 'Management is the art of getting things done through others and with formally assigned groups.'

3.Characteristics of management

- (i) Goal-oriented process
- (ii) Group activity
- (iii) Intangible forces
- (iv) All pervasive
- (v) Multi-dimensional
- (vi) Continuous process
- (vii) Dynamic function

4. Objectives of Management

(i) Organisational objectives : Survival, profit and growth

(ii) Social objectives : Using environment friendly methods of production, creating employment opportunities for the disadvantaged sections of the society, etc.

(iii) Personal objectives of employees : Competitive salary , growth, recognition, etc.

5. Importance of Management

- (i) Helps in achieving group goals.
- (ii) Creates a dynamic organisation.

- (iii) Increase efficiency.
- (iv) Helps in achieving personal goals.
- (v) Helps in development of society.

Previous Years Examination Questions

1 Mark Questions

1. What is meant by management of work? (All India 2014)

Ans. Every organisation exists to achieve certain goals. Management sets and plans certain activities, which are to be performed, so that the goals can be achieved. This is considered as management of work.

2. What is meant by management of people? (Delhi 2014)

Ans. Management of people is an art of getting things done through others. A manager deals with individuals who have different needs and behaviour. He directs and motivates them to work towards the organisational goals.

3. What is meant by management of operations? (Foreign 2014)

Ans. Every organisation provides some basic product or service, for the production of which there is a process of flow of input material and technology for transforming this input into output for consumption. Thus, management involves management of operations for converting input into output.

4. Identify the basic characteristic of management involved in the statement. 'The activities involved in managing an organisation are common to all organisations, whether economic, social or political'. (Compartment 2014)

or
The management principles can be applied to all types of activities. Which characteristic of management is highlighted by this statement?

(hots; Delhi 2008)

Ans. Management is all pervasive.

5. What is meant by management? (Delhi 2011)

Ans. Management is the process of planning, organising, staffing,

directing and controlling the enterprise resources efficiently and effectively for achieving the goals of the organisation.

6. What is meant by effectiveness in management?(Delhi 2011)

Ans. Effectiveness in management is concerned with doing the right task/completing activities/achieving goals within the prescribed time. In other words, it is concerned with end results.

7. List any two social objectives of management.

(All India 2011,2010; Delhi 2010)

Ans. Two social objectives of management are as follows:

- (i) Using environment friendly methods of production.
- (ii) Giving employment opportunities to the disadvantaged sections of the society.

8. Explain in one sentence how management increase i efficiency? (Delhi 2011c; 2009c)

Ans. Management increases efficiency by reducing cost and increasing productivity through better planning, organising, directing, staffing and controlling the activities of the organisation.

9. Explain in one sentence how management helps in achieving group goals? (All India 2011)

Ans. Management helps in achieving the group goals by directing the individual efforts in achieving the overall goal of the organisation.

10. List any two organisational objectives of management. (All India 2010; Delhi 2010)

Ans. Two organisational objectives of management are as follows:

- (i) Survival (ii) Earning profit

11. List any two personal objectives of management.

(All India 2010; Delhi 2010)

Ans. Personal objectives of management are as follows:

- (i) Competitive salaries and perks.
- (ii) Personal growth and development of employees.

12. Hero Ltd's target is to produce 10,000 shirts per month at a cost of' 150 per shirt. The production manager could achieve this target

at a cost of' 160 per shirt. Do you think the production manager is effective? Give reason in support of your answer. (HOTS; All India 2010)

Ans. Yes, the manager is effective as he has been able to achieve the target by producing 10,000 shirts but he is not efficient as he is producing the same at a higher production cost.

13. Volvo Ltd's target is to produce 10,000 shirts per month at a cost of' 100 per shirt. The production manager achieved this target at a cost of' 90 per shirt. Do you think the production manager is effective? Give one reason in support of your answer. (HOTS; Delhi 2010)

Ans. Yes, the production manager is both efficient and effective. He is effective because he has achieved the target in time and is efficient because he produced the shirts at a lower production cost.

NOTE (i) Effectiveness means completing the task within specified time.
(ii) Efficiency means doing the task correctly with minimum cost.

14. Why is it said that 'management is a goal oriented process'? (All India 2009; Delhi 2009)

Ans. Management is said to be a goal oriented process because it helps in achieving organisational goals by using the efforts of different individuals.

15. Management helps in development of society. How? (hots; All India 2009)

Ans. Management helps in development of society by producing quality goods at fair and competitive prices, providing employment and adopting new technologies to raise the living standard of the society.

16. Why is it said that management is all pervasive'? (All India 2009)

Ans. Management is pervasive because the activities involved in managing an enterprise are common to all enterprises, whether it is profit making or non-profit making, social or political.

17. Management is a group activity. Why? (Delhi 2009; All India 2008)

Ans. Management is a group activity because it coordinates the efforts of organisational members to achieve the pre-determined goals.

18. Name the process of designing and maintaining an environment in which individuals working together in groups efficiently to accomplish selected aims. (HOTS; Delhi 2008)

Ans. Management is the process of designing and maintaining an environment in which individuals working in groups efficiently accomplish selected aims.

19. 'In an organisation employees are happy and satisfied. There is no chaos and the effect of management is noticeable'. Which characteristic of management is highlighted in this statement? (hots; All India 2008)

Ans. Management is an intangible force.

20. Name the process of working with and through others to effectively achieve organisational objectives by efficiently using its limited resources in the changing environment. (hots; All India 2008)

Ans. Management is the process of working with and through others to effectively achieve organisational objectives by efficiently using its limited resources in the changing environment.

21. 'Management is an intangible force'. Why? (Delhi2008C)

Ans. Management is intangible as it does not have a physical existence, one can only feel its presence by the way the organisation functions.

4/5 Marks Questions

22. Mega Ltd was manufacturing water-heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analysed the reasons of less revenues. After analysis the company decided (All India 2014c; VBQ)

(i) To reduce the labour cost by shifting the manufacturing unit to a backward area where labour was available at a very low rate.

(ii) To start manufacturing solar water-heaters and reduce the production of electric water-heaters slowly.

This will not only help in covering the risks, but also help in meeting other objectives too.

(a) Identify and explain the objectives of management discussed above.

(b) State any two values which the company wanted to communicate to the society.

Ans. Mega Ltd is discussing about the achievement of 'organisational objectives' in part (i) and 'Social objectives' in part (ii) of the question.

(i) (a) Organisational objectives Management is responsible for setting and achieving the organisational objectives. It achieves the objectives in such a manner that the human and financial resources are acquired, used and maintained in the most economic and efficient manner.

Organisational objectives are survival, profit and growth.

- **Survival** The most important objective of every business is to survive and in order to survive, it should earn enough revenue to cover its costs.
- **Profit** It is the incentive or reward for the efforts put in by an entrepreneur, moreover, it is the reason behind carrying out a business.
- **Growth** It is an extension of the objective of survival and profit.

Business organisations must grow and expand their activities. The success of every business is measured by the growth rate and growth is measured in terms of sales profits, number of products produced and sold, etc.

(b) Social objectives Since, organisations are social units, their objectives should be in line with general needs of the society.

Some of the social objectives of an organisation are:

- Supply of quality products.
- Using environmental friendly methods of production.
- It should provide the employment opportunities to the disadvantaged sections of the society.

(ii) Two values which the company wants to communicate to the society are:

- Giving employment opportunities to the people of backward area:
- Environment friendly by producing solar heaters and reduced production of electric heaters.

23. XYZ Power Ltd set up a factory for manufacturing solar lanterns in a remote village as there was no reliable supply of electricity in rural areas. The revenue earned by the company was sufficient to

cover the costs and the risks. The demand of lanterns was increasing day-by-day, so the company decided to increase production to generate higher sales. For this, they decided to employ people from the nearby villages as very few job opportunities were available in that area. The company also decided to open schools and creches for the children of its employees.

(i) Identify and explain the objectives of management discussed above.

(ii) State any two values which the company wanted to communicate to the society. (Delhi 2014; VBQ)

Ans. (i) It is related with the social objective of management. It deals with the commitment of an organisation towards society. Such objectives may relate with producing eco-friendly products, providing employment to the weaker sections of the society, etc.

By covering the costs and risks, the company has also achieved the organisational objectives. This objective is related with three aspects:

(a) Survival Ensure the continuity of business operations.

(b) Profit Earn a reasonable profit, which covers the costs and risks of the business.

(c) Growth It ensures the success of business in the long-run.

(ii) Firstly, by manufacturing solar lanterns, company gives due values to the rural people, now they will be able to enjoy electricity in their respective areas. Secondly, by giving employment, they will raise the standard of rural people.

24. Explain any five features of management. (Delhi 2013)

or

State any five characteristics of management. (All India 2013)

Ans. Features of management are as follows:

(i) Goal-oriented process Every organisation has a set of economic and social goals and management is meant to achieve these goals.

Management ensures efficiency and economy in the utilisation of human, physical and financial resources.

(ii) Group activity An organisation is a group of different individuals with different skills. Management directs and uses all such skills and activities of different individuals towards the achievement of common organisational goals.

(iii) Intangible force Management is an intangible force as it cannot be seen but its presence can be felt, when targets are achieved as per the pre-determined plans.

(iv) All pervasive Management is all pervasive as it is applicable in all types of organisation, in all activities and at all levels.

(v) Multi-dimensional Management is multi-dimensional as it comprises of three dimensions, viz management of work, people and operations.

25. Describe any five reasons, which clarify that 'management is gaining importance day-by-day'. (All India 2013)

or
State five points, which highlight the importance of management. (Delhi 2013)

or
'Success of every organisation depends upon its management'. Explain any five reasons to justify the above statement. (Delhi 2011c)

or
'Lack of proper management results in wastage of time, money and efforts'. In the light of this statement, explain any four points of importance of management. (Delhi 2010C)

Ans. According to Drucker, 'Management is the dynamic life-giving element in every organisation. Without it, the resources of production remain resources'. It is the activating force that gets things done through people.

The importance of management can be understood from the following points:

(i) Management helps in achieving group goals An organisation sets certain goals. Management aims at achieving such goals by directing the individual efforts.

(ii) Management creates a dynamic organisation With the ever changing needs and demands of the environment, an organisation needs to adopt those changes. Management helps people to adopt such changes easily, so that the organisation is able to sustain successfully in the competitive market.

(iii) Management increases efficiency With proper planning, organising, staffing, directing and controlling the activities of the organisation, management increases the efficiency by producing 'maximum output with minimum cost.

(iv) Management helps in achieving personal objectives A manager motivates its subordinates in such a manner that it boosts their morale and able to achieve their personal objectives such as competitive salary, peer recognition, etc while contributing to the organisational objectives.

(v) Management helps in development of society Management in an organisation helps the society by way of supplying quality products at reasonable price. It also contributes towards society by providing basic amenities such as schools, hospitals, dispensaries etc. Moreover, it also generates employment opportunities for the disadvantaged sections of the society.

26. Give the meaning of management and explain how it creates a dynamic organisation and helps in the development of society.

(Delhi 2012)

Ans. Management is the process of planning, organising, staffing, directing and controlling the enterprises' resources efficiently and effectively for achieving the goals of the organisation. The traditional viewpoint of the management is concerned with the opinion that 'Management is the art of getting things done through others'. On the other hand, as per the modern concept, 'Management is a process of getting things done through others with the aim of achieving goals effectively and efficiently'.

Management creates a dynamic organisation All organisations operate in a constantly changing environment. However, individuals in an organisation usually resist change. Management persuades people to adopt environmental changes so that the organisation can maintain its competitive edge.

Management helps in the development of society Management helps to provide good quality products and services, creates employment opportunities, adopts new technology for the betterment of the people and leads the path towards growth and development.

27. Explain how management increases efficiency and helps in the development of society?(All India 2012)

Ans. Increases efficiency The aim of a manager is to reduce costs and increase productivity through better planning, organising, staffing, directing, and controlling the activities of the organisation.

Helps in the development of society Management helps in the development of society by providing good quality products and services, creating employment opportunities, providing fair remuneration, adopting new technology, etc for the betterment of people.

28. 'Management is the process of working with and through others to effectively achieve organisational objectives by efficiently using

limited resources in the changing environment'. In the light of the above statement, explain any four features of management. (Delhi 2010c)

Ans. The main features which highlight the nature of management are as follows:

(i) Management is a goal oriented process Management always aims at achieving certain specified objectives. It seeks to achieve predetermined objectives through efficient use of human and non-human resources.

(ii) Management is a continuous process Management is an on-going process. The management functions are simultaneously performed by all managers all the time. It involves continuous handling of problems and issues. Managers identify problems and try to solve them by taking appropriate actions on a regular basis.

(iii) Management is a group activity An organisation is a collection of diverse individuals with different needs. Every member of the group has a different purpose for joining the organisation but as members of the organisation, they work towards fulfilling the common organisational goal. This requires teamwork and coordination of individual efforts in a common direction.

(iv) Management is a dynamic function Every organisation interacts with environment. In order to survive, it is necessary that an organisation must change itself according to the needs of environment.

29. 'Management seeks to achieve certain objectives which must be derived from basic purpose of the business'. In the light of the above statement, explain organisational and social objectives of management. (All India 2010)

Ans. (i) Organisational objectives Management is responsible for setting and achieving the organisational objectives. It helps to achieve the objectives in such a manner that the human and financial resources are acquired, used and maintained in the most economic and efficient manner. Organisational objectives are as follows:

(a) Survival The most important objective of any business is to survive and in order to survive, it should earn enough revenue to cover costs.

(b) Profit It is the incentive or reward for the efforts put in by an entrepreneur. Moreover, it is the reason behind carrying out a business.

(c) Growth A business needs to add to its prospects in the long-run and for this it needs to grow and expand its activities. The success of every business is measured by the growth rate and growth is measured in

terms of sales, profits, number of products produced and sold, etc.

(ii) Social objectives Since, organisations are social units, their objectives should be in line with general needs of the society.

Some of the social objectives of an organisation are given below

(a) Supply of quality products at reasonable prices.

(b) Using environmental friendly methods of production.

Should provide the employment opportunities to the disadvantaged sections of the society.