

Chapter 1 · Nature and Significance of Management

CBSE Class 12 Business Studies (054) · Part A · Unit 1+2 = 16 marks · Ultimate Revision Sheet

60-SECOND RECALL — if you read nothing else, read this

Definition	Process of getting things done with the aim of achieving goals effectively and efficiently .
Characteristics (7)	Goal-oriented, All-pervasive, Multidimensional, Continuous, Group activity, Dynamic, Intangible
Objectives (3)	Organisational (Survival, Profit, Growth) · Social · Personal
Importance (5)	Group goals, Efficiency, Dynamic org, Personal objectives, Development of society
Nature	Science = inexact · Art = yes, fully · Profession = NOT full-fledged
Levels (3)	Top → Middle → Supervisory / Operational
Functions (5)	POSDC — Planning, Organising, Staffing, Directing, Controlling
Coordination	The ESSENCE of management — not a separate function

1. Meaning & the Two Key Words

WRITE THIS VERBATIM Management is the process of getting things done with the aim of achieving goals effectively and efficiently.

- **Process** = primary functions performed by managers
- **Effectively** = finishing the task
- **Efficiently** = at minimum cost.

Basis	Effectiveness	Efficiency
Meaning	Completing the task / achieving the goal — doing the RIGHT task	Doing the task correctly at minimum cost — doing the task RIGHT
Objective	To achieve the end result	To conduct cost-benefit analysis (input-output ratio)
Main concern	TIME — was it done on time?	COST — were resources saved?
Focus	End result	Resources / means

EXAMINER TRAP Management needs **BOTH**. Never write that efficiency is more important. Correct line: Management must strike a balance — high effectiveness with high efficiency. Effectiveness at high cost, or efficiency without achieving the goal, are both poor management.

2. Characteristics / Features of Management

GAM · C-GDI — Goal-oriented, All-pervasive, Multidimensional | Continuous, Group activity, Dynamic, Intangible

1. **Goal-oriented process** — unites the efforts of people towards pre-determined goals. Eg: goal of a school = impart quality education.
2. **All-pervasive** — needed in all organisations (economic, social, political), at all levels, in all countries. How it is done may differ; the need for it does not.

3. **Multidimensional** — three dimensions: (a) **Management of Work** (translates work into goals) (b) **Management of People** (makes strengths effective and weaknesses irrelevant) (c) **Management of Operations** (the production process and the man-power performing it).
4. **Continuous process** — the five functions run simultaneously and never stop; they are performed by all managers, all the time.
5. **Group activity** — an organisation is a group of people with different needs but one common goal.
6. **Dynamic function** — must change itself as per changes in the environment. Eg: fast-food chains introduced vegetarian items in India.
7. **Intangible force** — cannot be seen, but its **presence is felt** through orderly work and satisfied employees.

3. Objectives of Management

(a) Organisational

- **Survival** — earn enough revenue to cover cost
- **Profit** — vital incentive; covers risks and costs
- **Growth** — measured by sales volume, number of products, number of employees, capital investment

(b) Social

- Environment-friendly production methods

- Employment opportunities to the disadvantaged
- Schools, crèches and health facilities for employees
- Quality products at fair prices

(c) Personal

- **Financial needs** — competitive salary, perks
- **Social needs** — peer recognition, respect
- **Higher-level needs** — personal growth and development

TRAP Survival → Profit → Growth is a **sequence**, not a random list. Survival is the **basic** objective, profit is **essential** for survival, and growth shows the enterprise's **potential**.

4. Importance of Management

G-E-D-P-S — Group goals, Efficiency, Dynamic organisation, Personal objectives, Society development

1. **Helps in achieving group goals** — gives a common direction to individual effort.
2. **Increases efficiency** — better use of resources reduces cost and raises productivity.
3. **Creates a dynamic organisation** — helps employees overcome resistance to change and adapt.
4. **Helps in achieving personal objectives** — through motivation and leadership.
5. **Helps in the development of society** — good quality products, employment, new technology.

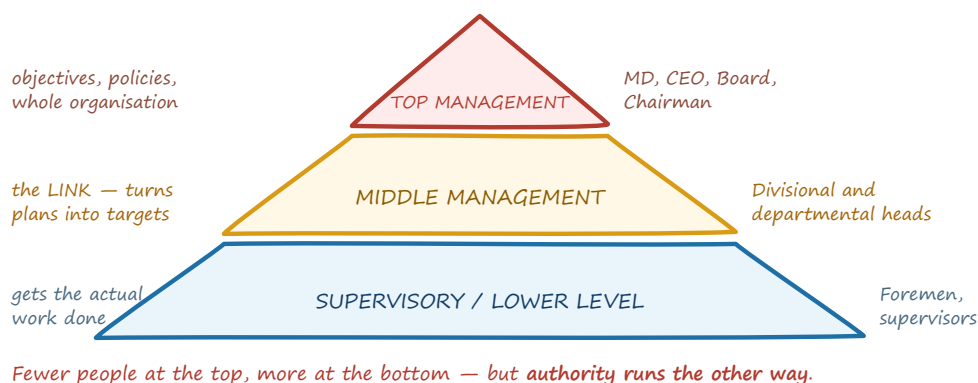
5. Nature of Management — Science, Art or Profession?

Field	Features required	Verdict
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SCIENCE	1. Systematised body of knowledge 2. Principles based on experimentation 3. Universal validity	1 ✓ 2 ✓ (partly) 3 X — it deals with human beings, so results cannot be accurately predicted and principles must be modified to suit the situation. ⇒ Management is an INEXACT / SOCIAL science.
ART	1. Existence of theoretical knowledge 2. Personalised application 3. Based on practice and creativity	All three ✓ — a large body of literature exists, each manager applies it differently, and perfection comes through regular practice. ⇒ Management IS an art.
PROFESSION	1. Well-defined body of knowledge 2. Restricted entry 3. Professional association 4. Ethical code of conduct 5. Service motive	1 ✓ 2 X (anyone can be a manager) 3 ✓ but membership is not compulsory (AIMA) 4 ✓ but not legally binding 5 X profit is the main aim. ⇒ NOT a full-fledged profession.

CONCLUDING LINE — always write this Management is *both a science and an art*. The two are *complementary*: science provides the knowledge and art is the personalised application of that knowledge. A manager must know the principles (science) and apply them skilfully (art).

6. Levels of Management



Middle management is the level examiners ask about most, because it is the only one that looks both ways.

Level	Who	Main Functions
TOP	Chairperson, CEO, MD, President, Vice-President	Integrate and coordinate all activities · Frame policies · Formulate organisational goals and strategies · Analyse the business environment · Responsible for the welfare and survival of the organisation · Answerable to shareholders
MIDDLE	Divisional / Departmental heads, Plant Superintendent, Operations Manager	The LINK between top and lower levels · Interpret the policies framed by top management · Ensure availability of necessary personnel · Assign duties and responsibilities · Motivate employees · Cooperate with other departments
SUPERVISORY / OPERATIONAL	Foremen, Supervisors, Superintendents	Actual implementation of plans · Oversee the efforts of the workforce · Ensure quality and minimise wastage · Maintain safety standards and discipline · Bring workers' grievances before management

TRAP Keywords decide the level. “Quality of output”, “grievances”, “safety” → **Supervisory**. “Interpret policies”, “availability of personnel” → **Middle**. “Policies, strategies, survival” → **Top**.

7. Functions of Management

The order is fixed and examiners test it: $P \rightarrow O \rightarrow S \rightarrow D \rightarrow C$



Controlling feeds back into Planning — that is why the two are called **inseparable twins**.

Planning without controlling is blind; controlling without planning has no standard to check against.

Five functions in a fixed sequence, and a loop back — management is a cycle, not a line.

POSDC — Planning → Organising → Staffing → Directing → Controlling

1. **Planning** — deciding in advance what to do and how to do it; setting goals and developing a way to achieve them.
2. **Organising** — assigning duties, grouping tasks, establishing authority and allocating the resources required to carry out a specific plan.
3. **Staffing** — making sure the **right people with the right qualifications** are available for the right job.
4. **Directing** — leading, influencing and motivating employees to perform the tasks assigned to them.
5. **Controlling** — performance measurement and follow-up action that keeps actual performance on the path of the plan.

8. Coordination — The Essence of Management

DEFINITION Coordination is the process by which a manager synchronises the activities of different departments. It is the **deliberate** and **orderly** arrangement of group effort to ensure **unity of action** in the pursuit of common organisational goals.

Features / Characteristics (7)

1. **Integrates group efforts** — unifies diverse interests into purposeful group activity.
2. **Ensures unity of action** — binds all departments and employees into one direction.
3. **Continuous process** — it runs from planning to controlling and never ends.
4. **All-pervasive function** — required at **all levels** and in **all departments**, because they are interdependent.
5. **Responsibility of all managers** — equally important at top, middle and lower levels.
6. **Deliberate function** — it must be **consciously** performed; it never establishes itself.
7. **Essence of management** — it is the thread running through every function, not a separate sixth function.

Importance / Need for Coordination (3)

1. **Growth in size** — as employee numbers rise, individual goals drift away from organisational goals.
2. **Functional differentiation** — separate departments with separate goals must be linked together.
3. **Specialisation** — specialists have different approaches and judgements; coordination reconciles them.

HIGH-VALUE TRAP Coordination is **NOT** cooperation. Cooperation is **voluntary** and informal; coordination is **deliberate** and formal. Effective coordination cannot be achieved without cooperation, but cooperation without coordination is wasted effort. Also: coordination is **not** a separate function — it is the **essence** present in all five functions.

COORDINATION INSIDE EACH FUNCTION — a favourite 4/6-mark question:

Planning — coordinating the plans of different departments. • **Organising** — coordinating authority with responsibility. • **Staffing** — coordinating the number of employees with the work available. • **Directing** — coordinating orders and instructions. • **Controlling** — coordinating actual performance with standards.

9. Case-Study Keyword Triggers 40% of the paper is competency-based

If the case says...	The answer is...
"minimum cost", "saved resources", "reduced wastage"	Efficiency
"completed on time", "target achieved"	Effectiveness
"needed in a school / hospital / club too"	All-pervasive
"changed the product as per new trends"	Dynamic function
"cannot be seen but its effect is visible"	Intangible force
"framed policies", "decided strategy", "answerable to shareholders"	Top level
"explained the policy to the department", "arranged staff"	Middle level
"checked quality", "handled workers' complaints", "safety"	Supervisory level
"employees resisted change but were helped to adapt"	Creates a dynamic organisation
"departments were working in different directions"	Lack of coordination
"provided a crèche / hired differently-abled staff / eco-friendly plant"	Social objective

MOST-ASKED BOARD QUESTIONS

1. [6M] "Management is both a science and an art." Do you agree? Give reasons. (variant: Is management a profession?)
2. [6M] Explain the functions / levels of management with examples.
3. [4-6M] "Coordination is the essence of management." Explain. / Why is coordination needed?
4. [4M] Distinguish between effectiveness and efficiency.
5. [3-4M] Explain any three or four characteristics of management.

6. [3M] Explain the objectives of management.

7. [1M] Which level is responsible for the welfare and survival of the organisation? → **Top level**

ANSWER STRATEGY — 1M: one sharp line, no explanation. 3M: three points, about one line each. 4M: four points with **bold headings** plus one explaining line each. 6M: six points, heading plus two lines and an example. **Always bold or underline the technical term** — the examiner awards the mark for the heading first.