



Collegedunia NCERT Notes

The Ultimate NCERT Revision Guide for Class 12 Business Studies

Chapter 1: Nature and Significance of Management

1. Meaning and Definition of Management

Core Definition

Management is the process of planning, organising, staffing, directing and controlling the enterprise resources to achieve organisational goals *effectively* and *efficiently*.

- **Effectiveness:** completing the right task and achieving the goal (output yardstick).
- **Efficiency:** doing the task with the minimum cost of resources (input yardstick).

A successful enterprise scores on both. The conjunction is *and*, never *or*.

Exam Cue

The phrase “effectively and efficiently” is the single most quoted line from Chapter 1. Use it verbatim to close any answer on the meaning or process of management.

2. Characteristics of Management

NCERT lists seven characteristics. Memorise the bolded keyword first, then one supporting line.

1. **Goal-oriented process.** Every organisation has goals; management binds individual effort towards these goals.
2. **All-pervasive.** Required in every organisation: business or non-business, large or small, economic or social.

3. **Multi-dimensional.** Operates along three dimensions simultaneously: management of work, of people, and of operations.
4. **Continuous process.** The five functions run as an unbroken loop, not as a one-off intervention.
5. **Group activity.** Involves several individuals with diverse needs working towards a common goal.
6. **Dynamic function.** Must adapt continuously to changes in the business environment.
7. **Intangible force.** Cannot be seen but is felt through results, smooth functioning and absence of confusion.

Memory Aid: GAM-C-GDI

Goal-oriented, **A**ll-pervasive, **M**ulti-dimensional, **C**ontinuous, **G**roup activity, **D**ynamic, **I**ntangible. Recite the seven keywords in this order to lock the list in memory.

3. Objectives of Management

Three Objectives

Management pursues three categories of objectives, taken together as a balanced scorecard.

1. **Organisational objectives:** survival (covering costs), profit (cushion for risk and growth), and growth (rising sales, market share, employees).
2. **Social objectives:** benefits to society: fair-priced quality goods, employment, clean environment, fair labour practices.
3. **Personal objectives:** meeting the needs of employees: competitive pay, recognition, growth opportunities, work-life balance.

Indian Railways Solar Train

Indian Railways' launch of the broad-gauge solar power DEMU saved Rs. 12,00,000 per year (lower cost → *organisational objective of profit*) and 21,000 litres of diesel (cleaner environment → *social objective*). A path-breaking new technology also drives the *organisational objective of growth*.

4. Importance of Management

1. **Helps in achieving group goals** by giving common direction to individual effort.
2. **Increases efficiency** by minimising input cost and maximising output.

3. **Creates a dynamic organisation** able to absorb shocks from the changing environment.
4. **Helps achieve personal objectives** of employees through recognition and growth.
5. **Helps in the development of society** via fair products, employment and ethical business conduct.

5. Nature of Management: Art, Science and Profession

Management as Art

Three features of art and how management satisfies each:

- **Theoretical knowledge:** art and management both rest on a body of principles (Taylor, Fayol).
- **Personalised application:** every artist (and manager) applies knowledge in his or her own way.
- **Practice and creativity:** both improve with practice; both require creative judgement.

Verdict: management satisfies all three features of art.

Management as Science

Three features of science and how management satisfies each:

- **Systematic body of knowledge:** yes, principles exist (Taylor's scientific management, Fayol's fourteen principles).
- **Principles based on experimentation:** partially: management principles are observed in organisations but cannot always be tested in a controlled lab.
- **Universal validity:** partially: a management principle applies broadly but must be adapted to context.

Verdict: management is an *inexact* or *social* science.

Management as Profession

Five features of a profession and management's score on each:

- Body of knowledge: **yes** (Taylor, Fayol, modern texts).
- Restricted entry: **no** (no legal bar without MBA).
- Professional association: **no** (AIMA exists but voluntary).
- Code of conduct: **no** (AIMA's code is not legally binding).
- Service motive: **partial** (modern managers serve customers and society,

but profit remains primary).
Verdict: profession *to a large extent*, not full-fledged.

Don't write "full-fledged profession"

Many students conclude management IS a full-fledged profession because it has an MBA and AIMA. NCERT explicitly stops short of that label because restricted entry and compulsory association are missing.

6. Levels of Management

Three-Tier Hierarchy

- **Top management:** Board of Directors, MD, CEO. Sets policy and overall direction; decides objectives; takes strategic decisions; coordinates the organisation as a whole.
- **Middle management:** divisional, regional and departmental managers (Production Manager, Marketing Manager, Regional Manager, etc.). Interprets top's policies; arranges manpower; assigns duties; motivates the workforce; cooperates with other departments.
- **Supervisory or operational management:** foremen, supervisors. Directly oversees the workforce; assigns daily targets; ensures quality and discipline; reports performance upward.

Case-Study Cue Map

"Manager of the [direction/division] of a [large/corporate] [house/company]" → middle level. "MD/Board/CEO" → top. "Foreman/Shop-floor supervisor" → supervisory. Pattern repeats every year.

7. Functions of Management (POSDC)

The Five Functions

1. **Planning:** deciding in advance what to do, how to do it, when and by whom; sets goals and the means to reach them.
2. **Organising:** arranging resources (men, money, machines, methods, materials); dividing work, delegating authority, creating a structure.
3. **Staffing:** filling the structure with the right number of people having the right skills (recruitment, selection, training, placement).
4. **Directing:** instructing, guiding, communicating and motivating subordi-

nates to perform.

5. **Controlling:** measuring actual performance against the plan; taking corrective action if a gap is found; feeding back into Planning.

POSDC

Planning → **O**rganising → **S**taffing → **D**irecting → **C**ontrolling. The five functions form an unbroken loop where Controlling feeds back into Planning. This is what NCERT means by “continuous and interrelated”.

8. Coordination: The Essence of Management

Definition

Coordination is the deliberate process of synchronising group effort to provide unity of action in the pursuit of a common organisational goal. It is the force that integrates the five functions of management.

Four Features of Coordination

1. **Deliberate function:** coordination is planned, not accidental.
2. **All-pervasive:** required at top, middle and supervisory levels and across every department.
3. **Continuous process:** runs through every stage from planning to controlling.
4. **Integrates group effort:** converts a collection of individual efforts into a unified team effort.

Why coordination is called the “essence”

Every function of management needs coordination to deliver. Planning needs alignment; organising needs harmony; staffing needs balance; directing needs unity of communication; controlling needs integrated corrective action. Therefore coordination is not a separate function but the essence, the indispensable thread running through every other function.

When Coordination is Missing

In a firm where production blames marketing, marketing blames production, and finance blames both, the underlying gap is coordination, not any one function. The remedy is to set common goals, hold inter-departmental meetings, define roles precisely, plan jointly, and appoint a coordinator with authority to break deadlocks.

9. Key Takeaways

1. Management is the process of achieving organisational goals **effectively** (right task) AND **efficiently** (minimum cost).
2. Seven characteristics: goal-oriented, all-pervasive, multi-dimensional, continuous, group activity, dynamic, intangible.
3. Three objectives: organisational (profit, growth), social (clean environment, employment), personal (pay, growth, recognition).
4. Three levels: top (strategy), middle (tactics), supervisory (execution).
5. Five functions (POSDC): Planning, Organising, Staffing, Directing, Controlling: a continuous loop.
6. Management is both an art and a science but only a profession to a large extent (no restricted entry, no compulsory association).
7. Coordination is the essence of management: deliberate, all-pervasive, continuous, and integrative of group effort.