



Collegedunia NCERT Solutions

Step-by-step solutions, alternate methods & exam tips for Class 12 Business Studies

Chapter 1: Nature and Significance of Management

About this Chapter

NCERT Solutions for Class 12 Business Studies Chapter 1 Nature and Significance of Management cover the meaning of **management**, its key characteristics, the threefold objectives, the importance of management, the dual nature as an art and a science, the levels of management, and **coordination** as the essence of management. Each answer is written in the exact pattern CBSE expects in the 2026-27 board paper: a clear concept line, then the structured definition or steps, then a one-line takeaway.

Topics covered: Meaning of management • Characteristics • Objectives • Importance • Nature: art vs science vs profession • Levels • Functions • Coordination

Quick Formula Sheet

Management equation:

Efficiency + Effectiveness \Rightarrow Goal achievement.

Three levels:

Top \rightarrow Middle \rightarrow Supervisory (Operational).

Five functions:

Planning \rightarrow Organising \rightarrow Staffing \rightarrow Directing \rightarrow Controlling.

Three objectives:

Organisational • Social • Personal.

Also see for this chapter: [Revision Notes](#) | [Handwritten Notes](#)

Very Short Answer Type Questions

Q 1.1 What is meant by management?

SOLUTION

Concept used. Management is the process of getting things done with the aim of achieving goals effectively and efficiently. **Process** means a series of related functions performed by a manager: planning, organising, staffing, directing and controlling. **Effectiveness** means completing the right task and achieving the goal; **efficiency** means doing the task with the minimum cost of resources.

Step 1. State the definition in one sentence: Management is the process of planning, organising, staffing, directing and controlling the enterprise resources to

achieve organisational goals effectively and efficiently.

Step 2. Unpack the two yardsticks: a manager is effective when the goal (output) is met and efficient when the cost (input) is minimised. Both must be achieved together.

Step 3. Conclude with the scope: management applies to all organisations (business and non-business), at all levels (top, middle, supervisory) and to all functions (production, marketing, finance, human resource).

Final Answer: Management is the process of achieving organisational goals effectively and efficiently through planning, organising, staffing, directing and controlling resources.

☞ Effective vs efficient

Effective answers “Did I reach the goal?”. **Efficient** answers “Did I reach it without wasting input?”. A good manager scores high on both.

EXPERT’S SOLUTION : Ritika Mehta, MBA, IIM Bangalore

Picture-first. Think of management as a recipe with five fixed steps that any organisation, from a roadside food stall to a global airline, must follow. Skip a step and the result wobbles.

Step 1. The five steps are planning (deciding in advance), organising (arranging resources), staffing (putting the right people in the right roles), directing (leading and motivating) and controlling (checking that actual matches planned).

Step 2. Two parallel scorecards run throughout: effectiveness (did we hit the target?) and efficiency (did we hit it without overspending?). A factory that produces 1,000 units on time but spends double the budget is effective but inefficient.

Step 3. The scope is universal: every organised group activity, profit or non-profit, large or small, needs management. That is why the textbook calls management “all-pervasive”.

Why this matters. Marks in board exams hinge on the words “effectively and efficiently” appearing together. Write both, or you forfeit half the mark.

Final Answer: Management is the goal-directed process of planning, organising, staffing, directing and controlling resources to achieve results effectively and efficiently.

Q 1.2 Name any two important characteristics of management.**SOLUTION**

Concept used. NCERT lists seven characteristics of management: (i) goal-oriented process, (ii) all-pervasive, (iii) multidimensional, (iv) continuous process, (v) group activity, (vi) dynamic function, (vii) intangible force. Any two from this list are acceptable; the answer must name the characteristic AND state it in one line.

Step 1. Goal-oriented process. Every organisation has a set of basic goals which are the reason for its existence. Management unites the efforts of different individuals to achieve these goals.

Step 2. All-pervasive. Management is required in all types of organisations, whether economic, social or political, irrespective of size or location: a small kirana store, a large multinational, a hospital or a school.

Final Answer: Management is (i) a goal-oriented process and (ii) all-pervasive in nature.

EXPERT'S SOLUTION : Arun Verma, M.Com, Delhi School of Economics

Quick reading. The examiner is checking two boxes: did you NAME the characteristic in italics, and did you EXPLAIN it in one line? Names alone get half marks.

Step 1. Pick the two easiest to defend: “goal-oriented” and “all-pervasive”. Both can be explained with one example each.

Step 2. Goal-oriented: management binds different people’s efforts towards a common goal, so without a goal there is nothing to manage.

Step 3. All-pervasive: required in every organisation, every department, every level. A school principal manages teachers; a factory supervisor manages workers; both are managing.

Why this matters. You can be asked to write any two of the seven; memorise short one-line explanations for all seven so you are never caught short.

Final Answer: (i) Goal-oriented process: binds individual effort towards organisational goals. (ii) All-pervasive: needed in every organisation, every department, every level.

Exam Tip

For “name any two” questions, ALWAYS pick the two you can defend with one example

each. The mark is for definition plus example, not for the name alone.

Q 1.3 Identify and state the force that binds all the other functions of management.

SOLUTION

Concept used. **Coordination** is the force that binds all the other functions of management. Coordination is the process of synchronising the activities of different departments and individuals so that they pull in the same direction. It is not a separate function but the *essence* of management, present in every other function.

Step 1. Name the force: coordination.

Step 2. Define it: coordination is the orderly arrangement of group effort to provide unity of action in pursuit of a common purpose.

Step 3. Justify why it is the binding force: planning needs coordination to align objectives across departments; organising needs it to harmonise authority and responsibility; staffing to balance manpower across teams; directing to unify communication; controlling to integrate corrective action. Without coordination, the other four functions cannot deliver results.

Final Answer: Coordination is the force that binds all functions of management.

EXPERT'S SOLUTION : *Sneha Kapoor, MBA, Faculty of Management Studies (FMS) Delhi*

Strategic angle. The textbook calls coordination “the essence of management”. That single phrase is your one-line answer; everything else just defends it.

Step 1. State the force: coordination.

Step 2. Define: coordination is the process of integrating the activities of different departments and people so that they work together towards the common organisational goal.

Step 3. Explain: every function of management, planning to controlling, requires harmony of action; that harmony is supplied by coordination, which is why it is called the binding force or the essence of management.

Final Answer: Coordination: the orderly synchronisation of effort across all functions, departments and levels of management.

Essence of management

Anywhere the textbook asks “what binds the functions?”, the answer is coordination. Anywhere it asks “what is the essence of management?”, the answer is the same: coordination.

Q 1.4 List any two indicators of growth of an organisation.**SOLUTION**

Concept used. Indicators of organisational growth signal that the firm is expanding in size, operations or reach. The textbook treats growth as part of the *organisational objectives* discussion. Common indicators include increase in sales turnover, rise in profits, growth in number of employees, increase in market share, addition of new products, expansion to new markets and increase in capital investment.

Step 1. Increase in sales turnover. A rising sales figure year on year indicates that the organisation’s products are reaching more customers and that demand is expanding.

Step 2. Increase in number of employees. A growing workforce shows that the scale of operations is expanding and that the organisation is hiring to meet larger commitments.

Final Answer: (i) Rise in sales turnover and (ii) increase in number of employees.

Pick measurable indicators

The examiner rewards *quantifiable* indicators. Sales, profit, market share, employee count, and units produced all carry a clear number. Vague answers like “brand image” get no marks.

EXPERT’S SOLUTION : Ravi Bhatia, B.Com (H), Shri Ram College of Commerce

Quick reading. “Any two” means choose the two you can defend in one line each.

Step 1. Increase in sales turnover: shows the organisation is selling more, year over year.

Step 2. Increase in profits: shows efficiency along with effectiveness, growing the bottom line.

Why this matters. Growth indicators reappear in Chapter 4 (Planning) and Chapter 8 (Controlling). Memorise five, write any two, and you are insured for all variants.

Final Answer: (i) Increase in sales turnover; (ii) increase in profit.

Q 1.5 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 litres 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.

SOLUTION

Concept used. Management pursues three categories of objectives: (i) **Organisational objectives:** survival, profit and growth. (ii) **Social objectives:** creating benefits for society such as fair-priced goods, employment generation and a clean environment. (iii) **Personal objectives:** meeting the needs of employees for competitive pay, recognition and growth opportunities.

Step 1. Identify the saving of Rs. 12,00,000 per year: this reduces costs and increases the surplus, which directly serves the *organisational objective of profit*.

Step 2. Saving 21,000 litres of diesel and switching to solar reduces pollution, contributing to a cleaner environment: this serves the *social objective of environment-friendly operation*.

Step 3. A path-breaking leap into a new technology (solar trains) expands capability and reach: this contributes to the *organisational objective of growth* (and survival in a market that is moving towards green transport).

Final Answer: Organisational objectives (profit and growth) and Social objectives (clean environment, fuel saving for the nation).

Exam Tip

In case-based MCQ-converted questions, scan the case for two cues: a number (signals organisational objective) and an environmental or social benefit (signals social objective). Map each cue to its named objective.

EXPERT'S SOLUTION : Karan Malhotra, MBA, IIM Calcutta

Strategic angle. The question gives you three cues. Match each cue to one of the three named objectives and you have full marks.

Step 1. Cue 1: Rs. 12,00,000 yearly cost saving. Mapping: lower cost raises profit, hence *organisational objective of profit*.

Step 2. Cue 2: solar power, 21,000 litres of diesel saved, greener trains. Mapping: benefit to society and to the environment, hence *social objective*.

Step 3. Cue 3: “path-breaking leap” to a new technology. Mapping: technological expansion increases the railway’s capability, hence *organisational objective of growth*.

Why this matters. Personal objectives are NOT covered in the case (no employee benefit is mentioned), so do not list them, you will be marked down for adding what is not in the case.

Final Answer: Indian Railways is achieving the organisational objectives (profit through cost saving, growth through new technology) and the social objective (clean environment, diesel saving).

Short Answer Type Questions

Q 1.6 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?

SOLUTION

Concept used. The three levels of management are: **Top management** (Board of Directors, CEO, MD), **Middle management** (divisional or departmental heads such as Production Manager, Marketing Manager, Regional Manager) and **Supervisory or operational management** (foremen, supervisors). A divisional or regional manager belongs to *middle management*.

Step 1. Identify the level: Ritu is a divisional manager, hence she works at the *middle level* of management.

Step 2. State her basic functions, drawn directly from NCERT:

- Interpret the policies framed by top management for her division.
- Ensure that her division has the manpower necessary to fulfil organisational goals.
- Assign duties and responsibilities to the personnel of her division.
- Motivate the workforce of the division to achieve the desired objectives.
- Cooperate with other departments so that the firm functions smoothly.

Step 3. Conclude: Ritu translates top management’s policy into action through her divisional team and reports performance upward.

Final Answer: Ritu works at the middle level. Her basic functions are: interpret top management's policies, arrange manpower, assign duties, motivate her team, and coordinate with other departments.

EXPERT'S SOLUTION : Aakash Iyer, B.Com (H), Hindu College

Quick reading. “Manager of the northern division” is the textbook cue for middle level, divisional managers always sit between the top (policy makers) and the supervisors (workforce overseers).

Step 1. Level: middle management.

Step 2. Functions (memorise this five-point sequence: *Interpret, Arrange, Assign, Motivate, Cooperate*):

- Interpret policies framed by top management for the division.
- Arrange manpower for the division so goals can be met.
- Assign duties and responsibilities to her team.
- Motivate her workforce to give their best.
- Cooperate with other divisions for smooth functioning.

Step 3. Wrap up: middle managers act as the bridge between strategy (top) and execution (supervisory).

Why this matters. A common slip is to call her a top manager because she heads a region. The cue “northern division of a large corporate house” explicitly places her below the corporate top management.

Final Answer: Level: middle management. Functions: Interpret, Arrange, Assign, Motivate, Cooperate (the five-point IAAMC mnemonic).

Exam Tip

Whenever you see “divisional, regional or departmental manager” in a case, write *middle level* without hesitation. Top is the Board, MD, CEO; supervisory is foremen and shop-floor supervisors. Anyone in between is middle.

Q 1.7 State the basic features of management as a profession.

SOLUTION

Concept used. A profession is an occupation with five recognised features: (i) well-defined body of knowledge, (ii) restricted entry through qualifying examination, (iii) presence of professional association, (iv) ethical code of conduct, (v) service motive. Management has *some* of these features but not all, hence NCERT concludes that management is a profession *to a large extent* but not a full-fledged one.

Step 1. Well-defined body of knowledge. Management is based on a systematic body of principles (Taylor, Fayol and others), which is taught at universities and management institutes. *Present in management.*

Step 2. Restricted entry. A professional course such as MBA exists, but there is no legal bar on someone without a degree becoming a manager. *Partially present.*

Step 3. Professional association. Bodies like the All India Management Association (AIMA) exist, but registering with them is voluntary, not compulsory. *Partially present.*

Step 4. Ethical code of conduct. AIMA has issued a code, but compliance is voluntary, not legally enforced. *Partially present.*

Step 5. Service motive. Modern managers must serve customers, employees and society in addition to chasing profit. *Present, but the primary goal remains profit.*

Final Answer: Management has the features of a profession (knowledge, association, code of conduct, service motive) but the lack of restricted entry and compulsory membership keeps it short of being a fully recognised profession.

♥ Why This Matters

Listing all five features is the only way to earn full marks. Examiners cross-check that you mentioned both the features that are *present* and those that are *partial*, because the textbook's conclusion ("profession to a large extent") depends on this split.

EXPERT'S SOLUTION : Neha Sinha, FCA, ICAI

Strategic angle. Approach the question with a checklist: list the five features of a profession; under each, mark whether management has it. The pattern of yes, partial and yes delivers the textbook's verdict.

Step 1. Body of knowledge: Yes, principles by Taylor, Fayol and others.

Step 2. Restricted entry: Partial, MBA exists but is not legally required.

Step 3. Professional association: Partial, AIMA exists but membership is voluntary.

Step 4. Code of conduct: Partial, AIMA's code is not legally binding.

Step 5. Service motive: Yes, modern managers must balance profit with stakeholder welfare.

Why this matters. The same five-point checklist appears in the Chapter 1 Long Answer question 2 (“Do you think management has the characteristics of a full-fledged profession?”). Learn it once, use it twice.

Final Answer: Management has all five features of a profession in part, hence is a profession to a large extent but not a full-fledged one.

Q 1.8 Why is management considered to be a multi-dimensional concept?

SOLUTION

Concept used. “**Multi-dimensional**” means management is a complex activity that operates along several distinct dimensions at the same time. NCERT identifies three dimensions: (i) management of work, (ii) management of people, (iii) management of operations.

Step 1. Management of work. Every organisation exists to do some *work*: a hospital delivers healthcare, a school delivers education, a factory delivers goods. Management translates this work into goals to be achieved and the means to achieve them.

Step 2. Management of people. People are the most important asset. Management deals with them in two senses: (a) at the individual level: dealing with each employee’s strengths and needs; (b) at the group level: making people work as a team.

Step 3. Management of operations. Every organisation has an input-process-output cycle. Management oversees the production process: converting inputs into outputs through a series of activities; this connects work and people.

Final Answer: Management is multi-dimensional because it operates simultaneously along three dimensions: management of work, management of people and management of operations.

EXPERT’S SOLUTION : Devansh Rao, MBA, IIM Lucknow

Picture-first. Imagine a triangle. Each vertex is one dimension: work, people, operations. Management is the area inside the triangle, all three vertices are active at

the same time. Lose any one vertex and the triangle collapses into a line.

Step 1. Work dimension. Defines what is to be achieved. Every organisation does some kind of work: a hospital does healthcare; a school does teaching; a factory does production. Management breaks this work down into measurable goals, targets and timelines so that progress can be tracked.

Step 2. People dimension. Handles the individuals and groups who do the work. At the individual level, management deals with each employee's strengths, weaknesses and needs. At the group level, it builds teams that work together, resolves conflicts and ensures morale stays high.

Step 3. Operations dimension. Links work and people via the input-process-output cycle. Management oversees the conversion of raw inputs (materials, money, manpower) through a production process into finished outputs (goods and services). This is where work meets people on a daily basis.

Why this matters. If you write only one dimension you lose two-thirds of the marks. The examiner counts the three named dimensions, so list all three with one supporting line each, even in a short answer.

Final Answer: Management juggles three dimensions, work, people and operations, simultaneously, which is why it is called multi-dimensional.

Three is the magic number

Many Chapter 1 answers use a “three” structure: three dimensions, three objectives, three levels. When in doubt, count to three: that is the textbook habit.

Q 1.9 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?

SOLUTION

Concept used. **Coordination** is the orderly synchronisation of group effort to provide unity of action. When departments blame each other instead of pulling together, the underlying gap is coordination, the essence of management. Coordination must be (i) deliberate, (ii) all-pervasive across functions, (iii) continuous, (iv) integrative of group effort.

Step 1. Diagnose the symptom: production, marketing and finance are blaming each other; departmental goals are not aligned with the organisational goal. This is a textbook symptom of *lack of coordination*.

Step 2. Name the missing quality: **coordination**, the essence of management.

Step 3. Explain briefly: coordination ensures that each department works in harmony with the others, so that effort is integrated towards the common organisational goal. Without coordination, each department pursues its own targets, conflicts arise and overall profit and market share fall, exactly the situation in Company X.

Step 4. Prescribe steps:

- Set a clear, common organisational goal and communicate it to all departments.
- Hold regular inter-departmental meetings so production, marketing and finance share information and resolve conflicts together.
- Use joint planning so that sales targets, production schedules and finance budgets are framed together, not in silos.
- Establish coordinating committees or a coordinator role to integrate effort across departments.
- Re-emphasise that coordination is a continuous, all-pervasive activity, not a one-off intervention.

Final Answer: Company X is lacking coordination. To recover, it must set common goals, hold inter-departmental meetings, plan jointly and treat coordination as a continuous, all-pervasive activity across production, marketing and finance.

✗ Common Mistake

A frequent slip is to write “the company is lacking management”. The case asks for the specific *quality* of management that is missing. The keyword is *coordination*, not management in general.

EXPERT'S SOLUTION : Pranav Joshi, MBA, XLRI Jamshedpur

Strategic angle. Whenever a case shows departments blaming each other, the answer is coordination. Match the cue once, then defend it with the four features of coordination and a clear set of remedial steps.

Step 1. Identify the cue: production blames marketing; marketing blames production; finance blames both. Inter-departmental blame is the textbook fingerprint of *coordination breakdown*; no other quality of management produces exactly this pattern.

Step 2. Name the quality: coordination, the essence of management. Define it: coordination is the deliberate process of synchronising group effort to achieve unity of action across departments.

Step 3. Defend with features: coordination must be (a) deliberate, not accidental; (b) all-pervasive, present in every department and every level; (c) continuous, running through planning to controlling; (d) integrating group effort towards a common goal. Company X's departments fail all four tests.

Step 4. Remedies (four-point fix): (i) communicate a common organisational goal so production, marketing and finance all chase the same number; (ii) joint planning across departments so sales targets, production schedules and finance budgets are framed together; (iii) regular inter-departmental review meetings to share progress and resolve conflicts; (iv) appoint a coordinator or coordination committee with the authority to break deadlocks.

Why this matters. The same case-pattern (“department A blames department B”) reappears in every Chapter 1 board paper. The keyword and the four-point fix are reusable across years.

Final Answer: Lacking: coordination. Fix: common goal, joint planning, review meetings, coordinator with authority.

Q 1.10 Coordination is the essence of management. Do you agree? Give reasons.

SOLUTION

Concept used. “**Essence**” means the central, indispensable element. Coordination is called the essence of management because it is required at every level, in every function and at every stage; without coordination none of the other functions can deliver organisational goals.

Step 1. State the stand: Yes, coordination is the essence of management.

- Step 2.** Reason 1, **integrates group effort:** in any organisation people work in groups and their effort must be unified; coordination supplies that unity.
- Step 3.** Reason 2, **ensures unity of action:** every department's action must contribute to the common organisational goal; coordination prevents pulling in different directions.
- Step 4.** Reason 3, **continuous process:** coordination is not a one-shot activity but goes on from planning to controlling.
- Step 5.** Reason 4, **all-pervasive:** it is required at top, middle and supervisory levels and across every function.
- Step 6.** Reason 5, **responsibility of all managers:** every manager, regardless of level, must coordinate, so it is built into the role itself.
- Step 7.** Reason 6, **deliberate function:** coordination does not happen by accident; managers plan for it.

Final Answer: Yes. Coordination integrates group effort, ensures unity of action, runs continuously, is all-pervasive, is the responsibility of every manager and is deliberately planned, so it is the essence of management.

EXPERT'S SOLUTION : Anjali Bose, M.A. Economics, Jadavpur University

Quick reading. The question wants "agree or disagree + reasons". Agree, then list at least four of the six reasons, with one short example or supporting line each. Marks scale with the number of distinct named reasons.

- Step 1.** State the position: agree, coordination is the essence of management because every other function depends on it to deliver organisational goals.
- Step 2.** Reason 1, integrates group effort: in any organisation people work in groups; coordination is the force that turns a collection of individual efforts into a unified group effort directed at the common goal.
- Step 3.** Reason 2, ensures unity of action: when production schedules align with sales targets and finance budgets, the organisation acts as one body; that alignment is supplied by coordination.
- Step 4.** Reason 3, continuous process: coordination is not a one-time event but runs through every cycle of planning, organising, staffing, directing and controlling, before, during and after every decision.
- Step 5.** Reason 4, all-pervasive: required at top, middle and supervisory levels and across every function: production, marketing, finance and human resources alike.

Step 6. Reason 5, deliberate function: managers must consciously plan coordination through meetings, committees and shared goals; it does not happen by accident.

Step 7. Reason 6, responsibility of every manager: each manager, regardless of level, has the duty to coordinate with peers, subordinates and superiors, which is why coordination is woven into the role itself.

Why this matters. Listing distinct reasons gives more marks than writing a long paragraph. The examiner counts named features of coordination, so structure your answer as a numbered list, not flowing prose.

Final Answer: Agree. Coordination is the essence because it integrates effort, ensures unity, is continuous, all-pervasive, deliberate and the responsibility of every manager.

♥ Why This Matters

“Coordination is the essence of management” is the most quoted line in Chapter 1. Memorise the six reasons (integrates, unity of action, continuous, all-pervasive, every manager’s job, deliberate) because they reappear in every case-based long answer asking about “what is missing”.

Q 1.11 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.

SOLUTION

Concept used. **Effectiveness** means completing the assigned task and reaching the goal. **Efficiency** means achieving the goal with the minimum cost of input. A worker is judged on both yardsticks. Compare actual cost per unit against the budgeted cost per unit (Rs. 100), and compare actual output against the budgeted output (500 units).

Step 1. Ashita: output check. She produced 500 bracelets, the full target. *Goal achieved*, so she is **effective**.

Step 2. Ashita: cost check. Budgeted cost = $500 \times 100 = \text{Rs. } 50,000$. Actual cost =

Rs. 55,000. Cost per unit = $55,000/500 = \text{Rs. } 110$, which is higher than the budgeted Rs. 100. *Cost exceeded the budget, so Ashita is not efficient.*

Step 3. Lakshita: output check. She produced only 450 bracelets out of 500. *Goal not achieved, so she is not effective.*

Step 4. Lakshita: cost check. Cost per unit = Rs. 90, which is less than the budgeted Rs. 100. *Cost saved per unit, so Lakshita is efficient.*

Final Answer: Ashita: effective but not efficient. Lakshita: efficient but not effective.

Two scorecards, not one

Score effectiveness on output (did she hit 500?) and efficiency on input (did she beat Rs. 100 per unit?). Always do both checks, never just one.

EXPERT'S SOLUTION : Vikram Singh, B.Com (H), Lady Shri Ram College for Women

Strategic angle. Use a 2×2 grid: rows are output (effective or not), columns are cost per unit (efficient or not). Place each worker in the right cell.

Step 1. Compute Ashita: output = $500/500 = 100\%$, cost per unit = $55,000/500 = \text{Rs. } 110 (> 100)$. Cell: effective, not efficient.

Step 2. Compute Lakshita: output = $450/500 = 90\%$, cost per unit = Rs. 90 (< 100). Cell: efficient, not effective.

Step 3. Read off the verdict: Ashita met the goal but overspent; Lakshita underspent but missed the goal. A truly good manager wants the diagonal cell, effective and efficient.

Why this matters. Board markers look for two explicit calculations: cost per unit and percentage of target. Write both, in numbers, or you forfeit marks.

Final Answer: Ashita: effective (500/500) but inefficient (Rs. 110 $>$ Rs. 100 per unit). Lakshita: inefficient on output (450/500) but efficient on cost (Rs. 90 $<$ Rs. 100 per unit).

Long Answer Type Questions

Q 1.12 Management is considered to be both an art and a science. Explain.

SOLUTION

Concept used. **Art** is the personalised application of existing theoretical knowledge to achieve desired results. **Science** is a systematised body of knowledge that explains general truths or universal cause-and-effect relationships. Management has features of both: it has principles (science) but applying them requires individual skill (art).

Step 1. Features of art and their match with management.

- *Existence of theoretical knowledge:* both art and management rest on a body of knowledge (e.g. principles of Taylor, Fayol).
- *Personalised application:* each artist applies knowledge in his own style; similarly, two managers apply the same principles in their own way.
- *Practice and creativity:* an artist masters his craft through practice; a manager refines his judgement through experience.

Management satisfies all three features of art.

Step 2. Features of science and their match with management.

- *Systematised body of knowledge:* science has organised principles; management too has principles, theories and concepts.
- *Principles based on experimentation:* scientific principles emerge from observation and tested experiments; management principles emerge from observation of organisations but cannot always be tested in a laboratory.
- *Universal validity:* a scientific law is true everywhere; a management principle applies broadly but must be adapted to context.

Management partly satisfies the features of science: hence it is called an *inexact* or *social science*.

Step 3. Conclude: management has the theoretical base of a science and the practical, personal application of an art. That is why it is both.

Final Answer: Management is a science because it has a systematic body of principles, and an art because applying those principles needs personal skill, judgement and creativity. So it is both.

♥ Why This Matters

This is one of the most repeated 6-mark Long Answer questions in the CBSE board paper. Write the features of art (three) and the features of science (three) in separate sub-headings; explicit sub-headings always pull the markers' eye and the mark.

EXPERT'S SOLUTION : Suhana Khan, MBA, Indian School of Business (ISB) Hyderabad

Strategic angle. The board paper rewards a clean two-column layout: features of art down the left, features of science down the right, each with a tick mark or short note for management.

Step 1. Art side: theoretical knowledge (yes), personalised application (yes), practice and creativity (yes). Hence management is an art.

Step 2. Science side: systematised body of knowledge (yes), principles from experimentation (partial: management is a social science, not a physical one), universal validity (partial). Hence management is a science, but an inexact or social science.

Step 3. Synthesis: management is both, with the art side fully present and the science side partly present. This is why managers need both education (the science) and experience (the art).

Why this matters. In viva and interview rounds the follow-up question is always “which side is stronger?”. The textbook answer is: management is more an art than a science, because human behaviour, the object of management, is not perfectly predictable.

Final Answer: Management is both: a science by virtue of its principles and an art by virtue of the personal skill needed to apply them.

Q 1.13 Do you think management has the characteristics of a full-fledged profession?

SOLUTION

Concept used. A **full-fledged profession** (such as medicine or law) satisfies all five of the following: (i) a well-defined body of knowledge, (ii) restricted entry through a qualifying examination, (iii) compulsory membership of a professional association, (iv) a legally enforced code of conduct, (v) a service motive. Assess management against all five.

Step 1. Body of knowledge. Management has a systematic body of knowledge developed by Taylor, Fayol and many others, taught in universities. *Satisfied.*

Step 2. Restricted entry. Doctors and lawyers cannot practise without a degree and a licence, but anyone can become a manager without a formal qualification, although an MBA helps. *Not satisfied.*

Step 3. Professional association. The All India Management Association (AIMA) exists, but membership is voluntary, not compulsory. *Not satisfied.*

Step 4. Ethical code of conduct. AIMA has issued a code, but it is not legally binding on every manager. *Not satisfied.*

Step 5. Service motive. Modern managers must serve customers, employees and society in addition to profit, so the service motive is present, though profit remains primary. *Partially satisfied.*

Step 6. Conclude: management satisfies one feature fully, one partly and falls short on three. It is therefore a profession *to a large extent*, but not a full-fledged one.

Final Answer: No. Management has a body of knowledge and a service motive, but it lacks restricted entry, compulsory association membership and a legally enforced code of conduct. So it is a profession to a large extent, but not a full-fledged one.

EXPERT'S SOLUTION : Tarun Iyengar, M.B.A. (Finance), SP Jain Institute of Management

Quick reading. The board examiner checks all five features in order. Write each as a sub-heading; under each, give your verdict (yes, no or partial) followed by one supporting line that names the test the feature passes or fails.

Step 1. Body of knowledge: yes. Taylor, Fayol and modern management textbooks have built a systematic body of management principles, taught at universities and management institutes worldwide. This feature is fully present.

Step 2. Restricted entry: no. A doctor cannot practise without an MBBS and a medical council licence; a lawyer cannot practise without an LLB and a bar council enrolment. A manager has no such legal bar; anyone can be hired as a manager regardless of degree.

Step 3. Professional association: no. The All India Management Association (AIMA) exists, but membership is voluntary, unlike compulsory enrolment with the Medical Council of India or the Bar Council of India. So this feature is only partially present.

Step 4. Code of conduct: no. AIMA has issued an ethical code, but compliance is not legally binding on every manager. A manager violating it cannot be debarred the way a doctor or lawyer can be debarred from practice.

Step 5. Service motive: partial. Modern managers must serve customers, employees and society in addition to chasing profit, so the service motive is present. But unlike doctors and lawyers, profit remains the primary motive, not service.

Step 6. Conclude: management satisfies one feature fully, partially satisfies one, and falls short on three. Hence it is a profession to a large extent, but not yet a full-fledged one.

Why this matters. Markers look for explicit verdicts: yes, no, partial, on each of the five features. A paragraph that mumbles in between scores poorly; the structured five-line checklist scores best.

Final Answer: Not yet a full-fledged profession; satisfies one feature, partially satisfies a second and misses the other three.

✗ Common Mistake

A common error is to call management a full-fledged profession because it has an MBA degree and AIMA. Both are voluntary, not compulsory, which is the gap that keeps management short of a full-fledged profession.

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Q 1.14 “A successful enterprise has to achieve its goals effectively and efficiently.” Explain.

SOLUTION

Concept used. **Effectiveness** is concerned with the end result: doing the right task and achieving the goal. **Efficiency** is concerned with the input: doing the task with the minimum cost of resources. A successful enterprise must score well on both; either alone is not enough.

Step 1. Define effectiveness: completing the right activity within the time period set so that the goal is achieved. Example: a factory that delivers 1,000 units on time is effective.

Step 2. Define efficiency: achieving the goal at the lowest possible cost of input. Example: a factory that delivers 1,000 units at Rs. 80 per unit when the budget was Rs. 100 is efficient.

Step 3. Why both are needed:

- Effective but inefficient: the factory hits the target but overspends; profit falls.
- Efficient but ineffective: the factory underspends but misses the target; revenue falls.
- Effective and efficient: hits the target on time and within budget; profit maximised.

Step 4. Conclude: management is the process of achieving organisational goals *effectively and efficiently*, the two yardsticks are joined by the conjunction “and” in NCERT’s definition, not by “or”.

Final Answer: A successful enterprise must complete the right task on time (effective) and at the lowest cost (efficient); together these two yardsticks define successful management.

Exam Tip

The exam answer is best presented as a 2×2 grid: effective vs ineffective on one axis, efficient vs inefficient on the other. Mark the success quadrant clearly.

EXPERT’S SOLUTION : *Meera Krishnan, MBA, IIM Ahmedabad*

Strategic angle. Build the answer around a single comparison grid, then close with the NCERT definition that ties effectiveness and efficiency with the word “and”, never “or”.

Step 1. Define effectiveness in one line. Effectiveness is concerned with the end result: doing the right task and achieving the goal within the time period set. Effectiveness scores the output.

Step 2. Define efficiency in one line. Efficiency is concerned with the input: doing the task at the minimum possible cost of resources. Efficiency scores the input.

Step 3. Show the four combinations on a 2×2 grid.

- Effective and efficient: hits the target on time and within budget; this is the “successful enterprise” the question describes.
- Effective but inefficient: hits the target but overspends; profit suffers.
- Efficient but ineffective: underspends but misses the target; revenue suffers.
- Neither effective nor efficient: misses the target and overspends; doomed.

Step 4. Close with the NCERT definition. Management is the process of achieving organisational goals effectively and efficiently. The word “and” is the key: a successful enterprise must score on both yardsticks, not just one.

Why this matters. The NCERT definition is the single most quoted line from Chapter 1. Writing it verbatim at the end of any answer about success, goals or management itself is the easiest mark in the paper.

Final Answer: Both effectiveness (goal) and efficiency (cost) are required; a successful enterprise hits the target on time and within budget.

Q 1.15 Management is a series of continuous interrelated functions. Comment.

SOLUTION

Concept used. Management performs five interrelated functions in a sequence: **Planning** (deciding in advance), **Organising** (arranging resources), **Staffing** (recruiting and developing manpower), **Directing** (instructing, guiding and motivating) and **Controlling** (measuring actual against planned and taking corrective action). They are continuous because as soon as one cycle ends, the next begins, and they are interrelated because the output of one function becomes the input of the next.

Step 1. Planning. The manager decides goals and the means to achieve them. Without this first step the next four functions have no direction.

Step 2. Organising. Once goals are set, resources (men, money, machines, methods) are arranged: tasks are divided, authority delegated and a structure created. Organising flows directly from planning.

Step 3. Staffing. The right number of people with the right skills are recruited, trained and placed in the structure created by organising. Staffing depends on the structure designed in the previous step.

Step 4. Directing. The placed employees are now instructed, guided, communicated with and motivated to perform. Directing presupposes that staffing has been done.

Step 5. Controlling. Performance is measured against the plan; if a gap is found, corrective action is taken. Controlling feeds back into planning, completing the cycle.

Final Answer: The five functions, Planning, Organising, Staffing, Directing, Controlling, form a continuous loop in which each function feeds the next, and the last (Controlling) feeds back into the first (Planning).

The POSDC mnemonic

Planning → Organising → Staffing → Directing → Controlling. The same order applies in every chapter from 4 to 8.

EXPERT'S SOLUTION : Rohit Aggarwal, MBA, NMIMS Mumbai

Picture-first. Draw the five functions as a circle: planning at the top, controlling feeding the arrow back to planning. The picture itself explains “continuous and interrelated”.

Step 1. Planning sets the goal.

Step 2. Organising and staffing build the structure and crew.

Step 3. Directing puts the crew to work.

Step 4. Controlling checks the result and reports back to planning, closing the loop.

Step 5. Each output is the next function's input; that is what "interrelated" means.

Why this matters. Chapters 4 to 8 dedicate one full chapter to each function in this same order; understanding the loop here saves time later.

Final Answer: The five POSDC functions form an unbroken loop where controlling feeds back into planning, so management is a continuous, interrelated series of activities.

Q 1.16 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?

SOLUTION

Concept used. Decisions in any organisation are taken at three levels: **Top management** (strategic decisions), **Middle management** (tactical decisions to implement the strategy) and **Supervisory or operational management** (day-to-day execution). Choose a familiar product, e.g. a brand of toothpaste, and trace one decision through all three levels.

Step 1. Top management decisions. Setting the overall direction.

- Approve the modification of the existing toothpaste (e.g. add a herbal variant).
- Allocate the budget for research, development and marketing.
- Decide the broad timeline, the launch geography and the price band.
- Frame policies on quality standards and brand positioning.

Step 2. Middle management decisions. Translating strategy into department-level action.

- Production Manager: source the herbal ingredients, redesign the production line.
- Marketing Manager: design the advertising campaign, fix the channel mix and promotion plan.
- Finance Manager: arrange working capital, monitor cost vs budget.
- HR Manager: train sales staff for the new variant.

Step 3. Supervisory (Operational) management decisions. Execution on the floor.

- Production Supervisor: assign daily targets to workers, monitor output and quality.
- Sales Supervisor: brief the sales team, check daily sales figures.
- Store Supervisor: ensure raw material availability for production.
- Maintenance Supervisor: ensure machinery uptime.

Final Answer: Top management approves and funds the modification; middle management plans department budgets, production and marketing; supervisory management runs daily execution on the shop floor and in the field.

EXPERT'S SOLUTION : Aditi Roy, M.Com, St. Xavier's College Kolkata

Strategic angle. Pick any product you already know (a snack bar, a mobile phone, a shampoo). Then walk top to bottom: who decides what, who plans what, who executes what.

Step 1. Top: strategic decision to modify, set budget, approve timeline. (Board, MD, CEO.)

Step 2. Middle: department-level plans. Production redesigns the line. Marketing designs the campaign. Finance arranges funds. HR trains staff.

Step 3. Supervisory: daily targets, on-site checks, real-time problem solving. (Foremen, supervisors.)

Why this matters. The answer pattern, top decides, middle plans, supervisory executes, is the same in every case-based question about levels. Memorise the pattern, drop in the product.

Final Answer: Top decides and funds, middle plans for departments, supervisors execute on the floor.

Three-level mantra

Top decides, middle plans, supervisors execute. Carry this three-word mantra into every case-based levels question; it is the easiest mark in the paper.

Q 1.17 A firm plans in advance and has a sound organisation structure with efficient supervisory staff and control system but on several occasion it finds that plans are not being adhered to. It leads to confusion and duplication of work. Advise remedy.

SOLUTION

Concept used. The case lists *all four* other functions of management (planning, organising, staffing implicit in “supervisory staff” and controlling) as already strong, yet plans are not adhered to and there is confusion and duplication. The only function left, the binding force, is **coordination**, the essence of management. Coordination is the deliberate synchronisation of group effort to provide unity of action.

Step 1. Diagnose: planning is sound, organising is sound, staffing is sound, controlling is sound, but execution is still failing. The missing link is coordination, which integrates the other four.

Step 2. Name the remedy: introduce a deliberate, all-pervasive and continuous coordination mechanism.

Step 3. Specific steps to bring coordination back:

- Communicate the plan clearly to every department so that all are aware of the common goal.
- Hold regular inter-departmental meetings to share progress, identify overlaps and resolve conflicts.
- Define each role precisely: who does what, by when, with what authority, so duplication is prevented.
- Use joint planning and review across departments so that the actions of one department dovetail with those of another.
- Set up coordinating committees or appoint a coordinator to integrate effort.

Step 4. Reinforce the four characteristics of coordination: deliberate, all-pervasive, continuous, and integrating group effort.

Final Answer: The remedy is to strengthen coordination: clear communication of plans, regular inter-departmental meetings, precise role definition, joint planning and a coordinator to integrate effort across departments.

✗ Common Mistake

A frequent slip is to advise “better planning” or “stricter controls”. The case explicitly says planning and controlling are already strong. The missing piece is coordination.

EXPERT’S SOLUTION : Harshit Kumar, MBA, MDI Gurgaon

Strategic angle. Read the case carefully: each function is praised, yet the firm still fails. The only force that binds the four functions is coordination, that is the answer.

Step 1. Identify the gap: coordination is missing, even though the four named

functions are sound.

Step 2. Prescribe the four-feature fix: deliberate action (set up coordinator), all-pervasive (every level), continuous (every day), integrating group effort (joint plans and meetings).

Step 3. Close with the textbook line: coordination is the essence of management, the firm cannot succeed without it.

Why this matters. Every Chapter 1 case-based long-answer question that says “planning is sound but execution fails” has coordination as the answer. Memorise the pattern.

Final Answer: Strengthen coordination through clear communication, joint planning, role definition and a coordinating mechanism; without it the four sound functions cannot deliver results.

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Key Takeaways

- Management is the process of achieving organisational goals effectively (right task) AND efficiently (minimum cost) through Planning, Organising, Staffing, Directing and Controlling.
- Management has seven characteristics; the three most quoted are goal-oriented, all-pervasive and multi-dimensional.
- Three objectives: organisational (survival, profit, growth), social (clean environment, fair price, employment) and personal (pay, growth, recognition).
- Three levels: top (strategy), middle (tactics), supervisory (execution).
- Coordination is the essence of management: deliberate, all-pervasive, continuous and integrative of group effort.

End of NCERT Exercises