

LILHA EDUCATION CENTRE

**BUSINESS STUDIES
30 DAYS REVISION SERIES**



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Chapter-1

Nature and Significance of Management

- ❖ Management can be defined as a process of getting the work done by others with the aim of achieving goals effectively and efficiently
- ❖ Effectiveness refers to completion of work or achievement of target on time.
- ❖ Efficiency refers to optimum utilization of resources or no wastage of resources.

Question 1:

Cyclone Cycles is a leading bicycle manufacturing company. The company decides to manufacture 5000 bicycles by the end of the month. The bicycle manufacturing cost is to be kept below Rs.750 per unit. The bicycles have to be manufactured at the set toughness enduring capacity at the scale of 8 out of 10. With all these parameters in mind the company kick starts its manufacturing. By the 28th of the month the company is able to achieve the manufacturing of 5050 bicycles. The toughness endurance scale is well above 8.25 out of 10. When everything seems to have gone well the manufacturing department reveals that per unit cost of each bicycle is Rs.780.

In the above case do you think that the company has been able to achieve Effectiveness? 1

Answer:

Yes the company has achieved **Effectiveness**. Since the quality (toughness scale—8.25 well above 8), quantity (5050 units well above 5000 units) and dead line (the target is achieved on 28th) have been achieved. The company lacks in efficiency as per unit cost has gone above the set target by Rs.30.

Characteristics or features of Management

1. Characteristics or features of Management

2. Management is pervasive

3. Management is multi dimensional

4. Management is a continuous process

5. Management is a group activity

6. Management is a dynamic function

7. Intangible

3.(a) Management of work

(b) Management of People

(c) Management of operation

Question 1:

Josh Enterprises decides to have a meeting of all the key employees of different departments in the organisation. The main motive is to tell the employees to keep the target of 20% increase in sales as the main objective when they work throughout the year. The meeting is full of ideas regarding the employees and processes involved. Various plans are made to harness the potential of the employees and streamline the processes. However with the passage of a few days the external business environment checks the capability of the organisation to adapt to the situations. The company successfully comes out at the end of the year with flying colours.

What are the various characteristics of management you can find highlighted here? Also identify the lines in which these characteristics have been highlighted.

Answer:

The various characteristics of management involved here are:

Goal Oriented. The main motive is to tell the employees to keep the target of 20% increase in sales as the main objective when they work throughout the year.

Multidimensional. Various plans are made to harness the potential of the employees and streamline the processes. Employees—People, and Streamline the process—Operations.

Dynamic. However with the passage of a few days the external business environment checks the capability of the organisation to adapt to the situations.

Objectives of Management

1. Organisational objectives

2. Social Objectives

3. Personal Objectives

1. Organisational objectives

The three important organisational objectives are

- Survival
- Profit
- Growth

Social Objectives

Social objectives are-

- Supply of quality product at reasonable prices.
- Generation of economic wealth.
- Environmental friendly methods of production.
- Providing employment to weaker section of society.
- Organising educational, health and vocational training programmes.

3. Personal Objectives

Personal Objectives are

- Competitive salary.
- Personal growth and development
- Peer recognition.
- Social recognition.
- Good and healthy working conditions

Question 14:

Shiva Computers Ltd. is a leading company in Computer Technology and IT services. The CEO of the company attributes the success of the Company to its managerial team spirit, which have helped to handle rapid changes in technologies and to transform threats into opportunities. Like any other business enterprise profits are important for survival and growth of Shiva Computers Ltd. The management of the company believes that a satisfied employee creates a satisfied customer; who in turn creates profits that lead to satisfied shareholders.

The company has a strong sense of social responsibility. It has set up many educational institutions in the field of management, engineering and computer education, in which half of the students are girls. On the basis of the given information about Shiva Computers Ltd. answer the following

- (a) Identify and explain the objectives of the company discussed in the above para. Also quote the lines for the identified objectives.
- (b) Identify any two values which the company is trying to communicate to the society.

Answer:

(a) “Like any other business enterprise profits are important for survival and growth of Shiva Computers Ltd.”

Objective—Organisational objectives. Organisational objectives include proper utilisation of material and human resources to fulfill the economic objectives of the business. These economic objectives include the following:

Survival. Management has to ensure the survival of the organisation. An organisation must generate sufficient revenue so that it is able to cover its costs.

Profit. Management must ensure that business earns profit so that it can continue its operations in the long run.

Growth. It involves adding to the prospects of the business in the long run. Growth of the business is indicated by increase in sales volume, increase in number of employees, increase in investment, etc.

“The management of the company believes that a satisfied employee creates a satisfied customer, who in turn creates profits that lead to satisfied shareholders.”

Objective—Personal objectives. Various people join a particular organisation to satisfy their diverse needs that range from financial needs to affiliation needs. Management aims at reconciling personal goals with organisational goals for the purpose of creating harmony.

“The company has a strong sense of social responsibility. It has set up many educational institutions in the field of management, engineering and computer education, in which half of the students are girls.

Objective—Social objectives. Social objectives involve creation of benefit by the business for the society. It involves creation of economic value for the benefit of the members of the society.

(b) Values:

Team Spirit and Good work culture.

Women’s Empowerment.

Fulfilling social responsibility by showing concern for the society. (any two)

Importance of Management

1. Management helps in achieving group goal
2. Management increases efficiency
3. Management creates a dynamic organisation
4. Management helps in achieving personal objectives
5. Management helps in the development of society

Question 4:

A floor manager of a mall is a very good manager as he utilizes all the functions of management to minimize cost of maintenance of his area. He directs all the staff members under him to follow the targets and advises them to put their efforts in the direction of achievement of these targets. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to the increase in their salaries. Identify the importance of management highlighted above.

Answer:

The importance of management highlighted here are:

Management increases efficiency. A floor manager of a mall is a very good manager as he utilizes all the functions of management to minimize cost of maintenance of his area,

Management helps in achieving group goals. He directs all the staff members under him to follow the targets and advises them to put their efforts in the direction of achievement of these targets.

Management helps in achieving personal objectives. This has led to the increase in their salaries.

Nature of Management

Management as an
Art

Management as
Science

Management as
Profession

Management as an Art

The basic features of an art are

1. Existence of theoretical knowledge - There is lot of literature available in various areas of management like marketing, finance and human resources which the manager has to specialise in.
2. Personalised application - In management also all managers learn same management theories and principles. But their efficiency depends on how well they use these principles under different situations by applying personal skills and creativity
3. Based on practice and creativity- In management a manager applies this acquired knowledge in a personalised and skillful manner in the light of the realities of a given situation

Management as a Science

I. Systematic body of knowledge

II. Principles based on experimentation

❖ Absence of universal validity

❖ Unpredictable outcome

Management as a profession

❖ Well defined body of knowledge

1. Restricted entry - The entry to a profession is restricted through an, examination or through acquiring an educational degree but there is no restriction on anyone being designated or appointed as manager .
2. Professional association – All professionals are affiliated to a professional association however, no compulsion for managers to be members of such a neither association nor does it have any statutory backing
3. Ethical code of conduct – All professions is bound by a code of conduct which guides the behavior of its members. Although no code of conduct is binding on managers.
4. Service Motive – The basic motive of a profession is to serve their client is interest by rendering dedicated and committed service while the basic purpose of management is to help the organisation achieve its stated goal.

Question 10:

In a country named Wonderland acting is considered as a profession. Whosoever has to become an actor has to read books written about acting. These books tell the nuances of acting and without reading these books one can't be considered as an actor. To judge the ability of an actor an examination is conducted and then a degree is assigned to the qualified persons who can then act in films. There is also a body which provides membership to all actors. There are about thirty thousand actors in wonderland who are compulsorily members of this organisation.

What are the three features of profession highlighted here? Also identify the lines highlighting these features?

Answer:

The three features of profession highlighted here are:

Well-defined body of knowledge. An actor has to read books written about acting.

Restricted Entry. To judge the ability of an actor an examination is conducted and then a degree is assigned to the qualified person who can act in films.

Professional Association. Actors in wonderland who are compulsorily members of this organisation.

Levels of Management



1. Top Management

2. Middle Management

3. Lower Management

1. Top Management

Main function

- ❖ Determining the objectives of the enterprise.
- ❖ Framing the plans & policies.
- ❖ Organising activities to be performed by persons working at middle level.
- ❖ Assembling all the resources such as finance, fixed assets etc.
- ❖ Responsible for welfare and survival of the organization
- ❖ liaison with outside world i.e. meeting govt. officers etc.
- ❖ They analyze the business environment and its implication for the survival of the firm

2. Middle Management

Main functions

- Interpret the policies framed by top management.
- Organising the activities of their department.
- Finding out or recruiting/ selecting and appointing the required employees
- Cooperate with other departments for smooth functioning of the organisation
- Implementing the plans framed by top level.
- Responsible for all the activities of first line managers.

3. Supervisory or Operational Management

- Representing the problems or grievances of workers
- Maintaining good working conditions and developing healthy relations between superior and subordinate.
- Looking to safety of workers
- Helping the middle level management and in recruiting, selecting and appointing the workers.
- Maintaining quality of output
- Minimizing the wastage of materials
- Maintenance of safety standards • They are responsible for boosting the morale of the workers.
- Communicating with workers and welcoming of their suggestion The quality and quantity of output depends upon the hard work, discipline and loyalty of the workers.

Functions of Management

- **Planning** – Planning is the function of determining in advance what is to be done and who is to do it.
- **Organising** – Organising is the management function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.
- **Staffing** – Staffing means finding the right people for the right job.
- **Directing** – Directing involves leading, influencing and motivating employees to perform the task assigned to them.
- **Controlling** – In this function managers try to match the actual performance with standard performance

Coordination

Coordination means bringing together the activities and resources of organisation and bringing harmony in them

Coordination – The essence of management

- i. Coordination is needed to perform all the functions of management
- ii. Coordination is required at all levels
- iii. Coordination is the most important function of an organisation

Characteristics of Coordination

1. Coordination integrates group efforts.
2. Ensure unity of efforts
3. Continuous process
4. Coordination is a pervasive function
5. Coordination is the responsibility of all managers
6. Coordination is a deliberate function

Importance of Coordination

1. Growth in size
2. Functional differentiation
3. Specialisation

Question 15:

White Camel Sports Ltd. has recently given job to two employees. Rajesh work experience as Rajesh is a bit older and had worked in an MNC earlier. However both are paid equally. Every person in their department knows that Rajesh is more efficient than Suresh. Definitely they see a mismatch in the salaries and the efficiencies of the employees in the company. The marketing department of the same company has this year set a monthly target of 10000 units of sports items to be sold. In the month of March 6000 items were sold and the deviation was 4000 units. In the month of April 8000 units were sold and the deviation was 2000 units. Despite these deviations no effort is being made to track the performance of the company to minimize the gaps.

In the above case which two functions of management have been discussed? A very important concept of management has also been overlooked. Identify it.

Answer:

The functions of management discussed above are—

(i) Staffing (The company has recently given jobs to two employees) and **Controlling** (Deviations are being discussed above).

The concept of management which is missing in the above case is **coordination**. There is lack of coordination in **staffing** (they see a mismatch in the salaries and the efficiencies of the employees in the company) and **controlling** (no effort is being made to track the performance of the company to minimize the gaps).

Differences between Coordination and Cooperation

S.No	Basis	Coordination	Cooperation
1.	Meaning	Coordination refers to bringing together the activities of an organisation	Cooperation refers to voluntary efforts of individuals to work together and help each other.
2.	Nature	Coordination is a conscious and deliberate action of manager	It is a voluntary effort of employees
3.	Relations	Coordination is achieved through both formal and informal relations.	Cooperation arises out of informal relations

Question 18:

In an island there is a famous ship company. Hundreds of workers work here. All of them belong to a culture where they help each other. The environment in the company is about helping each other thus leading to a great environment in the company. However the company lacks professionalism. Most of the workers are school dropouts and they hardly know how to make their work synchronized as a team. Failing of plans is common in this company.

After reading the above case find out the concept of management which is followed and its advantage. Also find out one concept of management which is violated and its outcome on the company. 4

Answer:

The concept of management which is followed is **Cooperation**. Since the workers help each other and the general environment in the company is of cooperation. The advantage of cooperation is that there is satisfaction within the employees in its presence.

The concept of management which is violated is **Coordination**. They hardly know how to make their work synchronized as a team. One disadvantage of not following coordination is the wastage of effort and time.