SMIT SIR COMMERCE

GSEB | ENGLISH MEDIUM

ORGANISATION OF COMMERCE AND MANAGEMENT

STANDARD 12

CHAPTER 1

Nature and Significance of Management

Complete Concept Notes | Simple Explanations | Examples | Exam Preparation

Prepared by	Smit Thaker
Website	www.smitsircommerce.in
Email	info@smitsircommerce.com
Mobile	6353709585

Learn the Concept. Understand the Logic. Write Better Answers.

Chapter at a Glance

This chapter builds the foundation of the entire management syllabus. It explains what management is, why it is important, whether it is a science/art/profession, the three levels of management, the five major functions, co-ordination, and the main functional areas of management.

The official GSEB chapter moves in the following order:

Stage	Area	What You Learn
1	Meaning & Nature	What management means and its main characteristics
2	Importance	Why management is necessary for business and society
3	Science, Art & Profession	How management combines knowledge, skill and professional features
4	Levels of Management	Top, middle and bottom level
5	Functions	Planning, organising, staffing, directing and controlling
6	Co-ordination	Meaning, characteristics and importance
7	Functional Areas	Marketing, HR, Finance and Production

EXAM IMPORTANT

Very high-value areas: characteristics of management, importance of management, management as science/art/profession, levels of management with functions, co-ordination, and functional areas.

Learning Objectives

After studying this chapter, you will be able to:

- explain the meaning of management in simple and academic language.
- describe all major characteristics of management.
- explain the importance of management for business, society and the nation.
- analyse why management is considered a science, an art and an emerging profession.
- identify and compare top, middle and bottom levels of management.
- explain planning, organising, staffing, directing and controlling.
- explain the meaning, characteristics and importance of co-ordination.
- explain marketing, human resource, financial and production management.
- write structured GSEB-style answers for short and long questions.

SMIT SIR'S NOTE

Do not learn this chapter as a list of definitions. The easiest logic is: Management = people + objectives + resources + decisions + co-ordination.

1.1 Meaning of Management

Meaning: Management is the process of getting work done through and with people by planning and using resources properly so that organisational objectives are achieved.

In Simple Words: Management means deciding what has to be done, who will do it, how it will be done, guiding people while they work, and checking whether the desired result has been achieved.

KEY TERM - MANAGEMENT

A continuous process of planning, organising, staffing, directing, controlling and co-ordinating human and other resources to achieve predetermined objectives efficiently.

Example: A school principal wants to conduct an annual function. The principal fixes the objective, divides work among teachers, arranges resources, guides the team and checks progress. This entire process is management.

REMEMBER THIS

Management is not only 'giving orders'. It combines planning + people + resources + decisions + control.

1.2 Nature / Characteristics of Management

The textbook explains management through seven major characteristics. Each point tells us something about the basic nature of management.

No.	Characteristic	Core Idea
1	Universal Process	Management is needed in all types of organisations.
2	Goal-Oriented Activity	Management exists to achieve predetermined objectives.
3	Group Activity	Management is required when people work together.
4	Continuous Process	Management continues as long as the organisation continues.
5	Human Process	People are at the centre of management.
6	Decision Process	Managers continuously make and implement decisions.
7	Science, Art and Profession	Management uses knowledge, skill and professional principles.

1. Universal Process

Meaning: Management is required in almost every organised activity - business, school, hospital, government office, sports organisation and even social institutions.

Example: A hospital needs management for doctors, nurses, medicine, finance and patient services just as a factory needs management for workers and production.

EXAM IMPORTANT

Exam Line: Management is universal because its principles and functions are useful wherever people work together to achieve objectives.

2. Goal-Oriented Activity

Meaning: Management is a tool for achieving specific objectives. Every organisation has goals, and management directs all efforts toward them.

Example: If a coaching institute wants 95% board results, management decides teaching schedules, tests and revision plans to reach that goal.

EXAM IMPORTANT

Exam Line: Management is always directed towards predetermined organisational objectives.

3. Group Activity

Meaning: Management becomes necessary when two or more people work together for a common objective.

Example: One person running a tiny stall may manage most work personally, but a large supermarket needs managers to co-ordinate many employees.

EXAM IMPORTANT

Exam Line: Management integrates individual efforts into group effort for a common purpose.

4. Continuous Process

Meaning: Management never ends after achieving one target. New objectives and new decisions continue to arise.

Example: After achieving a sales target, the business sets another target and starts planning again.

EXAM IMPORTANT

Exam Line: Management is a continuous process because planning, organising, directing and controlling are performed repeatedly.

5. Human Process

Meaning: Management is carried out through people. Machines and technology support the organisation, but human beings decide, guide, motivate and co-ordinate.

Example: The best software cannot by itself motivate an unhappy employee or resolve conflict between two departments.

EXAM IMPORTANT

Exam Line: Human beings are the most significant element in management.

6. Decision Process

Meaning: Managers repeatedly choose among alternatives - what to produce, whom to appoint, how much to spend, where to sell, and how to solve problems.

Example: A manager deciding whether to advertise online or through newspapers is performing a management decision.

EXAM IMPORTANT

Exam Line: Decision-making is an integral part of every managerial function.

7. Science, Art and Profession

Meaning: Management contains systematic principles like a science, requires personal skill like an art and also possesses several professional features.

Example: A manager must know motivation principles, but must also know how to apply them differently to different employees.

EXAM IMPORTANT

Exam Line: Management combines theoretical knowledge with practical skill and professional conduct.

1.3 Importance of Management

A business may possess money, machinery and skilled employees, but without proper management these resources may not produce the desired result. Management converts resources into organised results.

No.	Importance	Simple Meaning
1	Necessary in Every Field	All organised activities need management.
2	Optimum Utilisation of Resources	Resources are used with minimum waste.
3	Accomplishment of Objectives	Efforts remain focused on targets.
4	Useful for Success of Business	Good management improves business survival and growth.
5	Increase in Job Opportunities	Efficient growth can create more employment.
6	Increase in Profit	Better utilisation and decisions can improve profitability.
7	Social Benefit	Business serves society more effectively.
8	National Motive	Efficient use of national resources supports development.

1. Necessary in Every Field

Explanation: Management is not limited to business. Schools, hospitals, government departments, clubs and religious or social organisations also need management.

Example: A school needs planning, staffing, direction and control to operate properly.

2. Optimum Utilisation of Resources

Explanation: Management tries to obtain maximum useful output from land, labour, capital, materials and other resources while reducing waste.

Example: A production manager schedules machines and workers to reduce idle time.

3. Accomplishment of Objectives

Explanation: Management directs different resources and departments toward common organisational goals.

Example: Marketing and production departments co-ordinate to achieve a sales target.

4. Useful for Success of Business

Explanation: Efficient management helps a business respond to competition, changing demand and other challenges.

Example: A well-managed store improves service and controls costs, helping it survive against competitors.

5. Increase in Job Opportunities

Explanation: When good management enables expansion and growth, the organisation may need more employees.

Example: A successful chain opens new branches and recruits additional staff.

6. Increase in Profit

Explanation: Better planning, control and resource use can reduce costs and improve profit.

Example: Reducing material wastage lowers production cost and raises profit.

7. Social Benefit

Explanation: Management helps businesses provide goods and services, employment and responsible conduct for society.

Example: A well-managed hospital improves patient services while controlling cost.

8. National Motive

Explanation: Efficient organisations contribute to production, employment and economic development.

Example: Productive use of manpower and capital supports national growth.

EXAM IMPORTANT

For a long answer on importance, write the heading + 2-3 lines of explanation for each point. Do not write only one-word headings.

1.4 Management as Science, Art and Profession

This is one of the most important conceptual areas of the chapter. Management cannot be understood from only one angle.

Aspect	Why Management Fits
Science	It has systematic knowledge, principles and cause-effect relationships.
Art	It requires personal skill, experience, judgement and practical application.
Profession	It uses specialised knowledge, training, associations and codes of conduct, though it is not a fully restricted profession.

REMEMBER THIS

Science tells us what and why. Art tells us how. Profession adds specialised knowledge and ethical responsibility.

1.4.1 Management as a Science

Meaning of Science: Science is systematic and specialised knowledge developed through study, observation and relationships between causes and results.

Why management has scientific features:

- Systematised body of knowledge: Management has organised concepts and principles.
- Cause-and-effect relationship: Certain managerial actions generally influence results in predictable ways.
- Principles can be studied and tested: Management ideas are developed through observation and experience.

But: Management deals with human behaviour, so results are not as exact or universal as in physics or chemistry.

EXAM IMPORTANT

Best conclusion: Management is a social science, not an exact science. It has scientific principles, but human behaviour makes results less precise.

1.4.2 Management as an Art

Meaning of Art: Art means applying knowledge skilfully in practical situations to achieve the desired result.

- Practical application: Knowing a principle is not enough; a manager must know how to apply it.
- Personal skill: Different managers may solve the same problem differently.
- Experience and judgement: Practical exposure improves managerial ability.
- Creativity: Managers adapt methods according to people and situations.

Example: Two managers may know the same motivation theory, but the more skilled manager understands what will actually motivate a particular employee.

REMEMBER THIS

Management is an art because success depends on skilful application of knowledge.

1.4.3 Management as a Profession

A profession normally requires specialised knowledge, training, professional standards and ethical responsibility. Management shows many of these features.

Feature	Management Context
Specialised Knowledge	Management uses systematic specialised knowledge.
Education & Training	Courses such as BBA and MBA develop managerial competence.
Growth of Knowledge & Research	Management knowledge expands through research and experience.
Professional Associations	Management bodies support learning and professional development.
Code of Conduct	Professional behaviour and ethical standards are encouraged.
Moral Responsibility	Managers are expected to act responsibly toward stakeholders.

Important conclusion: Management is developing as a profession, but entry into management is not legally restricted in the same way as medicine or some other professions.

EXAM IMPORTANT

Write the conclusion clearly: Management has many characteristics of a profession, but it is not a fully developed / fully restricted profession.

1.5 Levels of Management

As organisations grow, one manager cannot supervise every activity. Therefore managerial authority is divided into levels.

Level	Typical Members	Main Role
Top Level	Board of Directors, Managing Director, General Manager, Chief Executive	Policy, objectives and major strategic decisions
Middle Level	Departmental heads and specialised officers	Connect top-level policy with departmental execution
Bottom Level	Supervisors, foremen and similar operating managers	Direct and supervise workers and routine operations

Management Pyramid - Easy Visual

TOP LEVEL MANAGEMENT
Board / Managing Director / General Manager
MIDDLE LEVEL MANAGEMENT
Departmental Heads / Officers / Specialists
BOTTOM LEVEL MANAGEMENT
Supervisors / Foremen / Operating Managers

REMEMBER THIS

Authority generally flows from top to bottom, while reports and accountability move upward.

1.5.1 Top Level Management

Meaning: Top level is the highest authority of the organisation. It determines the broad direction of the business.

Major Functions:

- Define primary and supporting objectives of the business.
- Act as trustees of the enterprise.
- Select the chief executive and senior officers and assign responsibility.
- Sanction important budgets.
- Consider the interests of major stakeholders.
- Take long-term strategic decisions.
- Study major legal, economic and business issues.
- Plan expansion, modernisation and major investments.
- Decide important matters such as profit distribution, reserves and reinvestment.
- Analyse major reports and issue necessary directions.

EXAM IMPORTANT

Top level = policy + objectives + strategy + major decisions.

1.5.2 Middle Level Management

Meaning: Middle management acts as a link between top management and bottom management. It converts broad policy into departmental action.

- Implement orders and instructions received from top management.
- Prepare departmental budgets and plans.
- Formulate policies, rules and procedures for departmental objectives.
- Improve efficiency of departmental activities.
- Motivate and guide departmental employees.
- Maintain contact and co-ordination with other departments.
- Supervise sub-divisions and collect information.
- Pass information upward and instructions downward.
- Assist top management in policy decisions.

EXAM IMPORTANT

Middle level = link + implementation + departmental co-ordination.

1.5.3 Bottom Level Management

Meaning: Bottom level includes operating managers who directly supervise workers and routine activities.

- Supervise employees and routine work.
- Maintain discipline and employee morale.
- Plan routine work of the department.
- Handle employee-related matters such as transfers, training or promotion information.
- Arrange materials, equipment and day-to-day resources.
- Maintain and supervise operational functions.
- Solve genuine worker problems.
- Implement policies and decisions made by higher levels.
- Forward reports, complaints and suggestions to middle management.

EXAM IMPORTANT

Bottom level = direct supervision + routine operations + worker contact.

Difference among Top, Middle and Bottom Levels

Basis	Top Level	Middle Level	Bottom Level
Nature of Work	More policy and strategic	More administrative / departmental	More operational / supervisory
Members	Board, MD, GM, CEO	Departmental heads, officers, specialists	Supervisors, foremen, operating managers
Authority	Highest	Moderate	Least
Main Focus	Objectives, policy and long-term direction	Implementation and departmental efficiency	Daily execution and worker supervision
Accountability	To owners / board / law / stakeholders	To top level	To middle level
Decision Risk	High and long-term	Moderate	Lower and short-term
Competence	Broad all-round ability	Specialised departmental knowledge	Operational and supervisory knowledge

SMIT SIR'S NOTE

If this table appears as a long answer, write at least 5 clear bases of difference with proper headings.

1.6 Functions of Management

Management is a continuous process. The chapter explains five core functions:

Function	Main Question
Planning	What should be done?
Organising	How should work and authority be arranged?
Staffing	Who should do the work?
Directing	How should people be guided and motivated?
Controlling	Are actual results matching the plan?

REMEMBER THIS

Easy sequence: Plan -> Organise -> Staff -> Direct -> Control.

1.6.1 Planning

Meaning: Planning means selecting future actions in advance - deciding what to do, how to do it, when to do it and who should do it.

Example: A business decides next month's sales target, advertising budget and activities before the month begins.

EXAM IMPORTANT

Planning is the base of other managerial functions because it determines the future course of action.

1.6.2 Organising

Meaning: Organising means arranging work, authority and responsibility so that people can work together effectively.

Example: A company creates production, sales, finance and HR departments and assigns responsibility to each.

EXAM IMPORTANT

Organising builds the structure through which plans are implemented.

1.6.3 Staffing

Meaning: Staffing means acquiring, selecting, training, developing and maintaining suitable employees for organisational work.

Example: A school recruits teachers, conducts interviews, trains them and evaluates performance.

EXAM IMPORTANT

Right person at the right job improves organisational efficiency.

1.6.4 Directing

Meaning: Directing means guiding, supervising, communicating with and motivating employees so that work is performed effectively.

Example: A manager explains a target, gives instructions, encourages staff and solves difficulties.

EXAM IMPORTANT

Directing converts plans into action through people.

1.6.5 Controlling

Meaning: Controlling means comparing actual performance with planned standards, finding deviations and taking corrective action.

Example: A manager compares actual monthly sales with the sales target and takes steps if results are below expectation.

EXAM IMPORTANT

Control ensures that actual performance remains aligned with plans.

1.7 Co-ordination

Meaning: Co-ordination means bringing harmony and unity among different activities, departments and people so that they work together toward common objectives.

In Simple Words: Co-ordination means making sure that everyone's work fits together instead of working in conflict.

KEY TERM - CO-ORDINATION

The process of integrating the efforts of different individuals and departments to achieve common objectives.

Example: Production must know the sales forecast, finance must release funds, HR must arrange workers, and marketing must plan promotion. If each department acts separately, the business may fail.

1.7.2 Characteristics of Co-ordination

- Required for all activities: Co-ordination is necessary from planning to controlling.
- Required at every level: Top, middle and bottom levels all need co-ordination.
- Depends on communication: Effective communication makes co-ordination easier.
- Needs co-operation: Without willingness to work together, co-ordination becomes difficult.
- Supports optimum utilisation: It reduces duplication and waste of resources.
- Part of every managerial activity: Co-ordination is woven into all management functions.

REMEMBER THIS

Co-operation means willingness to help; co-ordination means arranging efforts in the right relationship.

1.7.3 Importance of Co-ordination

- Makes managerial functions effective: Planning, organising, directing and controlling work better when aligned.
- Creates smooth operations: Activities are carried out in a systematic and connected manner.
- Avoids duplication of work: Different people do not unknowingly repeat the same task.
- Maintains harmony among departments: Conflicts are reduced and common objectives remain clear.
- Maintains balance between order and timing: Activities happen in the required sequence and time.
- Helps achieve predetermined objectives: Integrated effort produces better organisational results.

EXAM IMPORTANT

A good answer on co-ordination should include meaning + characteristics + importance + one practical example.

1.8 Functional Areas of Management

Large organisations divide managerial work into specialised functional areas. The chapter focuses on four main areas:

Area	Main Focus
Marketing Management	Customers, product, price, distribution and promotion
Human Resource Management	Employees - recruitment, development, motivation and retention
Financial Management	Finance - estimation, acquisition, use and control of funds
Production Management	Conversion of inputs into goods/services efficiently

1.8.1 Marketing Management

Meaning: Marketing management involves providing goods or services to customers through decisions relating to the market and the marketing mix.

Core Functions / 4Ps:

Element	What It Covers
Product / Product-mix	Product quality, size, shape, design, packaging, guarantee, after-sales service and related product decisions
Price	Sales policy, credit policy, discounts, wholesale/retail pricing and commission-related decisions
Distribution	Channels of distribution, transportation and making goods available to customers
Promotion	Advertising, publicity, personal selling and sales promotion

SMIT SIR'S NOTE

Marketing does not mean only advertising. It includes product + price + place/distribution + promotion.

1.8.2 Human Resource Management

Meaning: Human resource management deals with acquiring, developing, using, motivating and retaining employees so that both employee and organisational objectives can be achieved.

Main Characteristics / Functions:

- Selection, training, promotion and direction of employees.
- Integration of employee objectives with business objectives.
- Managing employees as valuable assets of the organisation.
- Providing proper training and development.
- Evaluating performance and placing people at suitable positions.
- Reducing labour turnover and maintaining employee stability.
- Creating a positive work environment and maintaining values.

Importance of Human Resource Management

- Efficiency of employees increases.
- Profitability of the business can improve.
- Business prestige and reputation are supported.
- Quality standards of goods and services are maintained.
- Employees experience a feeling of belongingness.
- Better utilisation of production factors becomes possible.
- Labour turnover can be reduced.
- Job satisfaction among employees increases.
- A positive industrial environment develops.

EXAM IMPORTANT

HRM is not only recruitment. In this chapter, connect HRM with training, motivation, performance, retention and organisational objectives.

1.8.3 Financial Management

Meaning: Financial management deals with planning, obtaining, using and controlling the finance required by the business.

- Estimate the need for finance.
- Prepare financial plans for different time periods.
- Prepare budgets.
- Allocate funds.
- Decide capital structure and sources of finance.
- Follow procedures for acquiring finance.
- Use finance productively and control financial activities.
- Frame financial policy.
- Plan taxation.
- Arrange and manage assets.

Example: Before opening a new branch, the finance manager estimates how much money is required, decides the source of funds and prepares a budget.

REMEMBER THIS

Financial management = Need -> Source -> Use -> Control of money.

1.8.4 Production Management

Meaning: Production management is concerned with converting raw materials and other inputs into goods or services efficiently.

- Decide the production plan.
- Undertake production research.
- Select product development and product-mix.
- Select technology and machinery.
- Choose location and layout.
- Estimate and obtain material and other needs.
- Maintain production control.
- Maintain quality control.
- Control expenditure and improve productivity.
- Introduce improvements, variety and simplification in production.

Example: A bakery decides how many units to produce, what machines and ingredients are needed, how to arrange the production area and how to maintain quality.

Quick Comparison - Functional Areas

Area	Primary Resource / Focus	Typical Decisions
Marketing	Market and customers	Product, price, distribution, promotion
Human Resource	People	Recruitment, training, motivation, retention
Finance	Money and capital	Need, sources, budget, use and control of funds
Production	Materials, machines and operations	Production plan, technology, quality, cost

SMIT SIR'S NOTE

All four areas are interdependent. Marketing cannot promise sales without production; production cannot operate without finance; and none can work without people.

Chapter Glossary

Term	Simple Meaning
Management	Co-ordinated process of achieving organisational objectives through people and resources.
Objective	Predetermined result that an organisation wants to achieve.
Top Management	Highest managerial level responsible for policy and strategic direction.
Middle Management	Managerial level connecting top policy with departmental execution.
Bottom Management	Operating level supervising workers and routine activities.
Planning	Deciding future course of action in advance.
Organising	Arranging work, authority and responsibility.
Staffing	Obtaining and developing suitable employees.
Directing	Guiding, supervising, motivating and communicating with employees.
Controlling	Comparing actual performance with plans and correcting deviations.
Co-ordination	Integrating different activities and efforts into harmony.
Marketing Management	Management of market-related activities including product, price, distribution and promotion.
HRM	Management of employees and human resources.
Financial Management	Planning, acquisition, use and control of finance.
Production Management	Managing conversion of inputs into goods or services.

Common Mistakes Students Make

COMMON MISTAKE

Wrong idea: Management means only controlling employees.
Correct idea: Management includes planning, organising, staffing, directing, controlling and co-ordination.

COMMON MISTAKE

Wrong idea: Management is an exact science.
Correct idea: It has scientific principles, but because it deals with people it is a social science, not an exact science.

COMMON MISTAKE

Wrong idea: Management is a fully restricted profession.
Correct idea: It has many professional features, but entry into management is not legally restricted in the same way as some professions.

COMMON MISTAKE

Wrong idea: Middle management makes all major policy decisions.
Correct idea: Major policy is mainly the responsibility of top management; middle management focuses more on implementation.

COMMON MISTAKE

Wrong idea: Bottom management has no importance.
Correct idea: Bottom-level managers directly supervise workers and daily operations, so they are essential.

COMMON MISTAKE

Wrong idea: Co-ordination and co-operation are identical.
Correct idea: Co-operation is willingness to help; co-ordination is systematic integration of efforts.

COMMON MISTAKE

Wrong idea: Marketing means advertising.
Correct idea: Advertising is only one part of promotion; marketing also includes product, price and distribution.

COMMON MISTAKE

Wrong idea: HRM means recruitment only.
Correct idea: HRM also includes training, development, motivation, performance and retention.

How to Write Major Answers in the Exam

Q1. Define Management and Explain its Characteristics

Best structure: Meaning/definition -> 7 numbered characteristics -> 1-2 lines explanation each -> short conclusion.

Q2. Explain the Importance of Management

Best structure: Start with one introductory line -> 8 importance points -> explanation/example.

Q3. Explain Management as Science, Art and Profession

Best structure: Three separate subheadings. Explain why it fits each, then give a balanced conclusion.

Q4. Explain Levels of Management

Best structure: Draw/describe the three-level pyramid -> meaning of each level -> functions of each level.

Q5. Explain Functions of Management

Best structure: Planning -> Organising -> Staffing -> Directing -> Controlling, with meaning and one practical line each.

EXAM IMPORTANT

Presentation tip: Use headings, numbering and key words. This chapter is theory-heavy, so organised presentation can make your answer much stronger.

Practice Set A - MCQs

1. Management is primarily concerned with:

- A. achieving organisational objectives through organised effort
- B. only purchasing
- C. only production
- D. only accounting

2. Which characteristic shows management is required in many fields?

- A. Universal process
- B. Temporary process
- C. Personal hobby
- D. Fixed location

3. Management is goal-oriented because it:

- A. avoids objectives
- B. works toward predetermined objectives
- C. eliminates employees
- D. ignores results

4. Which level frames major policy?

- A. Top
- B. Middle
- C. Bottom
- D. Worker

5. Middle management mainly acts as:

- A. link between top and bottom levels
- B. owner of all assets
- C. external auditor
- D. customer

6. Bottom level is closest to:

- A. routine operations and workers
- B. national policy
- C. shareholders only
- D. external investors

7. Which is the first managerial function?

- A. Planning

- B. Controlling
- C. Staffing
- D. Directing

8. Which function arranges authority and responsibility?

- A. Organising
- B. Planning
- C. Controlling
- D. Marketing

9. Which function deals with recruitment and development of employees?

- A. Staffing
- B. Planning
- C. Finance
- D. Controlling

10. Which function compares actual performance with planned standards?

- A. Controlling
- B. Directing
- C. Organising
- D. Promotion

11. Co-ordination mainly creates:

- A. harmony among activities
- B. more duplication
- C. isolation of departments
- D. conflict

12. Product, price, distribution and promotion belong to:

- A. Marketing management
- B. Production only
- C. HRM
- D. Audit

13. Training and retention mainly belong to:

- A. HRM
- B. Financial management
- C. Production management
- D. Taxation

14. Budgeting and sources of funds mainly belong to:

- A. Financial management
- B. Marketing management
- C. Staffing
- D. Promotion

15. Quality control is closely related to:

- A. Production management
- B. Recruitment
- C. Promotion
- D. Top-level policy only

Practice Set B - Conceptual MCQs

16. Which statement is most accurate?

- A. Management is only an art
- B. Management combines science and art and has professional features
- C. Management is only a profession
- D. Management is not knowledge-based

17. A manager selecting between two alternatives is performing:

- A. decision process
- B. only staffing
- C. only advertising
- D. no management

18. If departments duplicate the same work, the main missing element is:

- A. co-ordination
- B. production
- C. promotion
- D. capital

19. Which level has the highest authority?

- A. Top
- B. Middle
- C. Bottom
- D. Worker

20. Which level receives policy from top and converts it into departmental action?

- A. Middle
- B. Bottom
- C. Customer
- D. External agency

21. A supervisor solving worker problems belongs mainly to:

- A. bottom level
- B. top level
- C. shareholder level
- D. board level

22. Which function answers 'Are results matching plans?'

- A. Controlling

- B. Organising
- C. Staffing
- D. Marketing

23. Which is NOT a marketing-mix element in this chapter?

- A. Product
- B. Price
- C. Distribution
- D. Recruitment

24. Which area estimates finance needs?

- A. Financial management
- B. Marketing
- C. HRM
- D. Production only

25. Which area decides technology and machinery?

- A. Production management
- B. Promotion
- C. HRM
- D. Financial audit

MCQ Answer Key

Q	Ans
1	A
2	A
3	B
4	A
5	A
6	A
7	A
8	A
9	A
10	A
11	A
12	A
13	A
14	A
15	A
16	B
17	A
18	A
19	A
20	A
21	A
22	A
23	D
24	A
25	A

SMIT SIR'S NOTE

If an answer is wrong, revise the concept, not only the option letter.

Exam Question Bank - One Sentence

- What is management?
- In which activities is management necessary?
- Which level of management has the supreme authority to manage the business?
- What is another name of middle level management?
- Which level follows orders and instructions given by the chief executive officer?
- Which level handles machinery layout and repairing functions?
- What is meant by product-mix?
- Give the full form of IIM.
- Give the full form of MBA.
- Give the full form of CEO.

Exam Question Bank - Short Answers

- State any two functions performed at top level management.
- How does management benefit society?
- What is planning?
- What is organising?
- What is co-ordination?
- Who are included in top level management?
- State the main elements of marketing management.
- Explain the various elements of price-mix.
- Discuss any four importance points of management.

Exam Question Bank - Brief / Long Answers

Brief-answer questions:

- Discuss the importance of management.
- Explain management as a profession.
- Explain functions performed by top level management.
- Give differences among different levels of management.
- Discuss the importance of co-ordination.
- Discuss the importance of human resource management.
- Explain functions of financial management.

Detailed-answer questions:

- Define management and explain its characteristics.
- Draw / describe the levels of management and explain their functions.
- Define co-ordination and explain its characteristics and importance.
- Define marketing management and explain its functions.
- Define human resource management and explain its functions.
- Define production management and explain its functions.

Application / Case-Based Practice

Case 1

A company has excellent machines and money but its departments work separately and repeat the same tasks. Which management concept is weak?

Answer: Co-ordination.

Case 2

The board decides to open a new plant in another city. Which level of management is mainly responsible for such a strategic decision?

Answer: Top level management.

Case 3

A departmental head receives a policy from the board and prepares a departmental plan to implement it. Which level?

Answer: Middle level management.

Case 4

A supervisor checks daily worker attendance, solves routine problems and reports to the department head. Which level?

Answer: Bottom level management.

Case 5

A company decides product design, price discount, dealer network and advertising campaign. Which functional area?

Answer: Marketing management.

Case 6

A business recruits employees, trains them and designs retention policies. Which functional area?

Answer: Human resource management.

Case 7

A company estimates funds required for expansion and chooses between bank finance and internal funds. Which area?

Answer: Financial management.

Case 8

A factory chooses machinery, layout and quality standards. Which area?

Answer: Production management.

5-Minute Chapter Revision

Management: Achieving predetermined objectives through organised use of people and resources.

Characteristics: Universal, goal-oriented, group activity, continuous, human process, decision process, science/art/profession.

Importance: Needed everywhere, optimum resource use, objectives, success, jobs, profit, social benefit, national development.

Science: Systematic knowledge but not exact due to human behaviour.

Art: Practical skill and application.

Profession: Specialised knowledge, education, associations, ethics - but not fully restricted.

Levels: Top = policy; Middle = implementation/link; Bottom = supervision.

Functions: Planning -> Organising -> Staffing -> Directing -> Controlling.

Co-ordination: Harmony among people and departments.

Functional Areas: Marketing, Human Resource, Finance, Production.

EXAM IMPORTANT

If you remember only one line: Management plans the work, organises resources, staffs people, directs action, controls results and co-ordinates everything.

One-Page Master Revision Sheet

Topic	Must Remember
Meaning	Get work done through people and resources to achieve objectives
Nature	Universal, goal-oriented, group, continuous, human, decisions, science/art/profession
Importance	Resources + objectives + success + profit + society + nation
Science	Systematic principles, but human behaviour prevents exactness
Art	Skill in practical application
Profession	Specialised knowledge + education + ethics; not fully restricted
Top Level	Policy, objectives, strategy, major decisions
Middle Level	Link and implementation
Bottom Level	Supervision and routine operations
Functions	Planning, organising, staffing, directing, controlling
Co-ordination	Integration and harmony
Marketing	Product, price, distribution, promotion
HRM	Recruit, train, motivate, retain
Finance	Estimate, obtain, use and control funds
Production	Plan output, machinery, quality and cost

Have You Mastered This Chapter?

- ☐ I can define management in my own words.
- ☐ I can explain all 7 characteristics.
- ☐ I can explain all 8 importance points.
- ☐ I can explain management as science, art and profession.
- ☐ I can compare all 3 levels of management.
- ☐ I can explain all 5 functions of management.
- ☐ I can explain co-ordination with characteristics and importance.
- ☐ I can explain all 4 functional areas.
- ☐ I can solve the MCQs and case questions without guessing.

CHAPTER 1 COMPLETE

Nature and Significance of Management

SMIT SIR'S FINAL MESSAGE

This chapter is the foundation for the rest of Class 12 OCM. If you understand the relationship between objectives, levels, functions and co-ordination, the later chapters on planning, organising, staffing, directing and controlling become much easier.

Smit Sir Commerce
www.smitsircommerce.in
info@smitsircommerce.com
6353709585