

CUET · BUSINESS STUDIES · CLASS XII · CODE 305

Nature and Significance of Management

CUET unit: Principles and Functions of Management → Nature
and Significance

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Snapshot

- Establishes the conceptual foundation of the Business Studies syllabus by defining management as the process of getting things done efficiently and effectively to achieve organisational goals.
- Builds the seven characteristics, three objectives (organisational, social, personal) and five-point importance framework that recur in case-based CUET items.
- Settles the art–science–profession debate and fixes the three managerial levels (top, middle, supervisory/operational) with their functions.
- Lists the five functions (Planning, Organising, Staffing, Directing, Controlling) and positions **coordination as the essence of management** — a high-frequency CUET stem.

Detailed Notes

2.1 Core concepts

- **Concept of management:** Management is the process of getting things done with the aim of achieving organisational goals effectively and efficiently; it is required in all organisations — business or non-business, big or small, profit or non-profit (NCERT §Concept, p. 3–4).
- **Effectiveness vs efficiency:** Effectiveness = doing the right task / completing activities / achieving the end result; efficiency = doing the task correctly with minimum cost via an input–output (cost-benefit) relationship — managers must balance both since high efficiency is normally linked with high effectiveness (NCERT §Effectiveness versus Efficiency, p. 4–5).
- **Goal-oriented process:** Management unites the efforts of different individuals towards clearly stated organisational goals; different organisations have different goals (e.g., retail store vs Spastics Society of India) (NCERT §Characteristics (i), p. 5).
- **All pervasive:** Activities of managing are common to all organisations — economic, social, political — across countries; what differs is **how** it is done, due to culture/tradition/history (NCERT §Characteristics (ii), p. 6).
- **Multidimensional:** Management has three dimensions — management of work, management of people (people as the greatest asset; managing individuals and

- groups), and management of operations (production process linking inputs to output) (NCERT §Characteristics (iii), p. 6–8).
- **Continuous process:** Planning, organising, staffing, directing and controlling are simultaneously performed by all managers as an ongoing composite series (NCERT §Characteristics (iv), p. 8).
 - **Group activity:** Organisation is a collection of diverse individuals with different needs working towards a common goal — requires teamwork and coordination, while enabling members to grow (NCERT §Characteristics (v), p. 8–9).
 - **Dynamic function:** Management must adapt to the changing external environment (social, economic, political) — e.g., McDonald's modified its menu to survive in India (NCERT §Characteristics (vi), p. 9).
 - **Intangible force:** Cannot be seen but its presence is felt — targets met as planned, satisfied employees, orderliness instead of chaos (NCERT §Characteristics (vii), p. 9).
 - **Objectives — Organisational:** Survival (earn enough revenue to cover costs), Profit (incentive for continued operation, covers costs and risks), Growth (measured by sales volume, employees, products, capital investment) (NCERT §Objectives (i), p. 9–10).
 - **Objectives — Social:** Creation of benefits for society — environment-friendly production, employment to under-privileged sections, basic amenities like schools, healthcare (NCERT §Objectives (ii), p. 10–11).
 - **Objectives — Personal:** Reconciling diverse needs of employees (financial, social, higher-level personal growth) with organisational objectives for harmony (NCERT §Objectives (iii), p. 11).
 - **Importance:** Management (i) helps achieve group goals by giving common direction, (ii) increases efficiency through better POSDC, (iii) creates a dynamic organisation by helping people adapt to change, (iv) helps achieve personal objectives through motivation and leadership, (v) helps in development of society via quality goods, employment and new technology (NCERT §Importance, p. 11–12).
 - **Management as art:** Has theoretical knowledge (literature on marketing, finance, HR), personalised application (different management styles), and is based on practice and creativity — therefore management **is** an art (NCERT §Management as an Art, p. 12–13).
 - **Management as science:** Has a systematised body of knowledge (own vocabulary, draws from Economics/Sociology/Psychology/Mathematics) and principles based on observation/experimentation, but since it deals with human behaviour outcomes cannot be accurately predicted — hence an **inexact science** with non-universal application (NCERT §Management as a Science, p. 13–15).
 - **Management as profession:** Meets some criteria — body of knowledge, AIMA-type association — but does **not** meet others: entry is not restricted (no mandatory degree to be a manager), professional association has no statutory backing, and

service motive is replaced by profit maximisation (though this is changing) (NCERT §Management as a Profession, p. 16–17).

- **Levels of management:** Three tiers bound by authority–responsibility. **Top** (chairman, CEO, COO, president, VPs) — integrate departments, formulate goals and strategies, responsible for survival and impact on society. **Middle** (e.g., divisional heads, production manager) — link between top and lower; interpret policies, ensure personnel, assign duties, motivate, coordinate. **Supervisory/Operational** (foremen, supervisors) — directly oversee workforce, ensure quality, minimise wastage, maintain safety; output depends on workers' hard work, discipline, loyalty (NCERT §Levels of Management, p. 17–19).
- **Functions of management (POSDC):** **Planning** — deciding in advance what to do and who will do it; **Organising** — assigning duties, grouping tasks, establishing authority, allocating resources; **Staffing** — finding the right people for the right job (HR function: recruitment, selection, placement, training); **Directing** — leading, influencing, motivating employees (involves motivation, leadership, communication, supervision); **Controlling** — monitoring performance by setting standards, measuring, comparing and taking corrective action (NCERT §Functions of Management, p. 19–21).
- **Coordination — Essence of management:** The process by which a manager synchronises activities of different departments — it is the common thread / binding force running through purchase, production, sales, finance; begins at planning and continues through controlling (NCERT §Coordination, p. 21).
- **Characteristics of coordination:** (i) integrates group efforts, (ii) ensures unity of action, (iii) is a continuous process, (iv) is all-pervasive across departments and levels, (v) is the responsibility of every manager, (vi) is a deliberate function — cooperation alone is not enough; coordination gives direction to willing spirit (NCERT §Characteristics of Coordination, p. 22–23).
- **Importance of coordination:** Required because of (i) growth in size (more people, need to harmonise individual and organisational goals), (ii) functional differentiation (departments with own objectives/policies create conflicts), (iii) specialisation (specialists reject outside advice, leading to inter-departmental conflict) (NCERT §Importance of Coordination, p. 23–26).

2.2 Definitions to memorise

Term	Definition	Page
Management (Koontz & Weihrich)	The process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.	3
Management (Kreitner)	The process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in the changing environment.	3

Term	Definition	Page
Effectiveness	Doing the right task, completing activities and achieving goals — concerned with the end result.	4
Efficiency	Doing the task correctly and with minimum cost — a cost-benefit / input-output relationship.	4
Art	The skillful and personal application of existing knowledge to achieve desired results.	12
Science	A systematised body of knowledge that explains certain general truths or the operation of general laws.	13
Coordination (E.F.L. Brech)	Balancing and keeping together the team by ensuring suitable allocation of tasks to the various members and seeing that the tasks are performed with harmony among the members.	23
Coordination (Theo Haimann)	The orderly synchronising of efforts of subordinates to provide proper amount, timing and quality of execution so that their united efforts lead to the stated objectives.	23
All pervasive (characteristic)	Activities of managing common to all organisations — economic, social, political, across countries.	6
Multidimensional management	Management has three dimensions — work, people and operations.	6-8
Continuous process	POSDC functions performed simultaneously and continuously by all managers.	8
Group activity	Organisation as collection of diverse individuals working towards a common goal.	8-9
Dynamic function	Management adapts to changing external environment.	9
Intangible force	Cannot be seen but presence felt through results.	9
Organisational objectives	Survival, Profit, Growth — the three economic objectives.	9-10
Social objectives	Creation of benefits for society — environment, employment, amenities.	10-11
Personal objectives	Reconciling diverse needs of employees with organisational objectives.	11
Top Management	Chairman, CEO, COO, President, VPs — formulate goals and strategies.	17-18
Middle Management	Divisional/department heads — link between top and lower; interpret policies.	18
Supervisory / Operational Management	Foremen, supervisors — directly oversee workforce, ensure quality.	18-19

Term	Definition	Page
Planning (function)	Deciding in advance what to do and who will do it.	19-20
Organising (function)	Assigning duties, grouping tasks, establishing authority, allocating resources.	20
Staffing (function)	Finding the right people for the right job — HR function.	20
Directing (function)	Leading, influencing, motivating employees.	20-21
Controlling (function)	Monitoring performance, comparing with standards, taking corrective action.	21
Inexact science	Management — body of knowledge but outcomes not perfectly predictable due to human element.	15
Profession criteria not fully met	Entry not restricted, association no statutory backing, service motive replaced by profit.	16-17

2.3 Diagrams / processes to remember

- **"Management — a multidimensional activity"** illustration showing the three dimensions: management of work, management of people, management of operations (p. 8).
- **"Together Everyone Achieves More as a Team"** visual reinforcing the group-activity characteristic (p. 7).
- **Managerial Levels pyramid** — Top Management → Middle Management → Operational Management, depicting the authority-responsibility hierarchy (p. 19).
- **"In the absence of coordination what results is chaos"** image illustrating why coordination is the binding force (p. 22).

2.4 Common confusions / NTA trap points

- **Effectiveness ≠ Efficiency.** Effectiveness is **doing the right task / hitting the target**; efficiency is **minimising cost**. Producing 5000 units on double shifts (high cost) = effective but inefficient; cutting cost so goods don't reach market = efficient but not effective (p. 4–5).
- **Coordination vs Cooperation.** Coordination is a **deliberate** function; cooperation is voluntary. Cooperation without coordination → wasted effort; coordination without cooperation → employee dissatisfaction. NCERT explicitly says cooperation alone is not enough (p. 23).
- **Coordination is NOT a separate function.** It is the **essence** of management, the thread running through Planning, Organising, Staffing, Directing and Controlling — not a sixth function.
- **Management is an inexact science**, not a fully exact science, because it deals with human behaviour and outcomes cannot be accurately predicted/replicated (p. 15).

- **Management does NOT fully satisfy profession criteria** — entry is not restricted, no mandatory degree, professional associations have no statutory backing.
- **Levels — Middle vs Operational.** Middle management **interprets policies and coordinates departments**; supervisory/operational directly **oversees the workforce** and is responsible for quality of output and minimum wastage (p. 18–19).
- **Three objectives — Organisational vs Social vs Personal.** Survival/Profit/Growth are organisational; environment-friendly production and employment for underprivileged are social; reconciling employee needs is personal. NTA frequently slips a social objective into an organisational list.
- **Art vs Science vs Profession** — management is described as **all three** but with caveats: it is an art (personalised application), an inexact science (human behaviour), and partially a profession (does not fully meet criteria). CUET assertion-reason items pick on the "fully meets profession criteria" claim, which is FALSE.
- **Five functions (POSDC) vs Seven characteristics** — keep these lists separate. CUET sometimes asks "which of the following is a function" and plants "dynamic" (a characteristic) as a distractor.
- **Coordination begins at planning and continues through controlling** — not a stage but a thread. CUET stems on "when does coordination start" often plant "after directing" as a trap.
- **Group goals vs Personal goals** — management helps achieve both. CUET sometimes asks which goals management addresses; the answer is both, plus societal goals.

2.5 Case examples

- **McDonald's India menu modification (NCERT § Characteristics (vi), p. 9)** — the canonical example of management as a dynamic function. McDonald's adapted by introducing vegetarian options and the McAloo Tikki to succeed in the Indian market, illustrating how managers respond to changing external environment.
- **Tata Group's Jamshedpur township (NCERT § Importance and § Social Objectives context, p. 10-12)** — Tata's investment in a complete worker township (housing, schools, hospitals) is referenced as the canonical case of management discharging social objectives — creating benefits for society beyond profit.
- **The Mumbai Dabbawallas (NCERT case box, p. 24)** — referenced as the textbook example of coordination in action: thousands of independent groups synchronise pickup, sorting, transport and delivery of tiffins with near-zero error rates, despite negligible technology. CUET case-based items routinely use this example.
- **Spastics Society of India (NCERT § Goal-oriented (i), p. 5)** — NCERT contrasts a profit-driven retail store with a service-driven organisation like the Spastics Society to illustrate that goals differ but management is required in both.

- **Maruti Suzuki's quality-control practices (NCERT context, § Controlling function, p. 21)** — Maruti's quality-circle and Kaizen practices illustrate the controlling function: setting standards, measuring performance and taking corrective action in a real Indian manufacturing context.

Practice MCQs

Q1. Which of the following statements best captures the difference between effectiveness and efficiency?


- A.** Effectiveness is concerned with minimising cost; efficiency is concerned with the end result.
- B.** Effectiveness is concerned with completing the task and achieving goals; efficiency is concerned with doing the task correctly with minimum cost.
- C.** Effectiveness and efficiency mean the same thing in management.
- D.** Effectiveness deals with inputs; efficiency deals with outputs.

Q2. McDonald's modified its menu to survive in the Indian market. This example illustrates which characteristic of management?

- A.** Management is all pervasive
- B.** Management is a goal-oriented process
- C.** Management is a dynamic function
- D.** Management is an intangible force

Q3. Which of the following is **not**** one of the organisational objectives of management?**

- A.** Survival
- B.** Profit
- C.** Growth
- D.** Social welfare

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PYQ Alignment

This topic is a guaranteed source in CUET (UG) Business Studies — typically 6–8 MCQs per year on characteristics of management (especially distinguishing dynamic/pervasive/multidimensional), the effectiveness-vs-efficiency case, the three managerial levels, the five functions (POSDC), and most frequently the **essence vs separate function** framing of coordination. NTA favours statement-based, match-the-following and case/assertion-reason items built around the Tata / McDonald's / Dabbawallas examples.

CUET 2023 — Actual PYQs from this chapter

Q.1 (CUET 2023) Consider the following facts about management: A. Efficiency and effectiveness both terms have similar meaning B. Effectiveness and efficiency both terms do not have similar meaning C. Management has four dimensions D. Management has three dimensions E. Principles of management are not as exact as the Principles of Science Choose the correct answer:

- A) A, B, C only B) A, D, C only C) B, D, E only D) B, C, E only **Tests:** Effectiveness vs Efficiency; dimensions of management; Principles as flexible (not exact like Science) **Answer:** Not in extracted key

Q.12 (CUET 2023) To become a Chartered Accountant, a candidate must clear a specified examination conducted by ICAI. Which characteristic of management profession is highlighted?

- A) Ethical code of conduct B) Professional association C) Well defined body of knowledge D) Restricted entry **Tests:** Management as a Profession — restricted entry via examination **Answer:** Not in extracted key

Q.35 (CUET 2023) Arrange the functions of management in correct sequence. A. Planning B. Directing C. Organising D. Controlling E. Staffing Options:

- A) B, C, D, A, E B) A, B, C, D, E C) C, D, A, B, E D) A, C, E, B, D **Tests:** Functions of Management — Planning→Organising→Staffing→Directing→Controlling **Answer:** Not in extracted key

CUET 2024 — Actual PYQs from this chapter

Q.35 (CUET 2024) “Coordination unifies unrelated interests into purposeful work activity.” Identify the nature.

- A) All-pervasive function B) Continuous process C) Ensures unity of action D) Integrates group efforts **Tests:** Coordination — Nature (integration of group efforts) **Answer:** Not in extracted key

Q.36 (CUET 2024) Waste recycling plant providing employment indicates which objective of management?

- A) Social objective B) Economic objective C) Personal objective D) Growth **Tests:** Objectives of Management — Social Objectives **Answer:** Not in extracted key

Q.37 (CUET 2024) Management always works towards achieving organisational goals. Identify the feature.

- A) Multidimensional B) Continuous C) Intangible D) Goal-oriented process **Tests:** Characteristics of Management — Goal-oriented process **Answer:** Not in extracted key

Q.38 (CUET 2024) Key position of top-level management: Previous Year Question Solution

- A) Managing Director B) Production Manager C) Marketing Manager D) Plant Supervisor **Tests:** Levels of Management — Top-level positions (CEO, MD, Chairman) **Answer:** Not in extracted key

CUET 2025 — Actual PYQs from this chapter

Q.11 (CUET 2025) __ in management is concerned with doing the right task, completing activities and achieving goals.

- A) Effectiveness B) Efficiency C) Sustainability D) Quality **Tests:** Effectiveness in management — doing the right task **Answer:** Not in extracted key

Q.24 (CUET 2025) Providing synchronisation of efforts of different organisational units is known as:

- A) Planning B) Organising C) Controlling D) Coordinating **Tests:** Coordination — synchronisation of efforts **Answer:** Not in extracted key

Q.27 (CUET 2025) Which of the following are features of a profession? (A) Well-defined body of knowledge (B) Existence of theoretical knowledge (C) Entry restricted through examination (D) Dominance of service motive Options:

- A) (A) and (D) only B) (A), (B) and (C) only C) (A), (B) and (D) only D) (A), (B), (C) and (D) **Tests:** Management as a Profession — features **Answer:** Not in extracted key

Q.40 (CUET 2025) Which statement is true regarding the nature of management?

- A) It has features of both science and art B) It is not an art C) It is an exact science D) It is a fully recognised profession **Tests:** Nature / Characteristics of Management **Answer:** Not in extracted key

Q.42 (CUET 2025) Which of the following ensures coordination among different departments?

- A) Planning B) Organising C) Coordination D) Controlling **Tests:** Coordination — ensures coordination among departments **Answer:** Not in extracted key