

# Solution Book

*Business Studies 2<sup>nd</sup> PUC*

**BUSINESS STUDIES SOLUTION BOOK 2ND PUC**

<b>Chapter</b>	<b>Total Marks</b>	<b>1 Mark</b>	<b>2 Marks</b>	<b>4 Marks</b>	<b>8 Marks</b>	<b>5 Marks</b>
1	11	1	1	-	1	1
2	7	1	1	1	-	1
3	6	-	1	1	-	1
4	7	1	1	1	-	1
5	11	1	1	1	1	1
6	13	1	-	1	1	1
7	11	1	1	1	1	1
8	7	1	1	1	-	1
9	7	1	1	1	-	1
10	13	1	-	1	1	-
11	19	1	1	1	1	1
12	7	1	1	1	-	1
13	5	1	1	-	-	1
<b>Total</b>	<b>124</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>6</b>	<b>3 out of 10</b>

**Unit 1**

**Part A**

1. What is Efficiency?

Efficiency means doing the task correctly and with minimum cost.

2. What is Effectiveness concerned with?

Management is concerned with the efficient use of these resources, because they reduce costs and ultimately lead to higher profits.

3. Give an example for top level/middle level/supervisory level management

Top Level – Chairman, Vice President

Middle Level – Production manager

Supervisory Level – Foreman

4. Which of the following is not a function of management (a) Planning (b) Staffing (c) Cooperating (d) Controlling

Cooperating

5. Management is (a) an art (b) a science (c) both art and science (d) neither

Both art and science

6. The following is not an objective of management (a) earning of profits (b) growth of the organization (c) providing employment (d) policy making

Policy making

7. Policy formulation is the function of (a) Top level management (b) Middle level management (c) Operational management (d) All of the above

Top management

8. Coordination is (a) Function of management (b) The essence of management (c) An objective of management (d) None of the above

Essence of management

**Part B**

9. Define Management.

“Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.”  
Harold Koontz and Heinz Weihrich

10.State any two Organizational Objectives of Management.

Profit: Mere survival is not enough for business. Management has to ensure that the organisation makes a profit.

Growth: A business needs to add to its prospects in the long run, for this it is important for the business to grow.

11.Define Coordination

Coordination is 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 themselves. E.F.L. Brech

12. Justify the importance of coordination by any two factors.

- (i) Growth in size: As organisations grow in size, the number of people employed by the organisation also increases.
- (ii) Functional differentiation: Functions of an organisation are divided into departments, divisions and sections. In an organisation there may be separate departments of finance, production, marketing or human resources.

**Part C**

13. Explain the Objectives of Management.

- a) Organisational Objectives: Management is responsible for setting and achieving objectives for the organisation
  - i. Survival: The basic objectives of any business is survival. Management must strive to ensure the survival of the organisation.
  - ii. Profit: Mere survival is not enough for business. Management has to ensure that the organisation makes a profit. Profit provides a vital incentive for the continued successful operation of the enterprise.
  - iii. Growth: A business needs to add to its prospects in the long run, for this it is important for the business to grow. To remain in the industry, management must exploit fully the growth potential of the organisation.
- b) Social objectives: It involves the creation of benefit for society. As a part of society, every organisation whether it is business or non-business, has a social obligation to fulfil. This refers to consistently creating economic value for various constituents of society.
- c) Personal objectives: Organisations are made up of people who have different personalities, backgrounds, experiences and objectives. They all become part of the organisation to satisfy their diverse needs. These vary from financial needs such as competitive salaries and perks.

14. Give any four grounds to say Management is important. (importance of Management)

- i. Management helps in achieving group goals: Management is required not for itself but for achieving the goals of the organisation. The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organisation.
- ii. Management increases efficiency: The aim of a manager is to reduce costs and increase productivity through better planning, organising, directing, staffing and controlling the activities of the organization
- iii. Management creates a dynamic organization: All organizations must function in an environment which is constantly changing. It is generally seen that individuals in an organisation resist change as it often means moving from a familiar, secure environment into a newer and more challenging one. Management helps people adapt to these changes so that the organization can maintain its competitive edge.
- iv. Management helps in achieving personal objectives: A manager motivates and leads his team in such a manner that individual members can achieve personal goals while contributing to the overall organisational objective. Through motivation and leadership, the management helps individuals to develop team spirit, cooperation and commitment to group success.

**Part D**

15. Explain the characteristics of Management.

- a) Management is a goal-oriented process: An organization has a set of basic goals which are the basic reason for its existence. These should be simple and clearly stated. Different organizations have different goals. For example, the goal of a retail store may be to increase sales while the goal of a automobile manufacturer is to improve quality of cars made
- b) Management is all pervasive: The activities involved in managing an enterprise are common to all organizations whether economic, social or political. A petrol pump needs to be managed as much as a hospital or a school. What managers do in India, the USA, Germany or Japan is the same.
- c) Management is multidimensional: Management is a complex activity that has three main dimensions. These are:
  - i. Management of work: All organizations exist for the performance of some work. In a factory, a product is manufactured, in a garment store a customer's need is satisfied and in a hospital a patient is treated.
  - ii. Management of people: Human resources or people are an organization's greatest asset. Despite all developments in technology "getting work done through people" is still a major task for the manager. Managing people has two dimensions
    - It implies dealing with employees as individuals with diverse needs and behaviour;
    - It also means dealing with individuals as a group of people.
  - iii. Management of operations: No matter what the organization, it has some basic product or service to provide to survive. This requires a production process which entails the flow of input material and the technology for transforming this input into the desired output for consumption.
- d) Management is a continuous process: The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling). These functions are simultaneously performed by all managers all the time
- e) Management is a group activity: An organisation is a collection of diverse individuals with different needs. Every member of the group has a different purpose for joining the organisation but as members of the organisation they work towards fulfilling the common organisational goal. This requires team work and coordination of individual effort in a common direction
- f) Management is a dynamic function: Management is a dynamic function and has to adapt itself to the changing environment. An organization interacts with its external environment which consists of various social, economic and political factors. In order to be successful, an organisation must change itself and its goals according to the needs of the environment.
- g) Management is an intangible force: Management is an intangible force that cannot be seen but its presence can be felt in the way the organization functions. The effect of management is noticeable in an

organisation where targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.

16. “Management as an art and a science are not mutually exclusive but complement to each other”- Elucidate.

The basic features of an art are as follows:

- (i) Existence of theoretical knowledge: Art presupposes the existence of certain theoretical knowledge. Experts in their respective areas have derived certain basic principles which are applicable to a form of art. For example, literature on dancing, public speaking, acting or music is widely recognized.
- (ii) Personalized application: The use of this basic knowledge varies from individual to individual. Art, therefore, is a very personalized concept. For example, two dancers, two speakers, two actors, or two writers will always differ in demonstrating their art.
- (iii) Based on practice and creativity: All art is practical. Art involves the creative practice of existing theoretical knowledge. We know that all music is based on seven basic notes. However, what makes the composition of a musician unique or different is his use of these notes in a creative manner that is entirely his own interpretation.

The basic features of science are as follows:

- (i) Systematised body of knowledge: Science is a systematic body of knowledge. Its principles are based on a cause and effect relationship. For example, the phenomenon of an apple falling from a tree towards the ground is explained by the law of gravity.
- (ii) Principles based on experimentation: Scientific principles are first developed through observation and then tested through repeated experimentation under controlled conditions.
- (iii) Universal validity: Scientific principles have universal validity and application.

The practice of management is an art. However, managers can work better if their practice is based on the principles of management. These principles constitute the science of management. Management as an art and a science are therefore not mutually exclusive but complement each other.

17. Define coordination. Explain the characteristics of coordination.

Coordination is 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 themselves. E.F.L. Brech

- (i) Coordination integrates group efforts: Coordination unifies unrelated or diverse interests into purposeful work activity. It gives a common focus to group effort to ensure that performance is as it was planned and scheduled.
- (ii) Coordination ensures unity of action: The purpose of coordination is to secure unity of action in the realisation of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.
- (iii) Coordination is a continuous process: Coordination is not a one-time function but a continuous process. It begins at the planning stage and continues till controlling.
- (iv) Coordination is an all-pervasive function: Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels. The purchase, production and sales departmental efforts have to be coordinated for achieving organisational objectives harmoniously.
- (v) Coordination is the responsibility of all managers: Coordination is the function of every manager in the organisation. Top level managers need to coordinate with their subordinates to ensure that the overall policies for the organisation are duly carried out. Middle level management coordinates with both the top level and first line managers. Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans.
- (vi) Coordination is a deliberate function: A manager must coordinate the efforts of different people in a conscious and deliberate manner. Even where members of a department willingly cooperate and work, coordination gives a direction to that willing spirit. Cooperation in the absence of coordination may lead to wasted effort and coordination without cooperation may lead to dissatisfaction among employees.

18. 'Management is a series of continuous interrelated functions'- Comment.
- i. **Planning:** is the function of determining in advance what is to be done and who is to do it. This implies setting goals in advance and developing a way of achieving them efficiently and effectively. Planning cannot prevent problems, but it can predict them and prepare contingency plans to deal with them when they occur.
  - ii. **Organising:** is the management function of assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan. Once a specific plan has been established for the accomplishment of an organisational goal, the organising function examines the activities and resources required to implement the plan. It determines what activities and resources are required. It decides who will do a task, where it will be done, and when it will be done. Organising involves the grouping of the required tasks into manageable departments or work units and the establishment of authority and reporting relationships within the organisational hierarchy.
  - iii. **Staffing:** simply stated, is finding the right people for the right job. A very important aspect of management is to make sure that the right people with the right qualifications are available at the right places and times to accomplish the goals of the organisation. This is also known as the human resource function and it involves activities such as recruitment, selection, placement and training of personnel.
  - iv. **Directing:** involves leading, influencing and motivating employees to perform the tasks assigned to them. This requires establishing an atmosphere that encourages employees to do their best. Motivation and leadership are two key components of direction. Directing also involves communicating effectively as well as supervising employees at work. Motivating workers means simply creating an environment that makes them want to work. Leadership is influencing others to do what the leader wants them to do. A good manager directs through praise and criticism in such a way that it brings out the best in the employee.
  - v. **Controlling:** is the management function of monitoring organisational performance towards the attainment of organisational goals. The task of controlling involves establishing standards of performance, measuring current performance, comparing this with established standards and taking corrective action where any deviation is found. Here management must determine what activities and outputs are critical to success, how and where they can be measured and who should have the authority to take corrective action

