Class 12 Business Studies Chapter 1: Nature and Significance of Management - Notes, Important Questions and MCQs (2026-27)

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These Class 12 Business Studies Chapter 1 notes cover “Nature and Significance of Management” from the NCERT textbook Principles and Functions of Management (2026-27): the concept of management with effectiveness and efficiency, its characteristics, objectives and importance, management as an art, science and profession, levels of management, functions of management and coordination as the essence of management – with tables, Q&A, 10 MCQs and a free PDF.

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Chapter Overview

Management is the process of getting things done with the aim of achieving goals effectively and efficiently. Effectiveness means completing the right task on time; efficiency means doing it at minimum cost by using resources wisely.

Management is goal-oriented, all-pervasive, multidimensional, continuous, a group activity, a dynamic function and an intangible force. It works at top, middle and supervisory levels through the functions of planning, organising, staffing, directing and controlling, all tied together by coordination.

Important Topics and Concepts

Concept: Effectiveness and Efficiency

- Management is a process of getting things done to achieve goals effectively and efficiently.
- Effectiveness: achieving the goal on time – concerned with the end result.
- Efficiency: using minimum resources – concerned with cost–benefit.
- Good management balances both; high effectiveness with waste or low cost with missed targets are both poor.

Characteristics of Management

- Goal-oriented process.
- All-pervasive – used in every type of organisation and country.
- Multidimensional – management of work, people and operations.
- Continuous process.
- Group activity.
- Dynamic function – adapts to the environment.
- Intangible force – its presence is felt in results.

Objectives and Importance

- Organisational objectives: survival, profit, growth.
- Social objectives: benefits to society, e.g. eco-friendly methods, jobs.
- Personal objectives: satisfying employees' financial, social and higher-level needs.
- Importance: achieves group goals, increases efficiency, creates a dynamic organisation, helps achieve personal objectives, helps development of society.

Management as Art, Science and Profession

- Art: existence of theoretical knowledge, personalised application, based on practice and creativity – management is an art.
- Science: systematised body of knowledge, principles based on experimentation, universal validity – management is an inexact (social) science.
- Profession: well-defined body of knowledge, restricted entry, professional association, ethical code, service motive – management does not fully meet all, so it is not a full profession.

Levels and Functions of Management

- Top level: CEO, MD, Board – set objectives, policies, responsible for welfare and survival.
- Middle level: divisional heads – interpret policies, assign duties, coordinate.
- Supervisory (operational) level: foremen, supervisors – direct workers, maintain quality.
- Functions: planning, organising, staffing, directing, controlling.

Coordination – The Essence of Management

- Coordination is the force that binds all functions and activities together.
- Features: integrates group efforts, ensures unity of action, continuous process, all-pervasive, responsibility of all managers, deliberate function.
- Importance: growth in size, functional differentiation, specialisation.

Management – Art, Science or Profession?

Most-asked comparison.

Basis	Art	Science	Profession
Knowledge	Theoretical knowledge exists	Systematised body of knowledge	Well-defined body of knowledge
Application	Personalised	Universal validity	Restricted entry by exam/degree
Basis	Practice and creativity	Experiments	Ethical code, service motive
Management fits?	Yes	Inexact science	Not fully

Levels of Management

Level	Who	Main role
Top	Chairman, CEO, MD, Board	Set goals and policies; overall welfare
Middle	Divisional/department heads	Interpret policies; coordinate; staff
Supervisory	Foremen, supervisors	Direct and control workers; quality

Important Definitions and Terms

Term	Meaning
Management	Process of getting things done effectively and efficiently
Effectiveness	Achieving goals on time
Efficiency	Achieving goals at minimum cost
All-pervasive	Applicable in all organisations
Intangible force	Felt but not seen
Coordination	Process of synchronising activities
Top management	Senior-most executives
Supervisory management	Managers who directly oversee workers
Profession	Occupation with knowledge, entry rules and ethics
Multidimensional	Covers work, people and operations

Short Answer Questions

Q1. Define management.

The process of getting things done with the aim of achieving goals effectively and efficiently.

Q2. Distinguish effectiveness and efficiency.

Effectiveness is completing the task on time; efficiency is doing it with minimum resources.

Q3. Why is management called all-pervasive?

Q4. State the three objectives of management.

Organisational, social and personal objectives.

Q5. Why is management an inexact science?

Its principles deal with human behaviour and cannot be applied with universal precision.

Q6. Name the levels of management.

Top, middle and supervisory (operational) levels.

Q7. List the functions of management.

Planning, organising, staffing, directing and controlling.

Q8. Why is coordination called the essence of management?

Because it is needed in every function and at every level to achieve unity of action.

Long Answer Questions

Q1. Explain the characteristics of management.

Goal-oriented process.

All-pervasive.

Multidimensional – work, people, operations.

Continuous and group activity.

Dynamic and intangible.

Q2. Is management an art, a science or a profession? Explain.

Art – theoretical knowledge, personal skill, practice.

Science – systematised knowledge but inexact.

Profession – lacks restricted entry and compulsory association.

Hence an art, an inexact science, not a full profession.

It is moving towards professionalism.

Q3. Explain the features of coordination.

Integrates group efforts.

Ensures unity of action.

Continuous process.

All-pervasive and every manager’s responsibility.

Deliberate function.

MCQs with Answers

1. Completing work on time is(a) efficiency (b) effectiveness (c) coordination (d) planningAnswer: (b) effectiveness

2. Management is not a full(a) art (b) science (c) profession (d) processAnswer: (c) profession

4. Foremen belong to(a) top level (b) middle level (c) supervisory level (d) boardAnswer: (c) supervisory level

5. Survival, profit and growth are(a) social objectives (b) organisational objectives (c) personal objectives (d) noneAnswer: (b) organisational objectives

6. Management is felt but not seen; it is(a) tangible (b) intangible (c) static (d) rigidAnswer: (b) intangible

7. Using minimum resources is(a) effectiveness (b) efficiency (c) growth (d) profitAnswer: (b) efficiency

8. Policy formulation is done by(a) top management (b) middle management (c) supervisors (d) workersAnswer: (a) top management

9. Which is not a function of management?(a) planning (b) staffing (c) advertising (d) controllingAnswer: (c) advertising

10. Management as art involves(a) universal validity (b) personalised application (c) restricted entry (d) experimentsAnswer: (b) personalised application

Quick Revision Points

- Effectiveness vs efficiency.
- Seven characteristics.
- Three objectives; five importance points.
- Art, science, profession table.
- Three levels with roles.
- Five functions; coordination features.

Chapter Summary

Management is the process of getting things done to achieve goals effectively and efficiently. It is goal-oriented, all-pervasive, multidimensional, continuous, a group activity, dynamic and intangible, and serves organisational, social and personal objectives.

Management has elements of an art and an inexact science but is not a full profession. It works at top, middle and supervisory levels through planning, organising, staffing, directing and controlling, with coordination as the essence that binds them.

Exam Tips and PYQ Pattern

- Art–science–profession is a sure 4–6 mark question.
- Learn characteristics with keywords.
- Identify the level of management in case studies.
- Explain coordination features with examples.
- Use effectiveness/efficiency in case-based answers.

Frequently Asked Questions

Is this chapter in the 2026-27 CBSE syllabus?

Yes. It is part of the NCERT Class 12 Business Studies Part I textbook “Principles and Functions of Management”, prescribed in the CBSE 2026-27 syllabus.

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Yes. Use the free PDF link at the top of this page – no signup needed.

Is management an art or a science?

Management has features of both – it is an art and an inexact science – but it is not a full profession.

Why is coordination the essence of management?

Because it is required in all functions and at all levels to integrate efforts and achieve unity of action.

Conclusion

Nature and Significance of Management lays the foundation for the whole BST book. Learn the comparison tables here and save the free PDF.

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Author Bio: Written and reviewed by the Nextoper Editorial Team, a group of CBSE business studies educators who build chapter notes directly from the NCERT textbook and past board paper patterns.

Freshness Note: These notes follow the NCERT Class 12 Business Studies textbook, Principles and Functions of Management (NCERT reprint 2026-27, rationalised syllabus), and the CBSE syllabus for the 2026-27 session. Last checked on 26 November 2026.