

Chapter 1

Nature and Significance of Management

QUESTIONS FOR PRACTICE

1. Mr. X, the director of a company many times get involved in activities like procurement of raw material, production and dispatch of goods, employee discipline etc.

(a) Name the level of management Mr. X belongs to.

(b) Do you think he must be involved in such activities? Give reason.

(c) Give two important functions, Mr. X must perform?

[Hint: (a) Top level (b) No, as these are routine jobs (c) setting goals, formulating objectives etc.]

Q2. Management of Global Ltd. fulfills all its objectives and the organization is able to work effectively and efficiently. It is using environment friendly methods of production and disposes off the waste material by either recycling it or using the same for landfill in such a manner that aquatic life is not disturbed. It also provides employment opportunities to the disadvantaged sections of the society.

(a) Identify the objective of management which the company is fulfilling by doing such activities.

(b) State any other 2 objectives which they should fulfill?

(c) Which two values is the company achieving by their activities?

Q3. In ABC Ltd., the purchase department purchased 20 tonnes of raw material for production department. Although only 15 tones was needed by production department. Due to this, goods were overproduced and were not accepted by sales department. As a result,



some goods remained unsold. Which aspect of management is lacking among various departments. Give any 2 importance of the above asked element.

[Hint: (a) Co-ordination]

Q4. The marketing manager of Alpha Ltd. fixed the target for all his sales executives and gave them all the possible authorities to achieve it. They were asked to submit to him their performance report at the end of the month. All of them did the same. On the receipt of report, the expected and actual results of sales executives were compared, on this basis future course of action was decided. The sales Executive also wrote in their report what the expectations of the customers from the company were. Majority of them had written that they wanted the co. to cooperate in the construction of Dharmasala going on in the city. The marketing manager placed this demand before the Board of Directors. This was happily accepted.

(a) Identify the functions of management described in above paragraph by quoting relevant lines.

(b) Which 2 values are given to society?

(c) Which objective is being highlighted here?

[Hint : (a) Organizing, Controlling and Planning],

(b) Community development, Accomplishment of social responsibility]

(c) Social Objective

Q5. Three groups of employees of Ganga Ltd. are working at different posts. The first group is responsible for survival and growth of organization. This group continuously keeps a watch over the business environment. With a view of coping with the changes going on in the business environment this group immediately discusses the change to be brought about in company's plan. The second group is to explain the policies by superiors to the employees and developing the feeling of cooperation among all the departments. The Third group is responsible for maintaining quality and safety standards and minimizing wastage.

(a) Identify the levels of management described in above paragraph by quoting relevant lines.



[Hint: (a) Top level (b) Middle level (c) Supervisory level.]

Q6. Grey Ltd. is facing a lot of problems these days. The Co's margin is declining day by day. The Production manager is blaming marketing department whereas marketing is blaming production department for not maintaining the quality. Finance department is blaming the both.

(a) What aspect of management do you think is lacking in the above situation.

(b) Give the importance of that concept.

[Hint: Co-ordination]

Q7. Rahul is planning to launch a new line of products in 2 years time. However at present he has reduced its prices by 10% to retain its existing customers. What are the 2 main objectives he is focusing at? Give reason.

[Hint: **(1)** Growth - by launching a new product line

(2) Survival - by reducing prices]

Q8. After every three months, Mr. Ramakant offers new schemes to its distributors. He tries to bring in changes keeping in mind the needs of a customer and offers from his competitors. This gives him an edge over his competitors. Identify the characteristic of management in above situation? Explain it briefly. [Hint: Dynamic].

Q9. Toys & toys Ltd. received a new order of 10,000 toys to be delivered in 15 days, failing which the contract will be null and void. To complete this, Mr. Pankaj, production manager planned to outsource the production and deliver the order on time. The outsourcing of production results in increase in cost by 30%. Do you think the production manager performed his duties effectively and efficiently? Give reasons. [Hint : Effective but not efficient.]

Q10. Gemini Circus is organizing shows internationally for the last thirty years. Their shows have been successful across the globe. Of late, their shows are not as popular as they were in the past. After analyzing, they are thinking of bringing necessary changes in their shows to gain popularity.



(a) Identify which characteristics of management is reflected in above situation? Give reasons.

(b) Which function of management is indicated here?

[Hint: **(a)** Dynamic and Goal oriented.

(b) Planning and Controlling.

Q11. Ford Motors aims to produce and sell 1,50,000 cars in 2014. To achieve this target the production department strives for timely production and sales department takes all possible steps to sell them. Due to combined efforts of all the departments, company can achieve its target.

(a) Which importance of management is highlighted here? Explain any two other significances of management.

(b) Which other aspect of management helps in achieving goal in Ford Motors.

[Hint: **(a)** “Management helps in achieving group goals

(b) Co-ordination.]

VERY SHORT ANSWER TYPE QUESTIONS (1 MARK)

1. "Planning, Organizing, Staffing, Directing and controlling" is the sequence of functions in a process. Name it.

Ans. Management

2. Name that intangible force which creates productive relationships among resources of an organization.

Ans. Management

3. What is the main objective of any organization?

Ans. Main objective of any organization is optimum utilization of resources

4. Production manager tries to produce goods with minimum costs.

Name the concept which is being focused by management?

Ans. Efficiency

5. What do you mean by effectiveness?

Ans. It means completing the task or achieving the goals within stipulated time period.

6. "Management is a group activity". Give reasons for statement.

Ans. An organization is a collection of diverse individuals with needs and purposes but they work towards fulfilling the common organizational goals.

7. In order to be successful, an organization must change its according to the needs of the environment. Which characteristic of management is highlighted in the statement?

Ans. Management is a dynamic function.

8. Give one designation each of top and middle level management?

Ans. Top - CEO, Middle - Divisional Manager

9. Your Grand Father has retired as the director of a manufacturing company.

At what level of management was he working.

Ans. Top management.

10. Why is management called inexact science?

Ans. Management relates to human behavior, whose cause and effect is not

certain, that's why it is called an inexact science.

SHORT ANSWER TYPE QUESTIONS (3 OR 4 MARKS)

1. Explain the meaning of management. What do you mean by managers?

Ans. Management is a process of getting things done with the aim of achieving desired common goals effectively and efficiently. Persons engaged in performing the functions of the management are known as managers. In other words, those managing the organizational resources for releasing its goals are known as managers.

2. 'Management is a process' Explain?

Ans. Management includes various steps such as planning, organizing, staffing, directing and controlling. This process begins with those at the top of the organization and continues in varying degrees at almost every level of the organization. These inter-related steps help to achieve organizational goals in an effective manner. That is why management is known as a process of employing and organizing resources to accomplish predetermined objectives.

3. 'Management is multi-dimensional'. Explain?

Ans. Management is a complex activity and involves following three main dimensions -

i) Management of works

In each and every organization, certain type of work is to be performed. In school, overall development of a child is to be done; in hospitals, patients are treated etc. Management converts these works into goals and devises the means to achieve them.

ii) Management of People.

Management is concerned with "getting things done through people", which is a very difficult task. All the employees have different personalities, needs, backgrounds and methods of work. Thus, it becomes management's job to make them work as a group by giving common direction to their efforts.

iii) Management of operations.

In order to survive, each organization has to provide certain goods or services. This involves a production process; thus, management of operations is interlinked with both the above dimensions viz., management of work and the management of people.

4. What are the personal objectives of the management?

Ans. Personal objectives refer to the objectives which are related to the employees of an organization. They are as follows:

i) Financial needs like competitive salaries, incentives and other monetary



benefits.

ii) Social needs like recognition in the organization.

iii) Higher level need which includes personal growth and development.

5. Enumerate the importance of management.

Ans. Following points are the importance of management.

i) Management helps in achieving group goals.

ii) Management increase efficiency

iii) Management creates a dynamic organization.

iv) Management helps in achieving personal objectives.

v) Management helps in development of society.

6. What do you mean by level of management?

Ans. Levels of management means the hierarchy of organization representing the relationships among managers and subordinates on the basis of their relative authority, status and responsibility. There are three levels in the hierarchy of an organization viz.

(i) Top management (ii) Middle management and (iii) Supervisory or operational management.

7. Define co-ordination. Enumerate the features of co-ordination?

Ans. Coordination is an orderly arrangement of group efforts to maintain harmony among individuals' efforts towards the accomplishment of common goals of an organization.

Features of co-ordination

i) It integrates group efforts.

ii) It unifies the action.

iii) It is a continuous process.

iv) It is an all-pervasive function

v) It is the responsibility of all managers.

vi) It is a deliberate function.

LONG ANSWER TYPE QUESTIONS (5 OR 6 MARKS)

1. Explain any five features of management?

Ans. Following are the features of management:

(i) Management is a group activity

Management consists of a number of persons who work as a group.

Their efforts are directed towards the common goals. Members initiate,

communicate, coordinate and join their hands for the achievement of organizational objectives.

(ii) Management is a goal-oriented process

Management aims at common goals through a process of series of continuous functions via planning, organizing, directing, staffing and controlling. These composite functions of management are separately performed by all managers all the time simultaneously to realize organizational goals

(iii) Management is all pervasive

Whether it is a commercial organization or noncommercial organization, big or small all require management to handle their operations effectively and efficiently.

(iv) Management is a continuous process

Management is a continuous process consisting of a series of functions viz., planning, organizing, directing and controlling. All the managers perform these functions regularly.

(v) Management is a dynamic function

The environment in which a business exists keeps on changing. Thus in order to be successful, management must change its goals, plans and politics according to the needs of its environment.

2. Explain the organizational objectives of management.

Ans. The organizational objectives of management refer to the main objectives required to fulfill the economic goals of the business organization. The main objective of management is to utilize the human and material resources in such a manner that it should give maximum advantage to the organization. Every management group strives to accomplish these objectives for its organization. These objectives of every organization are survival, profit and growth.

(a) Survival: The basic objective of every business is to survive for a longer period in the market. The management must ensure survival of the organization by earning enough revenue to cover its costs.

(b) Profit: Only survival is not sufficient for business. Profit earning is essential for meeting the expenses and for the successful operation of the bus' Thus management must ensure earning of sufficient profit.



(c) Growth: The next important objective of the management is to ensure future growth and development of the business.

3. Explain the 'social objectives' of management.

Ans. Each organization is a part of society and thus it has certain social obligations to fulfill.

Some of them are as follows:

- (i) To supply quality goods and services
- (ii) Providing basic amenities to the employees like schools and creches for their children, medical facilities etc.
- (iii) To generate employment opportunities especially for the backward classes.
- (iv) To provide environment friendly methods of production.
- (v) To provide financial support to society by donating for noble causes.
- (vi) To organize educational, health and vocational training programmes.
- (vii) To participate in social service projects of Government and Non – Governmental Organizations (NGOs).

4. Do you mean by 'Personal Objectives' of management? Enumerate personal objectives of management.

Ans. Personal Objectives refer to the objectives which are related to the individual needs of the employees of an organization. All organizations are made up of people with different values, experiences and objectives. People join an organization to satisfy their different needs. These are as follows:

- i) Financial needs like competitive salaries, incentives and other monetary benefits.
- ii) Social needs like recognition in the organization.
- iii) Higher level need which includes personal growth and development.

5. Explain five functions of top-management.

Ans. Top management performs the following functions.

- i) Develops long-term objectives:** Top-level managers develop the long - term objectives like expansion of business, manpower planning etc.
- ii) Framing of policies:** They lay down guidelines for departmental head i.e., policies relating to production, marketing, personnel, finance public relation etc.
- iii) Organizing :** Top management organizes the business into various sections and



departments to achieve the desired organizational objectives.

iv) Key appointments: Top-level authorities appoint the departmental heads and some other key persons to develop the organizational structure for profitable growth of the enterprises.

v) Controlling: Top-level managers periodically review the work of executives at different levels to ensure that their performance is as per predetermined plans.

QUESTIONS WITH DIFFERENT DIFFICULTY LEVELS

1. Give any one social objective of management. (1)

Ans. Either one of the following:

- i) Desired quality of products at reasonable price.
- ii) Using environment friendly methods of production
- iii) Generation of employment opportunities.

2. Name any two designations given to first line managers. (1)

Ans. Foremen and supervisors.

3. Which force binds all other functions of management? (1)

Ans. Coordination

4. What do you mean by Management Hierarchy? – (1)

Ans. The chain of authority - responsibility relationships from top to bottom is called as management hierarchy.

5. How is management all pervasive? – (3 or 4)

Ans. Activities involved in management are applicable to every type of organisation whether economic, social or economic, social or political. For example, a cricket team needs to be managed as much as a club or a hospital. The activities of managers in India are similar to their activities in say U.K. or USA. Thus it can be said that management is all pervasive.

6. 'Management provides judgement and vision'. Explain? -(3 or 4)

Ans. Management keeps adjusting to the complex and ever-changing external environment. It helps in decision making. As it visualizes the future and the right course of action for same, sound decisions become possible. Thus, its foresight provides judgment and vision.

7. Why is management considered as a discipline? (3 or 4)

Ans. Discipline refers to a subject, the study of which can be organized and taught.



Management is considered as a discipline because it is being continuously researched and studied. Also, it emphasis on knowledge, diversification, theory and practice, just like any other discipline.

8. Mr. Kunal is working as the Finance Manager of XYZ Ltd. At what level of management is he working? State any two functions being performed by him? (3 or 4)

Ans. He is working as a middle level manager.

His functions are as follows.

- i) Deciding various sources from which required funds can be raised.
- ii) Negotiating with banks, brokers, under-writers etc. for raising finance.

9. 'Coordination is a continuous activity'. Explain? (3 or 4)

Ans. Coordination is a continuous activity carried out by all managers at all times. It starts at the planning stage and continues with the other functions of management. It is a never-ending process. It integrates all the activities and ensures the orderly arrangement of individual and group efforts to ensure unity of action in the realization of common objectives.

10. What is mean by Co-ordination? Explain how does coordination 'integrates group efforts' and 'ensures unity of action'. (cbse 2012)

Ans. Meaning of Coordination and Explanation of relevant features.

11. Identify the nature of management when it is practiced as personal application of existing knowledge to achieve desired results. (cbse 2012)

Ans. Management as an art.

Important Question

1. The Activities involved in managing an enterprise are common to all organizations whether economic, social or political. Which characteristics of management is highlighted by this statement ?

Ans: Management is pervasive

2. Policy formation is the function of which level of management?

Ans: Top Level

3. In order to be successful an organization must change its goals according to the need of the environment. Which characteristic of management is highlighted in the statement?

Ans: Management is dynamic function.

4. To meet the objectives of the firm the management of Angora Ltd. Offer employment to physically challenged persons . Identity the organizational objective it is trying to achieve.a

Ans: Social objective

5. Management of any organization strives to attain different objectives Enumerate any two such objectives?

Ans: a) Profit

b) Survival.

6. Who are considered as Operative managers?

Ans: Supervisors and Foremen.

7. “Management is considered to be a three-tier machinery”. Why?

Ans: Because of three levels in the management hierarchy-Top, Middle & operational.

8. Name the process by which a manager synchronizes the activities of



different departments.

Ans: Coordination.

9. How is entry to a profession restricted?

Ans: The entry to a profession is restricted through an examination or through acquiring an educational degree.

10. State any two points which prove that management is multi-dimensional?

Ans: a) Management of work

b) Management of people.

11. An achievement of which organizational objectives results in “an increase in sales volume, increase in number of employees, no of products ,and increase in capital investment’

Ans: objective of growth

12 management is based on personalized application of knowledge it varies from person to person” which nature of management is signified by it?

Ans: management is an art

13 the authority responsibility relationship that binds individuals as superiors and subordinates in an organization, gives rise to what?

Ans: levels of management.

14 if an organization derives more benefits even after using less resources it's a result of what?

Ans: efficiency

15 a company's target production is 5000 units in a year , to achieve this target the manager has to operate in double shifts due to power failure. The manager is able to meet the target but at a higher production cost. Is the manager efficient or effective?

Ans he is effective but not efficient

16 “ managers in India do the same work as managers in usa or japan or Germany” which characteristic of management is highlighted by it?

Ans: management is all pervasive

17 “a collection of diverse individuals with different needs but working towards fulfilling the common organizational goals” this statement highlights which characteristic of management?

Ans: management is a group activity

18 discrepancies between actual and realized activities are taken care at which stage

Ans: controlling

19 ABC Ltd. is facing a lot of problem these days. The company's profit margin is declining day-by-day. The production manager is blaming marketing management whereas marketing is blaming production department for not maintaining the quality. Finance department is blaming both. What quality of management do you think is lacking. Explain it briefly.

Ans: the quality which is lacking in the above case is “co-ordination”. The manager is able to execute all the function but he is unable to co-ordinate these function of manager. co-ordination is the essence of management.
(addition : meaning/ definition of co-ordination)

20 your father has retired as a purchase manager of a company. At what level of management was he working? What function do you think he was performing at the level of management.

Ans: middle level of management explain three function of middle level of management.

21 Rajat's father was working as a foremen in a textile factory at what level of management is he working explain in brief his functions?

Ans: he is working at operator level of management his functions are :

1. to prepare plans regarding their work and make distribution of work.
2. representing the worker grievance before the management.
3. ensuring adequate lighting, ventilation, odorless in the working area.
4. looking after safety of workers.



5. helping the management in selection, training, placement & promotion of workers.

6. welcoming suggestion forms workers for better working practices.

22. A company manufacturing mobiles is facing the problem of decreasing sales in the market. You can imagine any product about which you are familiar. What decisions/ steps should each level of management take to give effect to this decision.

Ans: modernization of product is needed to increase its shares in the market.

Hence to modernize the product each level should work as follows

1. top level management –

i) they must plan to add some new features in their mobiles.

ii) They must organize and assemble necessary resources.

iii) They must co-ordinate the efforts of all the department towards modernization

2. middle level management i) they must implement the plans made by top level in their respective departments.

ii) They must interpret the plans to their subordinates.

iii) They must select effective and efficient employees to perform the task.

iv) They should try to use available resources in the best possible manner & should try to minimize the cost of product.

3. lower/supervisory level i) they must assign the task according to efficiency & qualification of employees.

ii) they must maintain the quality of work and reduce the wastage.

iii) they must make efforts to improve the loyalty of workers.

23 without effective management the resources will remain as resources cannot be converted into productive utilities. “do you agree” ? give reason.

OR

“success of an organization largely depends upon its management.” Explain any five reasons to justify the above statement.

Ans: success of an organization largely depends upon its management because of the following reasons:-

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- (a) helps in achieving group goals
 - (b) increase efficiency
 - (c) creates a dynamic organization
 - (d) help in achieving personal objective of organization
 - (e) helps in development of society.

