



## CHAPTER 1

### NATURE AND SIGNIFICANCE OF MANAGEMENT

1. Successful organisations do not achieve goals by chance but by following a deliberate process known as
  - (a) Planning
  - (b) Co-ordination
  - (c) Controlling
  - (d) ManagementAnswer: d  
Explanation:  
(d) Management is considered to be a deliberate process as it involves creating an environment which is conducive to efficient and effective performance.
2. Management is essential for the organisations which are
  - (a) Non-profit organisations
  - (b) Service organisations
  - (c) Social organisations
  - (d) All of the aboveAnswer: d  
Explanation:  
(d) Management is essential for all types of organisations irrespective of their size or type.
3. . Management contains a series of interrelated functions that include
  - (a) Planning
  - (b) Organising
  - (c) Directing
  - (d) All of the aboveAnswer: d  
Explanation:  
(d) Management as a process contains a series of functions namely planning, organising, staffing, directing and controlling.
4. People in the organisations carry out diverse tasks with the aim to achieve
  - (a) Different objectives
  - (b) Common objectives

- (c) Both of the above
- (d) None of the above

Answer: b

Explanation:

(b) Management seeks to integrate individual goals with organisational goals and ensure realisation of both.

5. Successful management ensures that
- (a) Goals are achieved with least cost
  - (b) Timely achievement of goals
  - (c) Both of the above
  - (d) None of the above

Answer: c

Explanation:

(c) Management aims to carry out the work in a manner that is completed within the stipulated time (effectiveness) and at the least cost (efficiency).

6. Efficiency is concerned with
- (a) Doing the right thing
  - (b) Doing things right
  - (c) Achieving end results
  - (d) None of the above

Answer: b

Explanation:

(b) Efficiency aims at reduction of cost through optimum utilisation of resources and avoiding wastage of resources.

7. Effectiveness relates to
- (a) Doing the right task
  - (b) Completing activities
  - (c) Achieving goals
  - (d) All of the above

Answer: d

8. Rohan works as a production manager in Global Enterprises Limited. He has been given the task of getting 1000 units of hand woven table mats manufactured at the cost of ₹150 per unit within 10 days. In order to be acknowledged as an effective manager, he must ensure that
- (a) The cost of production does not exceed ₹150 per unit
  - (b) The work is completed within 10 days even at higher cost per unit
  - (c) The cost of production is less than ₹150 per unit
  - (d) All of the above

Answer: b

Explanation:

(b) The concept of effectiveness is related to the completion of the task within the stipulated time irrespective of the cost involved.

9. Jay is working as a marketing manager in a company. Has been given the task of selling 100000 units of a product at the cost of ₹100 per unit within 20 days. He is able to sell all the units within the stipulated time, but had to sell last 1000 units at 20% discount in order to complete the target. In such a situation, he will be considered to be
- (a) An efficient manager
  - (b) An effective manager
  - (c) Both effective and efficient manager
  - (d) None of the above

Answer: b

10. Tarang Enterprises Limited is planning to increase its sales by 30% in the next quarter. Identify the feature of management being highlighted in the given statement.
- (a) Management is all pervasive
  - (b) Management is a goal oriented process
  - (c) Management is a continuous process
  - (d) All of the above

Answer: b

Explanation:

(b) Management is considered to be goal oriented as an organisation is brought into existence for realisation of certain goals.

### Very Short Answer Questions

- 1. 'Management is the process of getting things done.' State the meaning of the term 'process' used in this statement.**

**Ans:** 'Process' refers to the series of interrelated functions performed by individuals or groups like planning, organizing, directing, staffing and controlling.

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

**Ans:** 'Management is all pervasive'.

- 3. What is meant by management?**

**Ans:** Management refers to the process of managing people and tasks efficiently and effectively using the right techniques and methods.

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

**Ans:** 'Management is a dynamic function'.

**5. To meet the objectives of the firm the management of Angora Ltd. offer employment to physically challenged persons. Identify the organizational objective it is trying to achieve.**

**Ans:** 'Social objective'

**6. "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'.

**7. 'Is Management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the cost benefit'? Give reason in support of your answer**

**Ans:** No, to accomplish organizational goals management must focus on both effectiveness and efficiency i.e., completing the task on time, with minimum cost and optimum utilization of resources.

**8. List any two social objectives of management.**

**Ans:** The two social objectives are:

- a. Providing equal employment opportunities to physically challenged sections of society.
- b. To contribute in improving living standards of the society, by working upon the development of regional, rural and backward areas.

**9. "Management is considered to be a three-tier machinery". Why?**

**Ans:** Management is considered to be a three-tier machinery as there are three levels of management, namely top, middle and lower-level management.

**10. How does coordination integrate group efforts? State Briefly.**

**Ans:** Coordination unites the interests and efforts of different individuals towards the attainment of common objectives of the organization.

**11. How is entry to a profession restricted?**

**Ans:** The entry to a profession is restricted as an individual must acquire an educational degree or examination to become a professional.

**12. State any two points which prove that management is multidimensional?**

**Ans:** Management is multidimensional because:

- a. It manages work and people.

b. It manages the operations of the organization.

**13. 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:** Growth objective of organizational objective of management.

**14. 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:** Manager is effective as he has completed the task on time but inefficient as the task has been completed at a lower cost

### Short Answer Questions

**15. Explain the features of management that do not establish it as a profession.**

**Ans:** The features of management that do not establish it as a profession are:

- a. **Restricted Entry:** To become a professional one needs to pass an examination or have an educational degree. However, to make a career in management, there is no need to have any professional qualification, or an educational degree etc.
- b. **Statutory Body:** Every profession is regulated by a legally recognized body like ICAI for a chartered accountant. Management also has their association like All India Management Association but management associations are not statutory bodies.
- c. **Ethical Code of Conduct:** A strict code of conduct exists in every profession. This feature is not present in management as there is no specific code of conduct for managers that legally binds a manager.
- d. **Service Motive:** The basic motive of a profession is to serve clients with dedication. This feature is not present in management as it aims to accomplish organizational goal which is generally profit maximisation.

**16. ABC Ltd. is facing a lot of problems these days. The company's profit margin is declining day-by-day. The production manager is blaming marketing management whereas marketing is blaming the 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 management of the company is lacking the quality of 'coordination'. Coordination synchronizes the activities of different departments of the organization. It performs the following functions:

- a. **Harmonization:** Coordination harmonizes individual goals with the organizational goals. This results in the growth of the organization which results in an increase in the number of people employed with it.
- b. **Creates link:** The various departments of the organization have their own objectives, policies and their own style of working. But to achieve organizational objective coordination is important so as to link the activities of all departments. It brings in unity among the interdependent departments and helps to avoid confusions and conflicts

**Integration and Unification of efforts:** Coordination integrates all the specialists' activities into a collective effort. It ensures that all managerial functions at all levels of management are unified for effective planning, efficient implementation to achieve given targets.

**17. Ashutosh Goenka was working in 'Axe Ltd.', a company manufacturing air purifier. He found that the profits had started declining from the last six months. Profit has an implication for the survival of the firm, so he analysed the business environment to find out the reasons for this decline.**

**(a) Identify the level of management at which Ashutosh Goenka was working.**

**Ans:** Ashutosh Goenka was working at the 'top level management'.

**(b) State three other functions being performed by Ashutosh Goenka.**

**Ans:** Ashutosh Goenka must perform these three functions:

- He needs to organise all the physical and human resources required.
- He must formulate objectives and set goals for the organization.
- He must assign work to the middle level managers and guide them accordingly.

**18. Rishitosh Mukherjee has recently joined AMV Ltd, A company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organization. Therefore, he ensured that his department has the required number of employees and its cooperation with other departments has improved.**

**(a) Identify the level at which Rishitosh Mukerjee was working.**

**Ans:** Rishitosh Mukherjee was working at the 'middle level management'.

**(b) Also, state three more functions required to be performed by Rishitosh Mukerjee at this level.**

**Ans:** Rishitosh Mukherjee needs to perform following three functions:

- He needs to assign work to the lower-level managers and guide them so that desired objectives are achieved.
- He needs to inform the top-level management regarding the market demands and requirements of physical and human resources.
- He must also motivate and control the activities of lower-level management so that they achieve desired results.

### **Long Answer Questions**

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

**Ans:** Modification is needed to compete with the similar products in the market. For this, each level of management has to contribute in following ways:

#### **a. Top Level Management:**

- They need to analyse the business environment and take decisions regarding the modification to be done.
- They need to establish objectives of modification, formulate plans and policies to implement the modification.
- They need to organise all physical and human resources required for modification.
- Inform all departments about modification and coordinate their activities.

#### **b. Middle Level Management**

- They must inform top level management about the possibilities of modification, market demand or expectations required to implement modification.
- They must interpret plans and policies and instruct lower level management for their implementation.
- They must recruit, select and train personnel to be able to take up modification.
- They must assign responsibilities and duties to lower level managers.

#### **c. Lower Level Management**

- Before the modification decision is taken, they may give their views about the kind of modification or technology is required
- They must issue orders and instructions to the workforce to implement plans.
- They must train or guide the workforce to carry out production activities.
- They must supervise work closely to ensure that work is done effectively and efficiently.

**20. Without effective management the resources will remain as resources cannot be converted into productive utilities. "do you agree" ? give reasons.**

**OR**

**"Success of an organization largely depends upon its management." Explain any five reasons to justify the above statement.**

**Ans:** Yes, I agree. The following points of importance of management justify the statement:

- a. **Achievement of group objectives:** Management creates coordination and team spirit in the group of individuals. Management also inspires the members of the groups to make their best contribution towards the achievement of the common objective. This common objective is set by the management itself.
  - b. **Optimum utilization of resources:** Management brings together men, money, material, machine in the right proportion to reduce cost and maximize production.
  - c. **Minimization of Cost:** Management improves efficiency and reduces cost through better planning, sound organization and effective control. By eliminating wastage and minimum cost, management helps an organization to face cut throat competition.
  - d. **Social development:** Management increases the standard of living of the people by providing good quality products and services at minimum cost. It also helps in generating employment opportunities and adopting new technologies.
  - e. **Achievement of personal objectives:** Each and every individual joins an organization for pursuing their personal objectives. Some join for a good package of salary, some join for greater recognition, some just for survival. So, this depends upon individual to individual. Management plays an important role in identifying the personal objectives so as to integrate it with the organizational objectives to bring harmony in the organization, as well as successful fulfilment of the personal objectives of the individuals.
21. Aman, Ahmad and Ally are partners in a firm engaged in the distribution of dairy products in Maharashtra state. Aman is a holder of a Senior Secondary School Certificate from the Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post-graduation in History and Ally in dairy farming. One day there was a serious discussion between Ahmad and Ally regarding the nature of management, Ahmad argued that management was a profession.

Whereas Ally argued against it saying that the legal and medical professions are the only professions because they fulfill all the conditions



of profession. **Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally. Explain how Aman would have satisfied both Ahmad and Ally.**

**Ans:** Ahmed and Ally could have been satisfied by Aman through the explanation of the following features of management as a Profession:

- a. **Well Defined Body of Knowledge:** Every profession has a systematised body of knowledge which can be learned through instructions. This feature of the profession is present in management as it consists of systematic knowledge of concepts, theories and principles.
- b. **Restricted Entry:** To become a professional one needs to pass an examination or have an educational degree. However, to make a career in management, there is no need to have any professional qualification, or an educational degree etc.
- c. **Statutory Body:** Every profession is regulated by a legally recognized body like ICAI for a chartered accountant. Management also has their association like All India Management Association but management associations are not statutory bodies.
- d. **Ethical Code of Conduct:** A strict code of conduct exists in every profession. This feature is not present in management as there is no specific code of conduct for managers that legally binds a manager.
- e. **Service Motive:** The basic motive of a profession is to serve clients with dedication. This feature is not present in management as it aims to accomplish organizational goals that is generally profit maximisation.