

# CHAPTER - 1

## NATURE & SIGNIFICANCE OF MANAGEMENT

### *Very Short Answer Questions*

(1 Mark Each)

**Question 1:**

Name the process of designing and maintaining an environment in which individual working together in groups efficiently accomplish selected aims.

**Answer 1:**

Management

**Question 2:**

Which function of management is concerned with finding the right people for the right job?

**Answer 2:**

Staffing

**Question 3:**

The production manager of a company is trying to produce goods with minimum cost. Name the concept which is being focused by management.

**Answer 3:**

Efficiency.

**Question 4:**

To meet the objectives of the firm, management of Angora Ltd. offers employment to physically challenged persons. Identify the organizational objectives it is trying to achieve.

**Answer 4:**

It is trying to achieve "Social objectives".

**Question 5:**

Miss Ananya is associated with Sagar Ltd. She told you that her workers have good relations with her. At what level of management is she?

**Answer 5:**

Operational management.

**Question 6:**

A petrol pump needs to be managed as much as a school or a hospital. "Which Characteristic of management has been highlighted here?"

**Answer 6:**

Management is all pervasive.

**Question 7:**

Surya Enterprise Ltd. manufactures toys. The production department produces more of toys than required and sales department is not able to sell the total production. What quality of management do you think the company is lacking?

**Answer 7:**

Co-ordination.

**Question 8:**

How does management help individual to develop team spirit, cooperation and commitment to group success

**Answer 8:**

Through motivation and leadership

**Question 9:**

At which level of management the managers are responsible for the welfare and survival of the organization?

**Answer 9:**

Top management

**Question 10:**

Mc. Donalds, the fast food giant, made major changes in its menu to be able to survive in the Indian market. Which characteristic of management is highlighted?

**Answer 10:**

Management is a dynamic function.

**Question 11:**

There is no restriction in anyone being appointed or designated as a manager of any business enterprise. What aspect of management as a profession does this statement indicate?

**Answer 11:**

It is a profession but not a full-fledged profession like medicine or law.

### *Short Answer Questions*

(3 or 4 Marks Each)

#### **Question 1:**

Explain in brief “Management as an activity”.

#### **Answer 1:**

Management is an activity conducted in a group through cooperation and collaboration among individuals with different skills, capabilities and experiences.

#### **Question 2:**

How is “Management a goal-oriented process?”

#### **Answer 2:**

Management aims at ensuring timely completion of work, achieving production and sales targets or obtaining fair returns from investments by using their imaginative and intuitive skills to utilise resources optimally.

#### **Question 3:**

Management is a systematized body of knowledge that explains certain general truths. Explain.

#### **Answer 3:**

Management is a science, which is a systematized or arranged as per a system set for an organization by management developed by management practitioners, thinkers and philosophers over a period of years. This knowledge is scientific in nature and is useful for understanding and applying the truths related to management that ensures efficiency and effectiveness in operations of a business.

#### **Question 4:**

Explain how management increases efficiency and helps in the development of society.

#### **Answer 4:**

Management directs organizational goal towards utilizing the physical and human resources provided by the society in an optimal manner. Management uses functions like planning, organizing, staffing, directing and controlling to achieve organizational goals that further leads to good quality and environment friendly products / services and improves overall standard of living of the society.

#### **Question 5:**

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

#### **Answer 5:**

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

- **Restricted entry** - The entry to a profession is restricted through a prescribed qualification. But there is no restriction on any one being appointed as a manager in any business enterprise.
- **Professional association** - All profession are affiliated to professional association which regulates entry, and grants certificate of practice. There is no compulsion for managers to be members of such an association.
- **Ethical code of conduct**- All professions are bound by a code of conduct which guides the behaviour of its members. AIMA has devised a code of conduct for Indian manager but there is no statutory backing for this code.
- **Service motive** - The motive of a profession is service to their client’s interests by rendering dedicated and committed service.

The basic purpose of management is to help the organization achieve stated goal which may be profit maximization. However, profit maximization as the objective of management does not hold true and is fast changing. So, presently this feature of profession is not fully present in management.

**Question 6:**

Sulekha is working as 'Operations Manager' in Parag Ltd. Name the managerial level at which she is working. State any three functions she will perform 'Operations Manager' in this company.

**Answer 6:**

Sulekha is working at middle level management

**Functions:** The main task of Sulekha is to carry out the plans formulated by the top managers. For this she need to:

- ✓ Interpret the policies framed by the top management,
- ✓ Ensure that her department has the necessary personnel, assign necessary duties and responsibilities to them,
- ✓ Motivate them for higher productivity to achieve the desired objectives, and
- ✓ Cooperate with the other departments for smooth functioning of the organization.

**Question 7:**

"Management is a science like physics or chemistry". Do you agree with this statement? Give three reasons in support of your answer.

**Answer 7:**

This statement is wrong. Although management can be called science but not as an exact or pure science like physics or chemistry. It is important to apply the characteristics of science to management in order to find out whether management is a science or not. Following are the main points:

- **Systematized Body of Knowledge** - It is necessary for science to be a systematized body of knowledge. Management is also a systematized body of knowledge because it has its own theory and principle which are developed by the management experts after years of research.
- **Principles Based on Experiments** - After applying this characteristics of science to management, we find that development of management, took years for the collection of facts, their analysis and experiment.
- **Universal validity** - Scientific principles are based on truth and they can be applied every time and in every situation. In the field of management the principles of management are considered to be based on truth and they too can be applied anywhere and in every situation.

**Conclusion** - The subject matter of management is human being who is an intelligent and sensitive being and whose behaviour or conduct changes according to the changing situations. Therefore, no permanent principles like the principles of physics and chemistry can be enunciated in relation to his conduct or behaviour. So the management cannot be called a pure science, it is an applied Science or social science because it deals with human behaviour.

**Question 8:**

Give the meaning of Management and explain how it 'creates a dynamic organization' and 'helps in the development of society'.

**Answer 8:**

Management is the process of getting things done with the aim of achieving goals effectively and efficiently. Management creates a dynamic organization. In order to be successful, an organisation must change itself and its goals according to the needs of the environment. But people 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 organisation is able to maintain its competitive edge. Management helps in the development of society by

- ✓ Providing good quality products and services at reasonable prices,
- ✓ Creating employment opportunities, Adopting new technology, etc.

**Question 9:**

Explain the 'social objectives' of management.

**Answer 9:**

Each organisation is a part of society and thus it has certain social obligations to fulfil. Some of them are as follows:

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

## *Long Answer Questions*

(5 or 6 Marks Each)

### **Question 1:**

State any 5 characteristics of management.

#### **Answer 1:**

Following are the features of management:

- ✓ **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 organisational objectives.
- ✓ **Management is a goal-oriented process** - Management aims at common goals through a process of series of continuous Functions viz. 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.
- ✓ **Management is all pervasive** - Whether it is a commercial organisation or non-commercial organisation, big or small all require management to handle their operations effectively and efficiently.
- ✓ **Management is a continuous process** - Management is a continuous process consisting of a series of functions viz. planning, organising, directing and controlling. All the managers perform these functions regularly.
- ✓ **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.

### **Question 2:**

“Coordination is needed at all level of management and it is the responsibility of all managers.” Explain how.

#### **Answer 2:**

Coordination is needed at all levels of management and in all departments. It integrates the efforts of different departments and different levels. The purchase, production, finance, and sales departmental efforts must be coordinated for achieving organizational objectives harmoniously. Coordination is a responsibility of all managers:

- Top level managers need to coordinate with their subordinates to ensure that the overall policies of 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.

### **Question 3:**

Explain the organizational objectives of management.

#### **Answer 3:**

The organizational objectives of management refer to the main objectives required to fulfil the economic goals of the business organization.

- **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.
- **Profit:** Only survival is not sufficient for business. Profit earning is essential for meeting the expenses and for the successful operation of the business. Thus management must ensure earning of sufficient profit.
- **Growth:** The next important objective of the management is to ensure future growth and development of the business.

**Question 4:**

Describe any five reasons which clarify that management is gaining importance day by day.

**Answer 4:**

- **Multidisciplinary:** Management uses multidisciplinary or several disciplines/subjects like economics, physiology, mathematics, etc. Simultaneously that benefits an organization.
- **Goal oriented:** An effective management aims at attaining goal of an organization. Accordingly, all functions and efforts by the management are directed towards achieving these goals.
- **All Pervasive:** Management is pervasive or involves human activity across different course of action and level of business.
- **Dynamic function:** As a business keeps changing continuously under varying trends, past preferences, etc. Management is also characterized by continuous changes, activities and vigour that creates energy among individuals in an organization to work suitably.
- **Continuous process:** Activities under management are conducted as a continuous process with distinguishable and specific activities, techniques and procedures which cannot be performed simultaneously.

**Question 5:**

Sameera is a manager of a large company manufacturing toys for kids. She plans her new winter collection of toys in the month of August. Then, she ensures that there is adequate workforce. She continuously monitors whether production is proceeding according to the plans. She asks the marketing department to prepare their promotional and advertising campaigns also.

(a) Identify and explain the concept of management in the above para.

(b) What characteristics does the above para highlight? State.

**Answer 5:**

**(a) Coordination:** It is the force that binds all the functions of management. It is the common thread that runs through all activities such as purchase, production, sales, finance, etc. to ensure continuity in the working of the organization. Coordination is not a separate function of management. It is the essence of management.

- It is implicit and inherent in all functions of management
- Top management plans for the entire organization.
- According to these plans, the organizational structure is developed and staffed.
- In order to ensure that these plans are executed according to plans, directing is required.
- Any deviation between the actual and the standard performance is corrected at the stage of controlling.

**(b)** Coordination is a continuous process. It begins at the planning stage and continues till controlling.

**Question 6:**

High Tech. Ltd. is a company producing IT services. The company's profits are enough for the survival and growth. The management of the company believes that a satisfied employee creates a satisfied customer, who in turn creates profits that leads to satisfied shareholders. So, it pays competitive salaries and perks to all its employees. All the employees are happy working in the organization because of personal growth and development.

The company has a strong sense of social responsibility. It has set up an Engineering College in which one-third of the students are girls to whom the company gives 50% scholarship. Is the management of High Tech. Ltd. fulfilling its objectives? Justify your answer by giving reasons.

### Answer 6:

Yes, the management of High Tech Ltd. is fulfilling all the objectives – organisational objectives, social objectives and personal objectives.

- Organisational objectives are the economic objectives of a business. These are survival, profit and growth. ‘Profit of High. Tech Ltd. are enough for the survival and growth.’
- Social objectives involve creation of benefits or economic value for the society. ‘H. Tech. Ltd. has a strong sense of responsibility. It has set up an Engineering College in which one-third of students are girls to whom the company gives 50% scholarship’.
- Personal objectives are related to the employees.

‘The management of High Tech Ltd. satisfies the financial needs of its employees by giving them competitive salary and perks. It also satisfies their higher level needs such as personal growth and development.

### Question 7:

Ganesh Ltd. is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task.

Mr. Sagar responsible for the welfare and survival of the organisation. He formulates overall organization goals and strategies for their achievement. Mr. Bharat ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained. Mr. Nagar assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objects.

At what levels of management are Mr. Sagar, Mr. Bharat and Mr. Nagar working in Ganesh Ltd.? Justify your answer.

### Answer 7:

- ✓ Mr. Sagar is working at the top level management. He is responsible for the welfare and survival of the organisation. He formulates overall organizational goals and strategies for their achievement.
- ✓ Mr. Bharat is working at lower level of management. He ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained.
- ✓ Mr. Nagar is working at middle level management. He assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives.

### Question 8:

ABC handlooms Ltd. Set up a factory for manufacturing jute bags in a remote village as there was no raw materials available. The revenue earned by the company was sufficient to cover the costs and the risks. The demand of bags was increasing day by day, so the company decided to increase production to generate higher sales. For this they decided to employ people from the nearby villages as very few job opportunities were available in that area. The company also decided to open schools and crèches for the children of its employees

- (a) Identify and explain the objectives of management discussed above.
- (b) State any two values which the company wanted to communicate to the society.

### Answer 8:

- (a) The Company is fulfilling the organizational and social objectives of management.
- Organisational objectives include survival, profit and growth.
  - In order to survive, ABC handlooms Ltd. earns enough revenues.
  - Company’s profits are sufficient to the cover the cost and the risks.
  - Since demand for bags was increasing day by day and so the company decided to increase production to generate higher sales, it implies that the company exploits fully its growth potential. Social objectives involve the creation of benefits for the society.

‘The company decided to employ people from the nearby villages as very few job opportunities were available in that area. It also decided to open schools and crèches for the children of its employees’



**(b) Values:**

- Providing employment opportunities in rural areas
- Concern for the environment
- Socially responsible behaviour
- Community development by opening schools and crèches for children