

CBSE Test Paper - 03
Chapter - 1 Nature and Significance of Management

1. Management is _____ (1)
 - a. Tangible force
 - b. Dynamic Function
 - c. One Time Activity
 - d. Individual Activity
2. Which is not a function of management of the following? (1)
 - a. Staffing
 - b. Controlling
 - c. Cooperating
 - d. Planning
3. _____ Aims to help each other (1)
 - a. Planning
 - b. Staffing
 - c. Coordination
 - d. Cooperation
4. Management is not _____ (1)
 - a. Intangible force
 - b. Group Activity
 - c. Goal Oriented
 - d. Tangible force
5. Name the level of management at which the managers are responsible for implementing and controlling the plans and strategies of the organisation. (1)
6. Your grandfather has retired from an organisation in which he is responsible for overseeing the efforts of the workforce. At which level of management was he

working? State one more function performed at this level. **(1)**

7. In order to be successful, an organization must change according to the needs of the environment. Which characteristic of management is highlighted in the statement? **(1)**
8. 'In an organisation employees are happy and satisfied, there is no chaos and the effect of management is noticeable.' Which characteristic of management is highlighted by this statement? **(1)**
9. Mega Ltd. manufactured water-heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analysed the reasons behind the less revenues. After analysis, the company decided.
- to reduce the labour costs by shifting the manufacturing unit to a backward area where labour was available at a very low rate.
 - to start manufacturing solar water-heaters and reduce the production of electric water- heaters slowly.

This will not only help in covering the risks but also help in meeting other objectives.

- a. Identify and explain the objectives of management discussed above.
- b. State any two values which the company wanted to communicate to society. **(3)**
10. What is meant by 'management'? Explain any two points of its importance. **(3)**
11. Management is a profession like Accounting, Medicine and Law as it also has a well defined body of knowledge. Yet, management does not qualify to be a full fledged profession. Why? **(4)**
12. Give any two important characteristics of management. **(4)**
13. Explain five functions of top-management. **(5)**
14. State any four functions of operational management. **(5)**
15. A successful enterprise has to achieve its goals effectively and efficiently. Explain. **(6)**

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Answer

1. b. Dynamic Function

Explanation:

Management is a dynamic function and has to adapt itself to the changing environment. An organisation 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.

2. c. Cooperating

Explanation:

We have only 5 functions of management that are - planning, organising, staffing, directing and controlling.

3. d. Cooperation

Explanation:

Cooperation is an act of working or **acting together for a common purpose for benefit**. It aims to help each other. It is more or less **active assistance** from a person, organisation etc. whereas the process by which a manager synchronises the activities of different departments is known as coordination.

coordination is deliberately synchronising the activities of different departments or individuals whereas cooperation is **willing spirit of helping each other**.

The other two aspects given in the option of this question (Planning and Staffing) are functions of management.

4. d. Tangible force

Explanation:

Management is not a tangible force because it cannot be touched and seen but its presence can be felt in the way organisation functions. The effect of management is noticeable in an organisation when:

- i. Targets are met according to plans
- ii. Employees are happy and satisfied

iii. There is orderliness instead of chaos

It can be concluded that Management is an intangible force and not a tangible force.

5. Middle level management. It is the level which passes on the complaints of the workers to the top management and the plans of the top management to the workers.
6. Supervisory or Operational Management.
Function: Implementation of policies of higher management.
7. Management is a dynamic function because it has to change according to the environment surrounding the organisation.
8. Management is an intangible force. It cannot be seen or touched.
9.
 - i. Maga Ltd is discussing about the achievement of 'organisation objective' in part (i) and 'social objective' in part (ii) of the question. Organisational objectives It refers to the goals for the benefit of all stakeholders such as employees, government, shareholders and investors. Organisation objectives are:
 - a. Survival When the organisation earns enough revenue to cover its cost.
 - b. Profit When the organisation earns enough revenue to cover costs and risks of the business.
 - c. Growth It implies growth in terms of sales, profit, number of workers, products produced and sold, etc.
 - ii. Social objectives Since, business organisations are social units, their objectives should be in line with general needs of the society. Some of the social objectives of an organisation are :
 - a. Supply of quality products.
 - b. Using environmental friendly methods of production...
 - c. It should provide employment opportunities to the disadvantaged sections of society.
 - iii. Two values which the company wants to communicate to the society are:
 - a. Promoting employment opportunities By providing employment to the people of backward area.
 - b. Environment friendly By producing solar heaters and reduce production of

electric heaters

10. According to Drucker, "Management is the dynamic life-giving element in every organization. Without it, the resources of production remain resources" It is the activating force that gets things done through people. Management is an art of getting things done through others and than seeing it that they do it in best & cheapest way. The importance of management can be understood from the following points.
- i. Management helps in achieving group goals. An organization sets certain goals. Management aims at achieving such goals by directing the individual efforts. Management have to coordinate the efforts of all departments towards the goal of the orgnization.
 - ii. Management increases efficiency With proper planning. organising, staffing. directing and controlling the activities of the organisation, management increases the efficiency and effectiveness of workers by producing maximum output with minimum cost and in giving time period.
11. Yes, management is a profession like Accounting, Medicine and Law because it is a well-defined body of knowledge. It cannot be treated as full-fledged profession because it does not fulfill the following criteria of a profession.
- i. Entry is not restricted to management anyone can be appointed as manager. The person who have money in their pocket he can be a manager.
 - ii. Professional association: It is not compulsory for managers to be members of management association. As there is no professional association is working for management.
 - iii. Ethical code of Conduct: No compulsory code of conduct for managers. So they are not punishable like in other profession.
 - iv. Service Motive: Business organizations are established with the aim of profit maximisation. So the motive to serve the society is not fulfilled.
12. Two main characteristics of management are:
- i. **Management is a goal-oriented process:** The main reason of setting up an organisation is to achieve a set of basic goals as it is necessary for every organistion to survive in competition for long run. Management is a process of

interrelated functions which are coordinated with each other to achieve the goal effectively and efficiently. For example, an organization may set its basic goal to earn 15% profit in the current year or to increase its sale by 20% or to sell 50,000 units in a year etc. Management ensures that different individuals are making efforts in the right sense towards achieving these goals.

- ii. **Management is all pervasive:** Management is universal; it means it is relevant for all type of organizations i.e. small or large, business or non-business, manufacturing or service provider, social, political, religious organization etc. Management activities are performed in all type of organization. Management is required at every level (Top Level, Middle Level or Lower Level). Either you are in a hospital or in a school, either in India or anywhere, management is required everywhere.

13. Top management performs the following functions.

- i. **Develops long-term objectives:** Top-level managers develop long-term objectives like the expansion of business, manpower planning and all the welfare related work of the business is done by top level management.
- ii. **The framing of policies:** They lay down guidelines for departmental head i.e., policies relating to production, marketing, personnel, finance public relation etc. and make rules also to do work properly.
- iii. **Organizing:** Top management organizes the business into various sections and departments to achieve the desired organisational objectives in a stipulated time period.
- iv. **Key appointments:** Top-level authorities appoint the departmental heads and some other key persons to develop the organisational structure for profitable growth of the enterprises and to direct the workers to do work effectively. They perform it by external and internal resources
- v. **Controlling:** Top-level managers periodically review the work of executives at different levels to ensure that their performance is as per predetermined plans. If not then they have to get the reason for the deviation between planned and real work and take necessary action.

14. Key functions of operations management include the following:

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- **Finance** - Finance is a crucial component within operations management. It is essential to make sure that all finances have been utilized to their fullest extent and are being properly carried out to ensure for optimized creation of goods and services. Proper utilization of finances will allow for a product or service to be created that will satisfy overall consumer needs.
 - **Strategy** - When utilizing strategy within operations management, this refers to planning tactics that can aid through optimized resources and development of a competitive edge over other businesses. Many business strategies include supply chain configuration, sales, capacity to hold money, and optimum utilization of human resources.
 - **Operation** - This function of operations management is concerned with planning, organizing, directing, and overall control of all activities within the organization. This is the primary function of operations management and will effectively aid in converting raw materials and human efforts into a durable good and service that consumers will be able to utilize.
 - **Product Design** - With new technology becoming available, the selling of a product becomes much more simple. One of the main duties of operations management is to ensure that a product is designed properly and caters to market trends and the needs of consumers. Modern-day consumers are concerned about quality instead of quantity, which is why it is so crucial to develop a durable and top-notch quality product.
 - **Forecasting** - Forecasting is the process in which software makes an estimate of certain events that may occur in the future. In operations management, forecasting can take an estimate of consumer demand, which correlates with production by creating an accurate amount of product needed within a given time. Overall, forecasting plays a crucial role within the production process.

15. Effectiveness and efficiency are essential in order to achieve organization goals. As in every management, it is a process of getting the thing done through others with the aim of achieving goal effectively and efficiently. So these two words play an important role in management.

Effectiveness: It is concerned with completing the given task on time. In simple words, it is concerned with the end result. Effectiveness means doing the right work and completing it within the given time period as given by top level management. A

person is effective when he complete its work on time.

Efficiency: It refers to the right task in the right way. It is concerned with utilizing the resources and completing the given task correctly with minimum cost. Management aims at proper utilization of minimum resources to achieve desired targets by reducing the costs. It insists on using fewer inputs such as labour money and material.

Effectiveness Vs Efficiency in the context of achieving organization goals

Effectiveness and Efficiency both are different terms but they are interrelated or we can say that both are two sides of the same coin. Management ensures that effectiveness and efficiency should be balanced in an organization and cannot be ignored either. If a business firm fails to maintain the balance between effectiveness and efficiency then firm may lose its foothold in the market. If a firm is only effective but not efficient, in such a case, the firm may not supply goods in the market in time and hence the demand for goods declines and competitors enter the market to take advantage of this weakness of the firm. They both are together lead to higher profit and prosperity of any organisation and if they are imbalanced then a firm cannot think to get success in the market.