

Question bank-Business Studies

Set-3

Chapters: Principles of Management and Business Environment

Q1. Name the principle of management given by Fayol which when applied would mean that the workers and management both honour their commitments without any prejudice towards one another.

- (a) Discipline
- (b) Mental Revolution
- (c) Remuneration of employees
- (d) Scalar chain

Q2. The principle of management given by Fayol which aims at preventing overlapping of activities is:

- (a) Division of work
- (b) Unity of Command
- (c) Unity of Direction
- (d) Order

Q3. Taylor believed that there was only one best method to maximise efficiency. This method can be developed through study and analysis. Identify the principle of scientific management being discussed above:

- (a) Harmony not discord
- (b) Science not rule of thumb
- (c) Development of each and every person to his or her greatest efficiency prosperity
- (d) Cooperation not individualism

Q4. The CEO of Radhe Cycles Pvt Ltd. Mr. Kumar wants to get maximum output from the employees at a competitive cost. On the other hand Ramakaant, an employee of the company wants to get the maximum salary while working the least. The Principle of management given by Fayol being violated by Ramakaant is -----.

- (a) Remuneration
- (b) Equity
- (c) Discipline
- (d) Subordination of individual interest to general interest.

Q5. The technique of Scientific Management given by Taylor, which aims to establish interchange ability of manufactured parts and products is

- (a) Method Study
- (b) Motion study
- (c) Standardization
- (d) Differential Piece wage system.

Q6. In Shalleen Pvt Ltd. there is one head Shalleen who has two lines of authority under her. One line consists of Sara-Rajat-Abhishek-Ismail-Chris. Another line of authority under

Shalleen is Lata-Rupa-Geet-Hussain-Preeti. According to a Principle of Management given by Fayol, If Ismail has to communicate with Hussain who is at the same level of authority then illustrate the route he will have to traverse.

- (a) Ismail-Abhishek-Rajat-Sara-Shalleen-Lata-Rupa-Geet-Hussain
- (b) Hussain-Geet-Rupa-Lata-Shalleen-Sara-Rajat-Abhishek-Ismail
- (c) Ismail-Chris-Shalleen-Preeti-Hussain
- (d) Ismail-Abhishek-Rajat-Sara-Lata-Rupa-Geet-Hussain

Q7. According to the technique of scientific management "Differential Piece Wage system" How much more will a worker making 60 units earn as compared to a worker making 49 units? If the standard output per day is 50 units and those who make standard output or more than standard get Rs. 75 per unit and those below get Rs. 65 per unit.

- (a) Rs. 4500
- (b) Rs. 3185
- (c) Rs. 1315
- (d) Rs. 3250

Answer Q. No's (8 – 11) on the basis of the following passage

After completing her Bachelors in Fashion Designing from a well-known college in France, Aditi has opened a boutique in a posh market in Kolkata. She has divided the work in smaller units and each employee is well trained to perform his/her task efficiently. The sales persons are allowed to close a deal with a buyer by giving a maximum of 5 percent discount, whereas the decision to give any further discount rests with Aditi as the final authority. In the earlier period of her business venture, employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, when the business was doing well, she honour her commitment by giving bonus to her employees. She also instructed her employees that communication from top to bottom should follow the official lines of command. However, she tends to be more biased towards her female employees, when it comes to solve the conflicts among employees.

Q 8. Aditi has divided the work in smaller units and each employee is well trained to perform his/ her task efficiently. Which principle of management is being followed here?

- (a) Centralization and Decentralization
- (b) Division of work
- (c) Discipline
- (d) Order

Q9. "The sales persons are allowed to close a deal with a buyer by giving a maximum of 5 percent discount, whereas the decision to give any further discount rests with Aditi as the final authority." Identify the principle of Management being followed here:

- (a) Centralization and Decentralisation
- (b) Authority and Responsibility
- (c) Unity of Command
- (d) Unity of Direction

Q10. "Therefore, when the business was doing well, she honoured her commitment by giving bonus to her employees." Which principle of management is being highlighted here?

- (a) Discipline
- (b) Order
- (c) Remuneration to Employees
- (d) Unity of Direction

Q11. Aditi tends to be more biased towards her female employees, when it comes to solve the conflicts among employees. Which principle is being violated here?

- (a) Discipline
- (b) Order
- (c) Equity
- (d) None of these

Q11. Identify an important principle of management control in which only significant deviations which go beyond the permissible limit should be brought to the notice of management.

- (a) Management by control
- (b) Control by exception
- (c) Critical point control
- (d) Both (a)&(b)

Q12. The principles of management have been developed on the basis

- (a) Observation
- (b) Experimentation
- (c) Personal experiences of the manager
- (d) All of the above

Q13. Which of the following statements is/are true with reference to principles of management?

- (a) The principles are guidelines to action.
- (b) The principles denote a cause & effect relationship.
- (c) Principles help the manager to take decisions while performing various management functions.
- (d) All of the above.

Q14. The principles of management are intended to be applied to all types and sizes of organisations. This statement reflects that the principles of management are

- (a) General guidelines
- (b) Flexible
- (c) universally applicable
- (d) mainly behavioural

Q15. The principles of management do not provide readymade straight jacket solutions to all management problems because

- (a) The real business situations are complex.
- (b) The real business situations are dynamic.
- (c) The principles act as general guidelines.
- (d) All of the above.

Q16. Principles of management can be modified by the manager when the situation demands. This statement implies that the principles of management are

- (a) Rigid
- (b) Contingent
- (c) Flexible
- (d) Universally applicable

Q17. The principles of management enhance the understanding of relationship between human and material resources for the achievement of organisational goals. Identify the feature of the principles of management being described in the given statement.

- (a) Cause and effect relationships
- (b) Optimum utilisation of resources and effective administration
- (c) Formed by practice and experimentation
- (d) Mainly behavioural

Q18. The application of the principles of management has to be changed as per the requirements of the prevailing situation at a particular point of time. Which feature of the principles of management is being described in the given statement?

- (a) Contingent
- (b) Mainly behavioural
- (c) Cause and effect relationship
- (d) General guidelines

Q19. Principles of management emphasize on logical and rational decision making rather than on the basis of bias and prejudice. The given statement highlights that the knowledge of principles of management leads to

- (a) Providing managers with useful insight into reality
- (b) Scientific decisions
- (c) Meeting changing environmental requirements
- (d) All of the above

Q20. 'Rule of thumb' refers to

- (a) Use of personal judgement in handling management issues
- (b) Adopting a hit-and-trial approach to resolve management problems
- (c) Both of the above
- (d) None of the above

Q21. According to Taylor, "even a small production activity like loading figures of iron into boxes can be scientifically planned and managed. This can result in tremendous savings of human energy as well as wastage of time and materials." Identify the related principle of scientific management.

- (a) Harmony, not discord
- (b) Science, not rule of thumb
- (c) Development of each and every person to get his/her greatest efficiency and prosperity
- (d) None of the above

Q22. According to this principle of scientific management, "Scientific management has for its foundation the firm conviction that true interest of the management and workers are one and the same; the prosperity for the employer cannot exist for a long time unless it is accompanied by prosperity for the employees and vice versa."

- (a) Science, not rule of thumb
- (b) Co-operation, not individualism

- (c) Harmony, not discord
- (d) All of the above

Q23. According to this principle of scientific management, the employees should be rewarded for their suggestions which results in substantial reduction in the cost.

- (a) Science, not rule of thumb
- (b) Co-operation, not individualism
- (c) Harmony, not discord
- (d) All of the above

Q24. According to Taylor, "each specialist is to be assigned work according to his/her qualities, the employees who possess technical mastery should be involved in planning work whereas those with energy and good health may be assigned execution work." Name the related principle of scientific management.

- (a) Functional foremanship
- (b) Science, not rule of thumb
- (c) Development of each and every person to his or her greatest efficiency and prosperity
- (d) None of the above

Q25. Considering the fact that it is difficult to find one single person with all the needed qualities, Taylor suggested appointment of a specialist through this technique of scientific management. Identify the technique.

- (a) Standardisation and simplification of work
- (b) Method study
- (c) Functional foremanship
- (d) Motion study

Q26. The concept of Work Study techniques includes

- (a) Time study
- (b) Motion study
- (c) Fatigue study
- (d) All of the above

Q27. The objective of this technique of scientific management is to reduce a given line or a product to fixed type sizes and characteristics. Name the technique.

- (a) Method study
- (b) Differential piece wage system
- (c) Standardisation and simplification of work
- (d) Functional foremanship

Q28. This technique of scientific management helps in development of the concept of assembly line which is widely used in automobile companies these days as well. Identify the technique.

- (a) Motion study
- (b) Standardisation and simplification of work
- (c) Method study
- (d) lime study

Q29. Which of the following is an objective of time study?

- (a) To determine the number of workers to be employed
- (b) To formulate suitable incentive schemes

- (c) To calculate the labour costs
- (d) All of the above

Q30. This technique of scientific management aims to determine the amount and frequency of rest intervals that should be provided to the employees during working hours.

- (a) Time study
- (b) Method study
- (c) Motion study
- (d) None of the above

Q31. The technique of differential piece rate system was developed by Taylor in order to

- (a) Discriminate between efficient and inefficient workers
- (b) Reward the efficient worker
- (c) Motivate the inefficient workers to perform better
- (d) All of the above

Q32. The application of this principle of management leads to higher production and better work for the same effort. Identify the related principle of general management.

- (a) Discipline
- (b) Equity
- (c) Division of work
- (d) Order

Q33. According to this principle of general management, "an organisation should safeguard against abuse of managerial power, but at the same time a manager should have the necessary authority to carry out his responsibility." Name the principle of management being described in the given statement.

- (a) Discipline
- (b) Authority and responsibility
- (c) Unity of command
- (d) Unity of direction

Q34. Name the principle of management suggested by Henri Fayol, which advocates that, "there should be good superiors at all levels, clear and fair agreement and judicious application of penalties."

- (a) Authority and responsibility
- (b) Esprit De Corps
- (c) Order
- (d) None of the above

Q35. According to Henri Fayol, if this principle of general management is violated, "authority is undermined, discipline is in jeopardy, order disturbed and stability threatened." Identify the principle.

- (a) Authority and responsibility
- (b) Discipline
- (c) Unity of command
- (d) Equity

Q36. Through this principle of management, Henri Fayol guides the managers to exhibit exemplary behaviour and advises that they should not fall into temptation of misusing their

powers for personal benefit at the cost of general interest of the organisation. Which principle of management is being described in the above statement?

- (a) Remuneration of employees
- (b) Centralisation and decentralisation
- (c) Subordination of individual interest to general interest
- (d) Equity

Q37. Which principle of general management advocates that, "Employee turnover should be minimised to maintain organisational efficiency."?

- (a) Stability of personnel
- (b) Remuneration of employees
- (c) Equity
- (d) Esprit De Corps

There are two statements marked as Assertion (A) and Reason(R). Read the statements and choose the appropriate option from the options given below

- a. Both Assertion (A) and Reason (R) are true and (R) is the correct explanation of (A)
- b. Assertion (A) is true but Reason (R) is false.
- c. Assertion (A) is false but Reason (R) is true.
- d. Both Assertion (A) and Reason (R) are true but (R) is not the correct explanation of (A)

Q38.Assertion (A): The workers who are selected after scientific selection system must be assigned job as per their physical, mental and intellectual abilities.

Reason (R) it holds true in case of principle of "development of each and every personnel to his/ her greatest efficiency and prosperity.

Q39. Assertion (A): Differential piece wage rate system helps to improve worker's performance.

Reason (R): It fixes two rates to differentiate between efficient and inefficient workers and thus the inefficient workers feel motivated for higher performance.

Q40. Assertion (A) Principles of management are general guidelines to action.

Reason (R): They have been developed through observations, experimentation and experience of management thinkers.

Q41. Assertion (A) According to Taylor there should be an almost equal division of work and responsibility between workers and management.

Reason (R) The principle of "Harmony, not discord" says that there should be complete harmony between management and workers.

Read the following text and answer the following questions on the basis of the same:

The name and taste of Coca-Cola is known to almost each and every individual in India as well as throughout the world. This carbonated soft drink holds the most market share in the

soft drink market and got itself a special seat in each and every gathering. The Coca-Cola Company has on occasion introduced other cola drinks under the Coke name. The most common of these are Diet Coke, along with others including Caffeine free Coca-Cola, Diet Coke Caffeine free, Coca-Cola Zero Sugar, Coca Cola Cherry, Coca-Cola Vanilla and the list goes on. It has capitalized on each and every opportunity to market itself effectively and place itself in the middle of every gathering. The main reason for such an outstanding placement of product goes to the way they have established the connection between every occasion and the need for Coke to be present there, product design and creative advertising.

Q42 In the context of the above given case, identify one valid importance of Business Environment.

- (a) Enables a firm to identify opportunities and getting first mover advantage
- (b) Helps the firm to identify threat
- (c) Improve performance
- (d) None of the above

Q43. Identify the feature of Business Environment which The Coca-Cola Company managed to get in their favour.

- (a) Complex
- (b) Specific and general forces
- (c) Futuristic
- (d) Mental Exercise

Q44. Which business environment did Coca-Cola majorly tap into?

- (a) Technological Environment
- (b) Social Environment
- (c) Political Environment
- (d) Economic Environment

Q45. Which of the following is not a product of COCA-COLA?

- (a) Diet Coke Caffeine free
- (b) Coca-Cola Zero Sugar
- (c) Coca-Cola Avocado
- (d) Coca-Cola Cherry

Q46. In accordance with the economic planning, the government of India gave a lead role to the public sectors for infrastructure industries whereas the private sectors were broadly given the responsibility of developing consumer goods industry. At the same time the government imposed several restrictions, requisitions and controls on the working of private sector enterprises. Identify the dimensions of business environment highlighted above.

- (a) Economic
- (b) Political
- (c) Legal
- (d) All of the above

Mahendra Agro Limited started a new venture for distribution of harmful and chemical free vegetables. They conducted a survey to find out customer preferences for such

vegetables. They found that most of the customers were concerned about the harmful chemicals being used in growing the vegetables. They found out that 90% of the household was searching for alternatives. The company connected group of agriculture experts to lay down the procedure for growing the vegetables by the farmers. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest. Due to increased awareness for Healthcare, demand for products of Mahendra Agro Limited increased and thus the business flourished.

Q 47. They found that most of the customers were concerned about the harmful chemicals being used in growing the vegetables. They found out that 90% of the household were searching for alternatives.

Identify the dimension of business environment highlighted above.

- (a) Economic
- (b) Social
- (c) Technological
- (d) Political

Q48. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods.

Identify the dimension of business environment highlighted above.

- (a) Economic
- (b) Social
- (c) Political
- (d) Technological

Q49. Due to increased awareness for Healthcare demand for products of mahendra Agro Limited increased and thus the business flourished.

Which characteristic of business environment is highlighted about?

- (a) Specific and general forces
- (b) Inter relatedness
- (c) Dynamic
- (d) Relativity

Q50. Which of the following is not a component of economic environment?

- a. Balance of payments and changes in Foreign Exchange Reserves.
- b. The nature of relationship of a country with foreign countries.
- c. Expansion of transportation and communication facilities.
- d. Volume of imports and exports of different items.

Read the following text and answer questions on the basis of the same

Sreeja and Anusha just finished their fashion designing course from national Institute of Fashion and designing (NIFD).

Looking at the post covid scenario they decided to open an online store of fashionable and designer clothes. They Discussed the idea with Mrs Monica who herself is an entrepreneur. Mrs Monika knew that new and innovative methods to produce and distribute goods and services are coming up and in such a scenario online store will prove as a successful venture. She suggested them to first analyse the business environment which consists of investors and other forces like social political etc. that may affect their business directly or indirectly. Through an analysis report of the business environment, sreeja and Anusha realised that people are doing a lot of online shopping due to lockdown and in the coming

years shopping at a mall will no longer remain a culture for the buyers as purchases can be made online from anywhere at any time at the customer's convenience. Customers are becoming more demanding. Market conditions are turbulent, brand loyalty is decreasing, and there is a fragmentation of market. Government's effort for the export promotion, rationalization of the tariff structure, reforms with respect to foreign exchange gave them the idea to think of export as well. Before they finalized their complete plan they decided to study the latest trends in the market and produce goods accordingly.

Q51. Which dimension of business environment is focused in the above paragraph?

- (a) Political
- (b) Social
- (c) Technological
- (d) Legal

Q52. Which feature of the business environment is highlighted in detail in the above paragraph?

- (a) Relativity
- (b) Complexity
- (c) Interrelatedness
- (d) General forces and specific forces.

Q53. Which importance of business environment is discussed in the last few lines of the case study?

- (a) First mover advantage
- (b) Identify threats and early warning signals
- (c) Tapping useful resources
- (d) Help in coping with rapid changes.

Q54. Monica new that new and innovative methods to produce goods and services are coming up and in such a scenario opening online store will prove as a successful venture. Which dimension of business environment is highlighted here?

- (a) Economic
- (b) Political
- (c) Technological
- (d) Legal.

Q55. Government's effort for the promotion, rationalization of the tariff structure, land Reforms with respect to foreign exchange gave them the idea to think of export as well. Which dimension of business environment is highlighted here?

- (a) Economic and political
- (b) Social and legal
- (c) Economic and technological
- (d) None of the above

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Q56. Assertion (A) Increased awareness for Healthcare has raised the demand for organic food and roasted snacks
Reason (R) Different elements of a business environment are closely interrelated.

Q57. Assertion (A) An enterprise must give equal status and same wages to male and female workers working at the same level
Reason (R) This is because the understanding of business environment is necessary as it determines the standards of conduct that are acceptable to society.

Q58. Assertion (A) Business environment is a complex phenomenon.
Reason (R) it is difficult to understand in parts but easy to understand in totality.

Q59. Assertion (A) firms have changed their market oriented approach to production oriented approach.
Reason (R) Economic reforms in form of LPG policy have made significant impact working of business and industry.