Question Paper
Introduction to Management - I (MB1A1): October 2008

- **Answer all 100 questions.**
- **Each question carries one mark.**

1. An organization that has four sales regions, North, Midwest, South, and Southwest is using which departmentation? <Answer>

- (a) Functional
- (b) Product
- (c) Customer
- (d) Geographic
- (e) Matrix.

2. Which of the following decision-making techniques provides scientific criteria to estimate profitability of an investment and to analyze cash inflows and cash outflows? <Answer>

- (a) Linear programming
- (b) Queuing method
- (c) Financial analysis
- (d) Ratio analysis
- (e) Break-even analysis.

3. Planning is an essential managerial function and should be given due emphasis in order to make it more effective. It forms the basis for other functions in the management process. Which of the following measures do **not** help in making the planning exercise more effective? <Answer>

- (a) Establishing the right climate for planning
- (b) Setting up of clear and specific objectives
- (c) Initiative at the top level
- (d) Adopting a closed system approach
- (e) Integration of long-term and short-term plans.

4. An organization that groups activities according to women's footwear, men's footwear, apparel, accessories, and leggings would use <Answer>

- (a) Functional departmentation
- (b) Process departmentation
- (c) Customer departmentation
- (d) Geographic departmentation
- (e) Product departmentation.

5. Who among the following are **not** stakeholders of an organization? <Answer>

- (a) Shareholders
- (b) Competitors
- (c) Customers
- (d) Employees
- (e) Suppliers.

6. "We encourage the use of environmentally safe materials" is an example of a <Answer>

- (a) Rule
- (b) Procedure
- (c) Policy
- (d) Norm
- (e) Program.

7. The process of assessing the organization's strategy and environmental demands and then determining the appropriate organizational structure is called

    (a)   Organizational development
    (b)   Organizational design
    (c)   Organizational chart
    (d)   Organizational theory
    (e)   Organizational culture.

8. Plans can be classified in a number of ways, on the basis of the organization level, the frequency of use and their time-frame. Based on the organizational level, plans that apply to the entire organization, that establish the organization's overall objectives, and that seek to position the organization in terms of its environment are called

    (a)   Tactical plans
    (b)   Strategic plans
    (c)   Short-term plans
    (d)   Standing plans
    (e)   Operational plans.

9. The delegator (superior), delegant (subordinate) and the organization have an affect on the delegation of authority. From the delegator's aspect, which of the following is **not** a factor that affects delegation of authority?

    (a)   Superior's love for authority
    (b)   Superior's fear of exposure
    (c)   Personality traits of the superior
    (d)   Availability of managerial personnel
    (e)   Experiences of the superior.

10. Managers need certain skills to perform the functions associated with their jobs. Which of the following skills are important at all levels in the organization?

    (a)   Conceptual
    (b)   Design
    (c)   Human
    (d)   Technical
    (e)   Administrative.

11. Which of the following refers to the rights inherent in a managerial position to give orders and expect the orders to be obeyed?

    (a)   Responsibility
    (b)   Authority
    (c)   Structure
    (d)   Appraisal
    (e)   Remuneration.

12. In SWOT analysis, which of the following are external environment characteristics of an organization?

    (a)   Strengths and weaknesses
    (b)   Opportunities and threats
    (c)   Strengths and opportunities
    (d)   Weaknesses and threats
    (e)   Weaknesses and opportunities.

13. Management by Objectives (MBO) is a widely used term and organizations use it for various purposes. Nevertheless, MBO **cannot** be used as a/an

    (a)   Appraisal tool
    (b)   Motivational technique
    (c)   Recruitment tool
    (d)   Planning device
    (e)   Control device.

14. Mr. Sukanta Ghosh, a senior manager in a firm, inculcated MBO philosophy in the firm. However, he realized that this led to unethical behavior. He found that excessive emphasis on economic results led employees to resort to unfair practices to show short term impressive results. In order to reduce chances of use of unethical means for achieving goals, Mr. Sukanta should

I.   Abandon MBO and resort to the old pattern of working.
II. Set reasonable objectives.
III. Clearly state behavioral expectations.

(a)   Only (I) above
(b)   Only (III) above
(c)   Both (I) and (II) above
(d)   Both (I) and (III) above
(e)   Both (II) and (III) above.

15. Some researches focus their attention on the internal culture of an organization, while others examine the impact of external culture on managerial practices. The most significant ways that culture is transmitted to employees in an organization consist of

(a)   Language, stories, rituals and rewards
(b)   Rituals, tales of woe, symbols and language
(c)   Stories, rituals, myths and language
(d)   Symbols, rituals, language and systems
(e)   Values, beliefs, stories and systems.

16. The role of a 'disseminator' is amongst the various roles that Mr. Rajesh Tiwari fulfills as a manager of the company he works for. Which of the following describe(s) Mr. Rajesh's role as a disseminator?

I.   Performing ceremonial and social duties as the organization's representative.
II. Forwarding information to other organization members and subordinates through sending memos and reports.
III. Taking corrective action during disputes.

(a)   Only (I) above
(b)   Only (II) above
(c)   Only (III) above
(d)   Both (I) and (II) above
(e)   Both (II) and (III) above.

17. Plans can be classified in a number of ways on the basis of the organization level, frequency of use and the time-frame. If a plan focuses on organizational situations that occur repeatedly and is used over and over, then it is most likely to be referred to as a

(a)   Single-use plan
(b)   Standing plan
(c)   Budget
(d)   Program
(e)   Project.

18. The effectiveness of organizations is related to the "fit" between _____ and structure.

(a)   Personnel
(b)   Strategy
(c)   Corporate culture
(d)   Functions
(e)   Mission.

19. An executive while making a decision regarding channel selection for distributing a product assesses the nature and size of risk involved in choosing the particular channel before selecting the best option. Which of the following techniques is being used by the executive?

(a)   Preference theory
(b)   Risk analysis
(c)   Linear programming
(d)   Decision tree
(e)   Utility theory.

20. A business takes the inputs, processes and transforms them and gives the output. Which of the following is **not** considered as an input by the organization?

(a) Capital
(b) Goods and services
(c) Labor
(d) Raw materials
(e) Market information.

21. A firm's external environment usually consists of customers, competitors and suppliers. Analyzing the external environment and the organization's resources are usually part of

(a) The functional level planning process
(b) The financial planning process
(c) Determining the mission of the business
(d) The strategic planning process
(e) Shop floor control.

22. Single-use plans are aimed at achieving a specific goal and designed to meet the needs of a unique situation. Which of the following is/are **not** included in single-use plans?

I. Budgets.
II. Programs.
III. Procedures.
IV. Policies.

(a) Only (IV) above
(b) Both (I) and (II) above
(c) Both (II) and (III) above
(d) Both (III) and (IV) above
(e) (II), (III) and (IV) above.

23. Max Weber, a German sociologist, believed that effective organizations had a formal structure and followed a predefined set of rules and regulations. He identified these organizations as

(a) Informal
(b) Bureaucratic
(c) Authoritative
(d) Hierarchical
(e) Bottomup.

24. Which of the following is the employer-employee authority relationship that follows the chain of command?

(a) Staff authority
(b) Referent power
(c) Line authority
(d) Functional authority
(e) Expert power.

25. Major social responsibility areas in which businesses can become involved include

I. Consumer affairs.
II. Pollution control.
III. Natural resource conservation.

(a) Only (II) above
(b) Both (I) and (II) above
(c) Both (I) and (III) above
(d) Both (II) and (III) above
(e) All (I), (II) and (III) above.

26. Dell Computers' decision to market its computers and laptops online through the internet and telephone became its biggest advantage. The approach of Dell to sell only online is an example of a

(a) Business policy
(b) Business strategy
(c) Business plan
(d) Business environment assessment
(e) Marketing gimmick.

27. Which of the following is/are obstacles to the delegation process?

    I.   Obstacles related to supervisors.
    II.   Obstacles related to subordinates.
    III. Obstacles related to the organization.
    IV. Obstacles related to government regulation.

    (a)   Only (II) above
    (b)   Both (I) and (II) above
    (c)   Both (III) and (IV) above
    (d)   (I), (II) and (III) above
    (e)   All (I), (II), (III) and (IV) above.

28. Which of Fayol's principles of management states that each employee must receive instructions from one superior only?

    (a)   Unity of direction
    (b)   Discipline
    (c)   Unity of command
    (d)   Centralization
    (e)   Scalar chain.

29. The degree to which decision making is concentrated at a single point in the organization is referred to as

    (a)   Conflict
    (b)   Centralization
    (c)   Line authority
    (d)   Departmentation
    (e)   Grapevine.

30. Which of the following refers to a system of shared values, assumptions, beliefs, and norms that unite the members of an organization?

    (a)   Organizational change
    (b)   Communication
    (c)   Organization restructuring
    (d)   Corporate social responsibility
    (e)   Organization culture.

31. Which of the following is the process of significantly reducing the layers of middle management, increasing the span of control, and shrinking the size of the workforce for purposes of improving its efficiency and effectiveness?

    (a)   Restructuring
    (b)   Controlling
    (c)   Negative entropy
    (d)   Equifinality
    (e)   Downsizing.

32. Strategies can be formulated at various levels in an organization. Which of the following strategies/approaches is a rational and analytical approach and involves the evaluation of the various business units of an organization by its top management?

    (a)   Values based approach
    (b)   BCG matrix approach
    (c)   Business level strategies
    (d)   Functional level strategies
    (e)   Corporate portfolio approach.

33. Which of the following is **not** a factor that affects ethical/unethical behavior?

    (a)   Individual characteristics
    (b)   Stage of moral development
    (c)   Ethical hotline
    (d)   Organizational culture
    (e)   Issue intensity.

34. When Sony first introduced the laser disk as a new way to view movies, it was classified as a _____ because it had high market attractiveness but low relative market share. The product was eventually withdrawn from the market place as VHS technology and DVDs became more popular.

- (a) Question mark
- (b) Star
- (c) Cash cow
- (d) Dog
- (e) Cat.

35. The bargaining power of buyers, as described by Porter, is high when

- (a) There are only a few players in the industry
- (b) Their purchases form a large chunk of the sellers' total sales
- (c) There are no substitutes for products being purchased
- (d) Products or services are critical to the buyer's business
- (e) There are great differences in products, in terms of features, manufactured by various suppliers.

36. Which of the following approaches to management emphasized the human element, thus viewing the organization from an individual's point of view?

- (a) Management science approach
- (b) Scientific approach
- (c) Administrative approach
- (d) Systems approach
- (e) Behavioral approach.

37. Which of the following is **not** a variable that determines the appropriate span of control for managers?

- (a) Communication flow
- (b) Task complexity
- (c) Management style preferences
- (d) Expenses
- (e) Hierarchy levels.

38. Henry R. Towne was one of the prominent contributors to pre-classical management thought. Which of the following did Henry R. Towne advocate/propose?

- (a) Division of labor
- (b) Legislative reforms to improve working conditions of labor
- (c) Profit-sharing plan
- (d) Study of management
- (e) Emphasis on the importance of business skills for running a business.

39. Suchitra Electronics Corporation is a consumer durables company. It is a market leader in the television and audio systems market and has decided to enter the mobile phones business. The responsibility of the development of the diversification strategy which is a corporate level strategy, would be that of

- (a) Board of directors
- (b) Supervisory level managers
- (c) Middle level managers
- (d) Top management in association with the strategic planning personnel of the organization
- (e) Front line staff.

40. Which of the following decision-making models states that instead of searching for the perfect or ideal decision, managers frequently settle for one that will adequately serve their purposes?

- (a) Incremental Model
- (b) Garbage-can Model
- (c) Satisficing Model
- (d) Rational Model
- (e) Group Decision-making Model.

41. Jasmine beauty soaps division is a business unit of Jasmine Corporation. The soaps division initially
gained some market share. Eventually, in a span of 3 years it gained a relatively high market share in a
rapidly growing market. The division is very competitive and has rapid growth potential. Which of the
following strategies is ideal for the Jasmine beauty soaps division?

  (a) Not to invest more in the business, instead use the surplus for supporting businesses that have
       growth potential
  (b) Invest more funds for future growth
  (c) Remain status quo
  (d) Fortify and defend the present market position
  (e) Sell the unit as early as possible.

42. Authority is vital for a manager. Without authority, a manager cannot get the tasks accomplished by
others (subordinates). The authority to control the functions of other departments, related to specific tasks
is known as

  (a) Functional authority
  (b) Formal authority
  (c) Informal authority
  (d) Managerial authority
  (e) Operational authority.

43. Many decisions fail after the final choice has been made, despite progressing in a systematic manner,
most likely because

  (a) It may have been the wrong choice
  (b) The decision criteria may have been incorrect
  (c) People affected fail to accept the solution
  (d) Satisficing may have occurred
  (e) Too much time may have been spent on analysis of alternatives.

44. If planning focuses on deciding what to do, organizing focuses on how to do it. Organizing as a
management function includes all of the following activities **except**

  (a) Creating the right condition for utilization of organizational resources
  (b) Specifying subordinates authority and responsibility
  (c) Evaluation of the subordinates performance at set intervals
  (d) Providing necessary information and tools for effective performance of subordinates
  (e) Setting verifiable objectives and clear picture of the major duties to be performed.

45. As the business environment is subject to change, a planner has to make assumptions about the
environment in which the plan is going to be carried out. The planners are required to lay down the
boundaries or limitations within which plans are to be implemented. These assumptions about the
environment are called

  (a) Probabilities
  (b) Planning premises
  (c) Organizational objectives
  (d) Tactics
  (e) Strategies.

46. Objectives state the end results to be achieved by the organization. They form a network as well as a
hierarchy. Which of the following is at the top of the hierarchy of objectives?

  (a) Socio economic purpose
  (b) Business mission
  (c) Key result areas
  (d) Individual objectives
  (e) Unit objectives.

47. Robert K. Kalz identified four kinds of skills for administrators: technical, design, human and conceptual. Which of the following pertain(s) to human skills?

    I.   The ability of a person to work well with other people in a group.
    II.   The ability of a person to think and conceptualize abstract situations.
    III. The ability of a person to carryout a specific activity with knowledge of methods, processes and procedures.

    (a)   Only (I) above
    (b)   Only (II) above
    (c)   Only (III) above
    (d)   Both (II) and (III) above
    (e)   All (I), (II) and (III) above.

48. The Strategic Business Unit (SBU) is a major recent form of organization structure adopted by several companies. Which of the following is **not true** with respect to SBUs?

    (a)   It is a distinct business entity
    (b)   It can be managed independently
    (c)   Its mission is same as that of a parent company
    (d)   It has well defined competitor groups
    (e)   It has an appropriate size.

49. Despite the many advantages of planning, there are certain pitfalls in its process. All of the following would be considered pitfalls in the planning process **except**

    (a)   It may be characterized by flawed forecasting of future conditions
    (b)   Planning objectives may cease to be pertinent to the organization
    (c)   It may involve desired objectives that are no longer optimal for the organization
    (d)   It may lead to improved managerial skill levels
    (e)   The bureaucracy of the process can impede its success.

50. Decision-making is the process by which a course of action is selected so as to deal with a specific problem. It is a systematic process and involves a series of steps. Which of the following is the first step in the managerial decision-making process?

    (a)   Identifying resources and constraints
    (b)   Identifying a problem
    (c)   Analyzing alternatives
    (d)   Allocating weights to the criteria
    (e)   Developing decision criteria.

51. Brainstorming is a creative decision-making technique used for

    (a)   Generating alternative and unusual solutions
    (b)   Evaluating alternatives
    (c)   Identifying resources and constraints
    (d)   Selecting the best alternative
    (e)   Implementing the solution.

52. The concepts of "minimax" and "maximin" are used in which of the following decision-making techniques

    (a)   Utility Theory
    (b)   Game Theory
    (c)   Preference Theory
    (d)   Simulation
    (e)   Ratio Analysis.

53. Centralization is the systematic and consistent reservation of authority at central points within an organization. Which of the following characteristics makes centralization more appropriate?

    (a)   The environment is complex and uncertain
    (b)   Decisions are relatively minor
    (c)   Lower level managers are capable and experienced decision-makers
    (d)   The company is geographically dispersed
    (e)   When an organization is built by an individual's effort.

54. "Only employees with top-secret clearance may enter the sealed room" is an example of a

    (a)   Rule
    (b)   Procedure
    (c)   Policy
    (d)   Norm
    (e)   Program.

55. The _____ structure is an organization design made up of self-contained units.

    (a)   Functional
    (b)   Simple
    (c)   Divisional
    (d)   Matrix
    (e)   Network.

56. Sanjay, Assistant Manager, Operations, of a retail chain is bogged down by the day to day activities as he is hard pressed for time. He therefore, puts in the least possible effort only enough to reduce the problems he faces to a tolerable level. The decision making model adopted by Sanjay can be described as

    (a)   Incremental model
    (b)   Irrational model
    (c)   Garbage-can model
    (d)   Satisficing model
    (e)   Bounded rationality model.

57. "A corporation is a living organism and it has to continue to shed its skin". The statement by Andy Groove former CEO of Intel Corporation justifies the changing face of organizations. One of the characteristics of organizations is to repair itself, survive and grow by importing resources from its environment and transforming them into outputs. This characteristic of an open system organization is known as

    (a)   Cycle of events
    (b)   Equifinality
    (c)   Feedback mechanism
    (d)   Negative entropy
    (e)   Dynamic homeostasis.

58. Mr. Tom has a remarkable ability to get his employees to work as per his directions. He is a senior manager in the company and has sound business knowledge. The employees fear that if they do not act as directed, Mr. Tom would give them a poor work reference. What type of power does Mr. Tom bear over his workers?

    (a)   Reward power
    (b)   Referent power
    (c)   Expert power
    (d)   Coercive power
    (e)   Legitimate power.

59. The span of management has a direct effect on the number of hierarchical levels in an organization. A tall structure with many hierarchical levels and narrow span of control has many disadvantages. Which of the following statements is/are **correct** regarding the disadvantages of the tall structure?

    I.   With increase in the number of layers, the effort and expenditure involved in managing them also increases.
    II.   The communication gets unduly complicated with a tall structure.
    III.   Tall structure makes the planning and controlling tasks complicated.
    IV.   In a tall structure, superiors are overburdened and this becomes a decision-making bottleneck.

    (a)   Only (II) above
    (b)   Both (I) and (III) above
    (c)   Both (II) and (IV) above
    (d)   (I), (II) and (III) above
    (e)   (II), (III) and (IV) above.

60. When managers delegate authority, they must allocate commensurate

- (a) Responsibility
- (b) Power
- (c) Money
- (d) Influence
- (e) Respect.

61. The process of grouping activities of an organization is commonly known as departmentation. Which of the following is the main benefit of departmentation?

- (a) It helps increase profits
- (b) It divides a large and complex organization into smaller and more flexible administrative units
- (c) It builds the image of an organization
- (d) It enhances the corporate culture
- (e) It helps in organizational expansion.

62. Doctors, lawyers and engineers, who are respected for their special knowledge or skill, are said to possess which of the following types of power?

- (a) Legitimate power
- (b) Referent power
- (c) Coercive power
- (d) Expert power
- (e) Reward power.

63. Authority and power are two terms which are sometimes used interchangeably. But one of the distinctive features of power is that

- (a) It requires a formal position in the organization
- (b) It is conferred by the organization to a member of position
- (c) It is derived by virtue of individual action and manipulation
- (d) It is derived from the personality and ability of an individual in the organization
- (e) It works downwards.

64. Which of the following involves major changes in organizational structure and changes in some major components of the organization?

- (a) Restructuring
- (b) Span of control
- (c) Transfer
- (d) Planning
- (e) Organizing.

65. Which of the following types of departmentation was used in classifying tribes, clans, and armies?

- (a) Departmentation by time
- (b) Departmentation by simple numbers
- (c) Departmentation by process
- (d) Departmentation by geographical area
- (e) Departmentation by function.

66. Management by Objectives (MBO) is a management process that is popular in many organizations. A manager responsible for setting up an MBO program would need to complete which of the following steps before the others?

- (a) Establishing specific goals for various departments, subunits and individuals
- (b) Formulating action plans
- (c) Clarifying organizational roles
- (d) Implementing and maintaining self-control
- (e) Performance appraisal.

67. Which of the following is **not** one of Henri Fayols's fourteen principles of management?

- (a) Scalar chain
- (b) Esprit de corps
- (c) Centralization
- (d) Unity of command
- (e) Bases of power.

68. Suchitra Malhotra has started a small beverages company. She plans to diversify into fast foods and confectionaries. Her company required a formal structure to coordinate its activities. Hence, Suchitra adopted the functional structure. Which of the following is a feature of the functional structure?

(a) Positions are grouped according to similarity of products
(b) A horizontal set of divisional reporting relationships are superimposed onto a hierarchial tasks based structure
(c) Activities are grouped on the basis of processes or equipment
(d) Positions are combined into units on the basis of similarities of expertise, skill and work activities
(e) It is set up as divisions that service particular types of clients or customers.

69. The most important factor that affects a manager's ethical behavior is the intensity of the ethical issue itself. The intensity of an ethical issue is greater when

I.   The number of people harmed is large.
II.   Everyone agrees that the action is wrong.
III. The consequences of the action are felt later on.
IV.   The person feels close to the victims.

(a) Both (I) and (II) above
(b) Both (III) and (IV) above
(c) (I), (II) and (IV) above
(d) (II), (III) and (IV) above
(e) All (I), (II), (III) and (IV) above.

70. In recent years, research has proved that culture has a tremendous impact on management practices. Which of the following is **not** a feature of 'organizational culture'?

(a) It is based on certain norms
(b) It promotes dominant and stable values
(c) It shapes philosophy and rules
(d) It focuses on profit
(e) It leads to observed behavioral regularities.

71. The Management by Objectives (MBO) process is characterized by an emphasis on the clarity and balance of objective and participation of managers with accountability for results. Which of the following is a final step of a typical MBO process?

(a) The organization's overall objectives and strategies are formulated
(b) Successful achievement of objectives is reinforced by performance based rewards
(c) The action plans are implemented
(d) Progress towards objectives is periodically reviewed, and feedback is provided
(e) Major objectives are allocated among divisional and departmental units.

72. Which of the following is/are level(s) in the stages of moral development?

I.   Principled.
II.   Conventional.
III. Pre-conventional.

(a) Only (I) above
(b) Only (II) above
(c) Only (III) above
(d) Both (II) and (III) above
(e) All (I), (II) and (III) above.

73. Which of the following refers to the process that helps new employees adapt to the organization's culture?

(a) Grapevine
(b) Recruitment
(c) Socialization
(d) Appraisal
(e) Training.

74. Planning is a prerequisite not only for achieving success but also for surviving in a complex and competitive world. Which of the following is **not** a characteristic of planning?

- (a) It is goal-oriented
- (b) It is a secondary function
- (c) It is an intellectual or rational process
- (d) It is forward-looking
- (e) It is an integrated process.

75. From the viewpoint of staff personnel, a major reason(s) for line-staff conflict is/are that line personnel

- I. Do not make proper use of staff personnel.
- II. Resist new ideas.
- III. Do not give staff personnel enough authority.
- IV. Lack a first-hand experience of operations.

- (a) Only (I) above
- (b) Only (II) above
- (c) Both (III) and (IV) above
- (d) (I), (II) and (III) above
- (e) All (I), (II), (III) and (IV) above.

76. According to Koontz and Weihrich, there are various important strategies and policies that help in smooth functioning of any business enterprise. Which of the following are the strategies developed for managing human resources?

- (a) Growth
- (b) Marketing
- (c) Finance
- (d) Organization
- (e) Personnel.

77. Apart from the relationship between structure and strategy, there are certain contingency factors that affect the effectiveness of a particular structure. Which of the following is/are among these contingency factors?

- I. Size of the organization.
- II. Technology used.
- III. Environment.

- (a) Only (I) above
- (b) Only (II) above
- (c) Only (III) above
- (d) Both (II) and (III) above
- (e) All (I), (II) and (III) above.

78. Which of the following is **not** a method that helps a group improve decision-making?

- (a) Brainstorming
- (b) Nominal group technique
- (c) Groupthink
- (d) Interacting groups
- (e) Delphi groups.

79. Business involves managing important activities such as the 4Ms'. Which of the following is **not** one of these 4Ms?

- (a) Men
- (b) Machines
- (c) Money
- (d) Material
- (e) Methods.

80. The various approaches to management help in understanding the concept of management and managerial
functions. Which of the following is a characteristic of the contingency or situational approach?

(a) It treats management as a logical process, which can be expressed in terms of mathematical symbols and relationships
(b) It considers organizations to be open systems as they interact with the external environment
(c) It implies that managerial practice depends on circumstances
(d) It studies experience through cases and identifies successes and failures
(e) It focuses on interpersonal behavior, human relations etc.

81. Which of the following organizations consists of the unofficial but influential means of communication,
decision-making, and control, that are part of the habitual way things get done in the organization?

(a) Informal
(b) Formal
(c) Vertical
(d) Horizontal
(e) Functional.

82. Middle managers are usually the source of much of the innovation and creativity that fuels organizational
success. Middle level management is usually responsible for

(a) Intermediate strategic plans
(b) Tactical plans
(c) Long range strategic plans
(d) Company policies
(e) Short range operational plans.

83. Which of the following are factors that help measure an organization's social responsiveness?

I. Valuing diversity.
II. Fund-raising.
III. Direct corporate investment.
IV. Personal values.
V. Stage of moral development.

(a) (I), (II) and (III) above
(b) (I), (II) and (V) above
(c) (I), (IV) and (V) above
(d) (II), (III) and (IV) above
(e) (III), (IV) and (V) above.

84. Which of the following is/are advantage(s) of a hybrid structure?

I. Specific competency and economies of scale with focus on products, services and markets.
II. It strikes a balance between divisional and corporate goals.
III. It facilitates flexibility in handling diverse product lines, territories or differing needs of customers.
IV. It facilitates decentralization of decisions.

(a) Only (IV) above
(b) Both (I) and (III) above
(c) Both (II) and (IV) above
(d) (I), (II) and (III) above
(e) All (I), (II), (III) and (IV) above.

85. If an organization is placing an order for office supplies, it is engaged in which of the following types of
decision?

(a) Non-programmed decision
(b) Programmed decision
(c) Decision made under risk
(d) Decision made under uncertainty
(e) Strategic decision.

86. Which of the following refers to the degree to which work is divided into various tasks and leads to reduced training time and improved skills and efficiency of workers?

reduced training time and improved skills and efficiency of workers? reduced training time and improved skills and efficiency of workers?

reduced training time and improved skills and efficiency of workers?

(a)   Chain of command
(b)   Authority
(c)   Work specialization
(d)   Departmentalization
(e)   Decentralization.

87. An old adage goes "Two heads are better than one". More big and complex organizations are resorting to group decision making. There are many reasons why group decisions are more effective than individual decisions. Which of the following statements is/are **true** about group decisions?

I.   More information is available in a group setting.
II.   In a group setting, several individuals contribute their ideas before decisions are made.
III.   The group has more information and a greater number of alternatives for making a choice.
IV.   It is relatively easy to implement a group decision.

(a)   Only (II) above
(b)   Both (I) and (II) above
(c)   Both (III) and (IV) above
(d)   (I), (II) and (III) above
(e)   All (I), (II), (III) and (IV) above.

88. Decision-making is a systematic process by which a course of action is selected so as to deal with a specific problem and involves a series of stages. Scanning, categorization and diagnosis are involved in which of the following stages of the decision-making process?

(a)   Generating alternative solutions
(b)   Identifying resource and constraints
(c)   Identifying the problem
(d)   Implementing the decision
(e)   Evaluating the alternatives.

89. The major disadvantage of the divisional structure is

(a)   Managers lack exposure to various functional activities in their divisions
(b)   Coordination is complicated
(c)   Managerial vacuum
(d)   Duplication of activities and resources
(e)   It is slow in responding to changes.

90. Which of the following statements is/are **true** about business level strategies for organizations involved in multiple businesses?

I.   The focus is on determining the best ways of operating a business.
II.   They attempt to find out means to achieve a competitive advantage.
III.   They are developed by the top management along with strategic planning personnel.
IV.   They respond appropriately to the changing environment.

(a)   Only (I) above
(b)   Both (I) and (III) above
(c)   Both (II) and (IV) above
(d)   (I), (II) and (IV) above
(e)   All (I), (II), (III) and (IV) above.

91. Conditions of uncertainty exist when future environment is unpredictable and everything is in a state of flux. The decision-maker is not aware of all alternatives, the risks associated with each, or the consequences of each alternative, or their probabilities. Which approach to decision-making under conditions of uncertainty implies that individual attitudes towards risk vary with events, with people and positions?

(a)   Risk analysis
(b)   Risk communication
(c)   Decision trees
(d)   Utility theory
(e)   Game theory.

92. Which of the following are action plans with the help of which organizations execute their strategies?

   (a)   Budgets
   (b)   Norms
   (c)   Standards
   (d)   Tactics
   (e)   Objectives.

93. Which of the following involves a graphic representation of alternative courses of action and the possible outcomes and risks associated with each action?

   (a)   Decision tree
   (b)   Risk analysis
   (c)   Utility theory
   (d)   Incremental analysis
   (e)   Rational analysis.

94. The major approaches utilized by managers to induce employees to accomplish the planned actions associated with implementation, should normally include which of the following?

   I.   Authority.
   II.   Coercion.
   III. Persuasion.
   IV.   Policy.

   (a)   Only (I) above
   (b)   Both (I) and (II) above
   (c)   Both (I) and (IV) above
   (d)   (I), (II) and (III) above
   (e)   (I), (III) and (IV) above.

95. Which of the following elements that aid in strategy implementation include bonuses, awards and promotions?

   (a)   Technology
   (b)   Human resources
   (c)   Rewards system
   (d)   Decision processes
   (e)   Structure.

96. Which of the following is/are integral part(s) of an effective organizing effort?

   I.   Rationale for the orderly use of management system resources.
   II.   Responsibility.
   III. Authority.
   IV.   Delegation.

   (a)   Only (II) above
   (b)   Both (I) and (II) above
   (c)   Both (III) and (IV) above
   (d)   (I), (III) and (IV) above
   (e)   (II), (III) and (IV) above.

97. Who among the following focuses on innovation and creativity and transforms a dream or an idea into a profitable venture by operating outside the organization?

   (a)   Entrepreneur
   (b)   Intrapreneur
   (c)   Spokesperson
   (d)   Disseminator
   (e)   Resource allocator.

98. When Jack Welch said, "change or be ready to die", he was basically referring to the importance of change in modern business environment and therefore management must take into account the impending changes in every aspect of business and act accordingly. Which of the following management functions plays a very important role in dealing with environmental change?

- (a) Organizing
- (b) Directing
- (c) Controlling
- (d) Planning
- (e) Staffing.

99. The informal communication network present throughout the organization is referred to as

- (a) Grapevine
- (b) Buzz
- (c) Pipeline
- (d) Noise
- (e) Uproar.

100. Management might strive to encourage ethical behavior in organizations in order to

- (a) Fight competition
- (b) Be morally correct
- (c) Gain profit
- (d) Deal with suppliers
- (e) Improve their products.

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END OF QUESTION PAPER

Suggested Answers
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</div>

	ANSWER	REASON	
1.	D	An organization that has four sales regions, North, Midwest, South, and Southwest is using geographic departmentation.	<TOP>
2.	C	Financial Analysis is the decision-making technique which provides scientific criteria to estimate profitability of an investment and to analyze cash inflows and cash outflows. Hence, from above discussion, we can infer that option (c) is correct.	<TOP>
3.	D	Planning is an essential managerial function and should be given due emphasis in order to make it more effective. It forms the basis for other function in the management process. The following measures help to make the planning exercise more effective. They are , establishing right climate for planning, clear and specific objectives, planning premises, initiative at the top level, participation in the planning process, communication of planning elements and integration of long term and short term plans.	<TOP>
4.	E	An organization that groups activities according to women's footwear, men's footwear, apparel, accessories, and leggings would use product departmentation.	<TOP>
5.	B	Competitors are not stakeholders of an organization.	<TOP>
6.	C	"We encourage the use of environmentally safe materials" is an example of a policy.	<TOP>
7.	B	The process of assessing the organization's strategy and environmental demands and then determining the appropriate organizational structure is called organizational design.	<TOP>
8.	B	Strategic plans are plans that apply to the entire organization, that establish the organization's overall objectives, and that seek to position the organization in terms of its environment.	<TOP>

9.	D	Availability of managerial personnel is the organization's aspect that affects delegation of authority.	<TOP>
10.	C	Human skills are important at all levels in the organization.	<TOP>
11.	B	Authority refers to the rights inherent in a managerial position to give orders and expect the orders to be obeyed. Hence, from above discussion, we can infer that option (b) is correct.	<TOP>
12.	B	In SWOT analysis, opportunities and threats are external characteristics of an organization.	<TOP>
13.	C	MBO cannot be used as a recruitment tool.	<TOP>
14.	E	Excessive emphasis on economic results puts undue pressure on individuals and may even lead to unethical behavior. In order to reduce the chances of use of unethical means for achieving goals, top management must set reasonable objectives and clearly state behavioral expectations.	<TOP>
15.	C	The most significant ways that culture is transmitted to employees consist of shared beliefs, values, rituals, stories, myths and specialized language that foster a feeling of community among organization members.	<TOP>
16.	B	As a disseminator, a manager forwards information to other organization members, sends memos and reports, and makes phone calls. A 'dispute handler' takes corrective action and a 'figurehead' performs ceremonial and social duties as the organization's representative.	<TOP>
17.	B	A standing plan is used for activities that recur regularly over a period of time. It is a pre-determined course of action developed for repetitive situations. Hence, from above discussion, we can infer that option (b) is correct.	<TOP>
18.	B	The effectiveness of organizations is related to the "fit" between strategy and structure.	<TOP>
19.	B	Managers who follow risk analysis approach analyze the size and nature of the risk involved in choosing a particular course of action. For instance, while launching a new product, a manager has to carefully analyze each of the following variables - the cost of launching the product, its production cost, the capital investment required, the price that can be set for the product, the potential market size and what percent of the total market it will represent.	<TOP>
20.	B	Goods and services are the outputs but not the inputs. Therefore option (b) is the correct answer.	<TOP>
21.	D	Analyzing the external environment and the organization's resources are usually part of Strategic planning process. Hence, from above discussion, we can infer that option (d) is correct.	<TOP>
22.	D	Policies and procedures are standing plans and not single-use plans.	<TOP>
23.	B	Weber's bureaucracy theory was supposed to be an epitome of efficiency, but in actual practice, it reflected an opposite picture. In practice, any organization that adopted a bureaucratic approach was found to slow, insensitive to individual needs and grossly inefficient.	<TOP>
24.	C	Line authority is the employer-employee authority relationship that follows the chain of command.	<TOP>
25.	E	Major social responsibility areas in which business can become involved include consumer affairs, pollution control, and natural resource conservation.	<TOP>
26.	B	Strategy refers to the determination of the mission and the basic long term objectives of an enterprise and the adoption of course of action and allocation of resources necessary to achieve these aims.	<TOP>
27.	D	Obstacles related to supervisors, subordinates, and organization stand in the way of effective delegation.	<TOP>
28.	C	Unity of command is one of Fayol's 14 principles of management, which states that each employee must receive instructions about a particular operation from only one person.	<TOP>
29.	B	The degree to which decision making is concentrated at a single point in the organization is referred to as centralization.	<TOP>

30.	E	Organization culture refers to a system of shared values, assumptions, beliefs, and norms that unite the members of an organization.	<TOP>
31.	E	Downsizing is the process of significantly reducing the layers of middle management, increasing the span of control, and shrinking the size of the workforce for purposes of improving its efficiency and effectiveness.	<TOP>
32.	E	Corporate portfolio approach is a rational and analytical approach and involves the evaluation of the various business units of an organization by its top management.	<TOP>
33.	C	Ethical hotline is not a factor that effects ethical/unethical behavior. It is a tool that helps employees in reporting ethical dilemmas or problems.	<TOP>
34.	A	When Sony first introduced the laser disk as a new way to view movies, it was classified as a question mark.	<TOP>
35.	B	The bargaining power of buyers, as described by Porter, is high when their purchases form a large chunk of the sellers' total sales.	<TOP>
36.	E	Behavioral approach to management emphasized the human element, thus viewing the organization from an individuals' point of view.	<TOP>
37.	D	The appropriate span of control for managers does not, in any way, depend on expenses incurred by the organization.	<TOP>
38.	E	Henry R. Towne emphasized the importance of business skills for running a business.	<TOP>
39.	D	The corporate level strategy is generally the responsibility of the top management in association with the strategic planning personnel of the organization.	<TOP>
40.	C	Satisficing Model, proposed by Herbert Simon, states that instead of searching for the perfect or ideal decision, managers frequently settle for one that will adequately serve their purposes.	<TOP>
41.	B	A business unit in the "star" category enjoys a relatively high market share in a rapidly growing market. Such a business unit is usually quite profitable. As these businesses are currently very competitive and have rapid growth potential, they require huge investments and working capital in order to keep growing. Therefore, the profits generated by stars are used up to finance their growth.	<TOP>
42.	A	Functional authority is the authority to control the functions of other departments, related to specific tasks. Hence, from above discussion, we can infer that option (a) is correct.	<TOP>
43.	C	Many decisions fail after the final choice has been made because people affected failed to accept the solution.	<TOP>
44.	C	Organizing is a very important managerial function. If planning focuses on deciding what to do, It focuses *on* how to do it. Thus, after a manager has set goals and worked out a plan to accomplish those goals, the next managerial function is to organize people and allocate resources to carry out the plan.. A manager has to create the right conditions to enable the employees to effectively utilize the resources of the organization to achieve organizational goals.. Employees should understand their roles and responsibilities and should work together to achieve the organizational objectives. For a subordinate to understand his role, a manager must provide verifiable objectives and a clear picture of the major duties to be performed. The manager must also specify subordinates' authority and responsibility.. In addition, a manager should provide the subordinates with necessary information and tools for effectively performing their roles. Organizing is therefore designing and maintaining a formal structure of roles and positions.	<TOP>
45.	B	Planning premises are assumptions about the environment in which the plan is to be carried out. They lay down the boundary or limitation within which plans are to be implemented.	<TOP>
46.	A	Socio economic purpose is at the top of the hierarchy of objectives.	<TOP>

| 47. | A | Inter personal or Human skills refer to the ability of a person to work well with the other people in a group. Therefore options (II), (III) does not relate with Interpersonal skills. Only option (I) is the correct definition of Interpersonal skills/human skills. | <TOP> |

48. **C** All options (a), (b), (d) and (e) are true with respect to SBUs except option (c). <TOP>
SBUs have distinct mission from that of its parent company.

49. **D** All of the following would be considered a pitfall to the planning process of an <TOP>
organization except improved managerial skill levels.

50. **B** Identifying a problem is the first step in the decision-making process. <TOP>

Hence from above discussion, we can infer that option (b) is correct.

51. **A** Brainstorming is technique used for generating alternative solutions. <TOP>

52. **B** Game Theory is a decision-making technique, which involves selecting the best <TOP>
strategy, taking into consideration one's own actions and the actions of one's
competitors. Minimizing the maximum loss (minimax) and maximizing the
minimum gain (maximin) are the two concepts used in the Game Theory.

Hence, from above discussion, we can infer that option (b) is correct.

53. **E** Centralization refers to the degree to which decision-making is concentrated at <TOP>
a single point in the organization.

The characteristic that makes centralization more appropriate is when an
organization is built by an individual's effort.

54. **A** "Only employees with top-secret clearance may enter the sealed room," is an <TOP>
example of a rule.

55. **C** The divisional structure is an organization design made up of self-contained <TOP>
units.

56. **A** Another approach to decision-making is the incremental model. The <TOP>
incremental model states that managers put in the least possible effort - only
enough to reduce the problem to a tolerable level. The manager here is
concerned more with finding a short-term solution to the problem than making
a decision that will facilitate the attainment of goals in the long-term.

57. **D** The tendency of systems to break down, become disorganized, or to <TOP>
disintegrate is known as entropy. Systems can fight entropy by taking resources
- energy, money, machinery and human talent - from the environment and
transforming them into outputs on a continuous basis. By so doing, the systems
can mend themselves, survive and grow. Systems that can remain healthy for
long periods of time are said to exhibit negative entropy.

58. **D** Tom has a remarkable ability to get his employees to do what he directs. He is <TOP>
an upper level manager at the company and is very gifted with business
knowledge. The employees fear that if they do not act as directed Tommy
would give them a poor work reference. We can say Tommy has Coercive
power.

59. **D** Having many levels within an organization has some disadvantages. Firstly, as <TOP>
the number of levels increase, the effort and expenditure involved in managing
them also increases. The second disadvantage of a tall structure is that
communication gets unduly complicated. It is much more difficult to
communicate the objectives, policies, plans and procedures in organizations
with a tall structure as compared to the organizations with a flat structure.
Finally, in an organization with a tall structure, numerous departments and
levels make the planning and controlling tasks complicated.

60. **A** When managers delegate authority, they must allocate commensurate <TOP>
responsibility.

61. **B** The main benefit of departmentation is it divides a large and complex <TOP>
organization into smaller and more flexible administrative units.

62. **D** Expert Power is based on the perception or belief that the influencer has some <TOP>
relevant expertise, special knowledge or skill that the influencee does not.

Hence, from above discussion, we can infer that option (d) is correct

63.	D	Power is the ability to influence other people and their behavior. A manager is said to have power if he can change the behavior or attitudes of his employees. Thus, while authority is conferred by the organization, the personality and actions of an individual give him the power to influence others. Unlike authority, power requires no formal position.	<TOP>
64.	A	Restructuring involves major changes in organizational structure and changes in some major components of the organization.	<TOP>
65.	B	Departmentation by simple numbers was used in classifying tribes, clans, and armies.	<TOP>

66. **C** MBO (Management By Objectives) is the process of joint setting of goals/objectives by the superior and the subordinate, and clarifying on the objective itself. <TOP>

The various steps in the MBO Process are:

i. Develop overall organizational goals.

ii. Clarify organizational roles.

iii. Establish specific goals for various departments, subunits and individuals.

iv. Formulate action plans.

v. Implement and maintain self-control.

vi. Do periodic review.

vii. Do performance appraisal.

67.	E	Fayol's 14 principles of management do not include bases of power.	<TOP>
68.	D	A functional structure is a type of departmentalization in which positions are grouped according to their main functional (or specialized) area. In other words, positions are combined into units on the basis of similarity of expertise, skills and work activities.	<TOP>

69. **C** The intensity of an ethical issue is greater in the following cases: <TOP>

I. The number of people harmed is large.

II. Everyone agrees that the action is wrong.

IV. The person feels close to the victims.

The intensity of an ethical issue is greater when the consequences of the action may be felt immediately.

70.	D	Organizational Culture is the collection of shared beliefs, values, rituals, stories, myths and specialized language that foster a feeling of community among organization members. It does not focus on profit.	<TOP>

71. **B** MBO is the joint setting of goals and objectives by superiors and subordinates and clarifying on the objective itself. <TOP>

The final step of a typical MBO process is that successful achievement of objectives is reinforced by performance based rewards.

72.	E	All three statements are levels in the stages of moral development.	<TOP>
73.	C	Socialization refers to the process that helps new employees adapt to the organization's culture.	<TOP>

74. **B** Planning is a primary function as it precedes the execution of all other management functions. So it is not a secondary function. <TOP>

Hence from above discussion, we can infer that option (b) is not a characteristic of planning.

Options (a), (c), (d) and (e) are all characteristics of planning.

75.	D	All the stated reasons, except statement (IV), which is not applicable to staff personnel, cause line-staff conflict as seen from a staff personnel perspective.	<TOP>
76.	E	Personnel strategies are the strategies developed for managing human resources.	<TOP>
77.	E	The three contingency factors on which an organizational structure depends on are size of the organization, technology used and environment.	<TOP>

78.	C	Except groupthink, all the options given are examples of group decision-making techniques aimed at improving decision-making.	<TOP>
79.	E	The 4 Ms of business include men, machines, money and material.	<TOP>
80.	C	The contingency approach says that managerial practice depends on circumstances.	<TOP>
81.	A	An informal organization is a network of personal and social relations not established or required formally. It consists of the unofficial but influential means of communication, decision-making, and control that are part of the habitual way things get done in the organization.	<TOP>
82.	B	Middle level management is responsible for tactical plans. Top level management deals with strategic plans and company policies, while lower level management deals with short range operational plans.	<TOP>
83.	A	The following are factors that help measure social responsiveness: • Valuing diversity Fund-raising. Direct Corporate investment.	<TOP>
84.	D	The following are advantages of a hybrid structure: • Specific competency and economies of scale with focus on products, services and markets. It strikes a balance between divisional and corporate goals. It facilitates flexibility in handling diverse product lines, territories or differing needs of customers.	<TOP>
85.	B	Programmed decisions are those involving simple, common, frequently occurring problems that have well-established and understood solutions. These decisions are made in routine, repetitive, well-structured situations through the use of predetermined decision rules. Hence, from above discussion, we can infer that option (b) is correct.	<TOP>
86.	C	Work specialization concerns making efficient use of workers' special skills.	<TOP>
87.	E	Group decision-making is practiced in many large and complex organizations. Many studies have shown that groups make better decisions than individuals. As the old adage goes, "Two heads are better than one." A major reason why group decision-making is more effective than decision-making by individuals is that more information is available in a group setting. In group decision-making, several individual members contribute their ideas before a decision is made. The group has more information and a greater number of alternatives available to it. Another major strength of group decision-making is the relative ease of implementing decisions. The people involved in a group decision understand the rationale behind it, are more likely to accept it and are capable of communicating the decision to their work groups or departments.	<TOP>
88.	C	Identifying/determining the problem involves scanning, categorization and diagnosis.	<TOP>
89.	D	Duplication of activities and resources is a major disadvantage of the divisional structure. Option (a) is not a disadvantage as unlike the functional structure where managers specialize in a particular area managers in a divisional structure are exposed to various functional areas in their divisions. Option (b) is not a disadvantage because in a divisional structure coordination is simplified as each division is similar to an organization. Option (c) is not a disadvantage as divisional structure provides a good training ground for managers and hence there is no managerial vacuum. Option (e) is not a disadvantage because in a divisional structure each unit can respond quickly as it can make independent decisions.	<TOP>

90.	D	Business level strategies are developed by heads of specific business units and not top management. Hence, statement (III) is not true about business level strategies. All other statements are true.	<TOP>
91.	D	The preference or utility theory is based on the belief that individual attitudes toward risk vary with events, with people and positions	<TOP>
92.	D	Tactics are action plans with the help of which organizations execute their strategies.	<TOP>
93.	A	Decision tree involves a graphic representation of alternative courses of action and the possible outcomes and risks associated with each action.	<TOP>
94.	E	The major approaches utilized by managers to induce employees to accomplish the planned actions associated with implementation should normally include authority, persuasion or policy.	<TOP>
95.	C	Bonuses, awards and promotions form part of the rewards system.	<TOP>
96.	E	An effective organizing effort involves responsibility, authority and delegation.	<TOP>
97.	A	Entrepreneur is a person who focuses on innovation and creativity and who transforms a dream or an idea into a profitable venture by operating outside the organization.	<TOP>
98.	D	Since change is an endless process, planning is an endless process too. The process is constantly modified to suit changes in environmental conditions, opportunity and objectives for the firm. Planning is deciding in advance what action to take, how and when to take a particular action, and who are the people to be involved in it. It involves anticipating the future and consciously choosing the future course of action.	<TOP>
99.	A	Informal communication is also referred to as grapevine.	<TOP>
100.	B	Management might strive to encourage ethical behavior in organizations in order to be morally correct; to gain a business advantage by having employees and customers perceive their company as ethical; and avoid possible costly legal fees.	<TOP>

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