

Question Paper

Introduction to Management – I (MB1A1): January 2009

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

1. By observing what managers actually do, Mintzberg isolated ten roles which he believed were common to all managers. In which of the following roles, a manager receives information pertaining to changes, opportunities and problems that the organization may face? [<Answer>](#)
 - (a) Liaison
 - (b) Figurehead
 - (c) Recipient
 - (d) Disseminator
 - (e) Spokesperson.

2. By studying the various approaches to management analysis, one can understand the concept of management and have a better understanding of managerial functions. Which of the following approaches is based on sociology and social psychology? [<Answer>](#)
 - (a) Empirical approach
 - (b) Group behavior approach
 - (c) Interpersonal behavior approach
 - (d) Sociotechnical approach
 - (e) Situational approach.

3. Which of the following is defined as the output-input ratio within a time period with due consideration for quality? [<Answer>](#)
 - (a) Tasks
 - (b) Responsibilities
 - (c) System
 - (d) Productivity
 - (e) Resource availability.

4. Vishnu is working in one of the leading IT companies as a team leader. He helps his subordinates in programming and also directs and motivates them in achieving the set goals. Which of the following skills does Vishnu possess? [<Answer>](#)
 - (a) Technical and Conceptual skills
 - (b) Technical and Human skills
 - (c) Human and Design skills
 - (d) Conceptual and Design skills
 - (e) Technical and Design skills.

5. Who among the following is directly responsible for the performance of employees involved in operations and is also responsible for output variables like number of units produced, labor costs, inventory levels, and quality control? [<Answer>](#)
 - (a) Supervisor
 - (b) Divisional head
 - (c) Departmental head
 - (d) Chief executive officer
 - (e) President.

6. The process of designing and maintaining an environment in which individuals, working together in groups, effectively accomplish selected aims is termed as [<Answer>](#)
 - (a) Administration
 - (b) Management
 - (c) Organizing
 - (d) Staffing
 - (e) Controlling.

7. Chris Argyris classified organizations on the basis of the employees' set of values. In which of the following types of organizations, employees are manipulative and pitted against each other and are not willing to take risks? [<Answer>](#)
- (a) Bureaucratic
 - (b) Formal
 - (c) Informal
 - (d) Model II
 - (e) Model I.
8. Which of the following is a term coined by the Gilbreths and refers to the seventeen basic hand motions they identified during motion studies? [<Answer>](#)
- (a) Therbligs
 - (b) Telecommuting
 - (c) Semantics
 - (d) Soldiering
 - (e) Micromotion.
9. As per the systems approach to management, an organization that interacts with external forces is termed as a/an [<Answer>](#)
- (a) Closed system
 - (b) Model
 - (c) Independent entity
 - (d) Open system
 - (e) Contingency.
10. Which of the following Henri Fayol's principles of management, implies that the right person is placed in the right job and everything is kept in the right place to facilitate smooth coordination of activities? [<Answer>](#)
- (a) Order
 - (b) Initiative
 - (c) Centralization
 - (d) Unity of direction
 - (e) Discipline.
11. Which of the following approach to management includes the three schools viz., scientific management, administrative theory and bureaucratic management? [<Answer>](#)
- (a) Quantitative approach
 - (b) Behavioral approach
 - (c) Classical approach
 - (d) Management information systems approach
 - (e) Systems approach.
12. Ace Computer systems (Ace), family owned business, is one of the leading software companies. Top managers of Ace always hire their relatives regardless of their competence for various positions vacant in the Ace. Which of the following concepts is discussed in the above situation? [<Answer>](#)
- (a) Bureaucracy
 - (b) Nepotism
 - (c) Silent monitor
 - (d) Whistle blowing
 - (e) Scalar chain.
13. Mr. Sourav Mishra, a manager at Karx Transportation Ltd., manages a team of 16 employees who belong to different cadres. He always treats all his employees in the same manner irrespective of the cadre they belong. Which of the following principles of Fayol did Mr. Sourav Mishra adopt? [<Answer>](#)
- (a) Discipline
 - (b) Initiative
 - (c) Esprit de corps
 - (d) Equity
 - (e) Unity of direction.

14. Which of the following is a special telephone line that enables employees to bypass the proper channel for reporting their ethical dilemmas and problems? [<Answer>](#)
- (a) Ethics audit
 - (b) Ethics committee
 - (c) Ethics code
 - (d) Ethics team
 - (e) Ethics hotline.
15. There are various activities that organizations can get involved in, in order to be socially responsive. Which of the following acts of social responsiveness involves conserving the environment by reprocessing materials like plastic, paper etc. into useful products? [<Answer>](#)
- (a) Volunteerism
 - (b) Recycling
 - (c) Valuing diversity
 - (d) Fund raising
 - (e) Enhancing quality of work life.
16. Which of the following involves in the systematic assessment of the adherence of employees to the ethical policies of the organization? [<Answer>](#)
- (a) Social audit
 - (b) Functional audit
 - (c) Ethics audit
 - (d) Code of ethics
 - (e) Issue intensity.
17. The 'golden rule', which is an ethical guideline for managers, means [<Answer>](#)
- (a) Do unto others as you would have others do unto you
 - (b) Ill-treat others
 - (c) Follow the organizational culture
 - (d) Change the organizational rules
 - (e) Ignore unethical behavior.
18. Various moderating variables determine whether a manager will act in an ethical or unethical manner. Moderating variables include individual characteristics, structural design of the organization, the organizational culture and the intensity of the ethical issue. Which of the following individual characteristics indicates the degree to which people believe they are masters of their own fate? [<Answer>](#)
- (a) Perception
 - (b) Value
 - (c) Attitude
 - (d) Locus of control
 - (e) Ego strength.
19. The external environment of an organization consists of the mega environment and the task environment. Which of the following statements is/are **true** regarding the task environment of a firm? [<Answer>](#)
- I. It includes components such as technological, economic, socio-cultural, and international influences.
 - II. It consists of specific external elements such as customers and clients, competitors, suppliers, labor supply and government agencies, with which an organization interacts while conducting its business.
 - III. As it depends largely on the products and services offered by the firm and its business location, it may vary from firm to firm.
 - IV. While a firm may not be able to directly influence its task environment, it can certainly influence its mega environment.
- (a) Only (I) above
 - (b) Both (I) and (IV) above
 - (c) Both (II) and (III) above
 - (d) (I), (II) and (III) above
 - (e) (II), (III) and (IV) above.

20. Archie B. Carroll, an eminent researcher in the area of social responsibility, identified three types of management – moral management, amoral management and immoral management – based on how ethical or moral managers’ decisions are. Which of the following is a characteristic of amoral management? [<Answer>](#)
- (a) It ignores ethical considerations or does not consider the implications of morality
 - (b) Managers show lack of concern about others' desire to be treated fairly
 - (c) It is characterized by total concern for company profits only
 - (d) It treats law as a hurdle to be removed or eliminated
 - (e) Managers strive for success, but never violate the parameters of ethical standards.
21. On the basis of their frequency of use, plans are divided into two categories - single-use and standing plans. These plans are of various types. Which of the following types of plans, help in simplifying and streamlining the administrative activities of an organization? [<Answer>](#)
- (a) Programs
 - (b) Budgets
 - (c) Rules
 - (d) Policies
 - (e) Procedures.
22. Organizational plans are developed within specific time frames. Which of the following statements is/are **not true** regarding long-term plans? [<Answer>](#)
- I. It is based on the vision developed by the founder of an organization.
 - II. It has a time frame ranging from one year to five years.
 - III. It involves setting up broad objectives and establishing procedures to achieve these objectives.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.
23. Plans can be classified in a number of ways – on the basis of the organization level, the frequency of use and their time-frame. Which of the following is/are **true** regarding specific plan? [<Answer>](#)
- I. These plans have clearly defined objectives.
 - II. These plans are ambiguous in nature.
 - III. These plans work in an environment of uncertainty and unpredictability.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (I) and (III) above
 - (e) All (I), (II) and (III) above.
24. The function of planning in organizations is [<Answer>](#)
- (a) Not as important today because of the increased speed of communication
 - (b) Carried out only by top management
 - (c) Not as important today because of the increased volume of information available to managers
 - (d) Very closely linked to controlling, because it sets the goals or standards against which performance is measured
 - (e) Secondary to other functions.
25. Which of the following steps in the extended model of planning process involves the organization asking the question “in which environment – internal or external – will our plans operate”? [<Answer>](#)
- (a) Formulating supporting plans
 - (b) Comparing alternatives in the light of goals
 - (c) Considering planning premises
 - (d) Identifying alternatives
 - (e) Setting objectives or goals.

26. In a complex business situation, planning helps managers meet the challenges posed by the environment, while at the same time minimizing the risks associated with them. Planning is 'forward looking' when [<Answer>](#)
- (a) It should be carried out before other functions
 - (b) It involves creativity
 - (c) It is a continuous process
 - (d) It is concerned with anticipating future
 - (e) It extends throughout the organization.
27. No single planning process is applicable to all organizations. However, all plans contain some basic steps. In the process of planning, once a plan has been implemented, it has to be reviewed. A review helps a manager to [<Answer>](#)
- I. Identify deviations and take necessary corrective actions.
 - II. Compare outcomes with expected results.
 - III. Examine advantages and disadvantages of alternative plans.
 - IV. Lay down the limitations within which the plans are to be carried out.
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) Both (III) and (IV) above
 - (d) (I), (II) and (III) above
 - (e) (II), (III) and (IV) above.
28. Programs, budgets and projects are examples of single-use plans. Which of the following can be stated about a project? [<Answer>](#)
- I. It helps in precise allocation of duties and effective control and easy implementation of the plan.
 - II. A project may be similar to a program, but is larger in scale and more complex.
 - III. A project may be a component of a program, or it may be a self-contained, single-use plan.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) Both (I) and (III) above.
29. Planning ensures that the employees of an organization carry out their work in a systematic and methodical manner. Which of the following is a reason why plans fail? [<Answer>](#)
- (a) Adequate inputs are used in planning
 - (b) Corporate planning is integrated into the total management system
 - (c) Management expects that plans developed will be realized with little effort
 - (d) Management operates by the plan
 - (e) Responsibility for planning is vested in more than just the planning department.
30. The planning process is constantly modified to suit changes in environmental conditions and changes in objectives and opportunities for the firm. The first major step in the planning process is [<Answer>](#)
- (a) Developing premises
 - (b) Listing alternative ways of reaching organizational objectives
 - (c) Stating organizational objectives
 - (d) Developing plans to pursue chosen alternatives
 - (e) Putting plans into action.
31. Goals are important for an organization because they [<Answer>](#)
- I. Direct the activities of the organization.
 - II. Encourage focused work.
 - III. Act as the motivational force for employees.
 - IV. Emphasize individual work and responsibility over team-work.
- (a) Only (I) 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.

32. Which of the following is **not** a factor that would make Management by Objectives (MBO) more effective? [<Answer>](#)
- (a) Emphasis on short-term goals
 - (b) Top management support
 - (c) Formulating clear objectives
 - (d) Training for MBO
 - (e) Encouraging participation.
33. Which of the following is **not** a situational variable on which an organization's position on the decentralization-centralization continuum depends? [<Answer>](#)
- (a) Size of the organization
 - (b) Line-staff conflict
 - (c) Geographical dispersion
 - (d) Technical complexity of tasks
 - (e) View of subordinates.
34. The Management by Objectives (MBO) process not only gives subordinates a sense of direction, it also allows them to [<Answer>](#)
- (a) Dictate their own terms and conditions
 - (b) Evaluate their own progress
 - (c) Create the vision of organization
 - (d) Participate in appraisal of their seniors
 - (e) Communicate directly with the top management.
35. The Management by Objectives (MBO) process sometimes leads to considerable frustration if manager's efforts to achieve goals are dependent on the achievement of goals of others within the organization. Which of the following approaches can solve this problem? [<Answer>](#)
- I. Group goal-setting.
 - II. Flexibility.
 - III. Consistency.
 - IV. Individual task.
- (a) Both (I) and (II) above
 - (b) Both (III) and (IV) above
 - (c) (I), (II) and (III) above
 - (d) (I), (III) and (IV) above
 - (e) (II), (III) and (IV) above.
36. SWOT analysis evaluates the firm's internal strengths and weaknesses and the impact of environmental opportunities and threats. Which of the following **best** describes 'threat' in SWOT analysis? [<Answer>](#)
- (a) An internal characteristic that has capacity to improve the organization's competitive situation
 - (b) An environmental condition that an organization can exploit to improve its competitiveness
 - (c) An environmental condition that can adversely affect the organization's competitive ability
 - (d) A powerful strategy that is supported by the competitive valuable skills and expertise in key areas
 - (e) An internal characteristic that may cause the organization to be susceptible to competitors' strategic moves.
37. A firm which intends to serve a specific segment of the market instead of entire market adopts which of the following strategy? [<Answer>](#)
- (a) Diversification strategy
 - (b) Focus strategy
 - (c) Differentiation strategy
 - (d) Cost-leadership strategy
 - (e) Growth strategy.
38. Strategic control system monitors the progress of planned activities. Which of the following is **not true** regarding strategic control system? [<Answer>](#)
- (a) It looks out for critical environmental factors that could affect the feasibility of strategic plans
 - (b) It ensures proper implementation of strategic plans
 - (c) It analyzes how the strategic actions affect the organization
 - (d) It helps to keep strategic plans on track
 - (e) It should be designed just as an afterthought.

39. The major or minor tactical programs and decisions that reflect the desired strategies and objectives are referred to [<Answer>](#)
as
- (a) Programs
 - (b) Policy
 - (c) Action plans
 - (d) Planning premise
 - (e) Norms.
40. Under which of the following Porter's five sections for analyzing a firm's task environment would 'an absolute cost advantage' **most likely** appear as a decision variable? [<Answer>](#)
- (a) The nature of rivalry
 - (b) New entrants
 - (c) Substitutes
 - (d) Bargaining power of buyers
 - (e) Bargaining power of suppliers.
41. Which of the following is/are the feature(s) of competitive advantage? [<Answer>](#)
- I. It is strongest when it is extremely difficult or expensive for competitors to copy.
 - II. It is possible for a firm to build a competitive advantage over all other competitors.
 - III. It should ultimately create increased value for customers.
 - IV. It is generated on the basis of organizational competencies.
- (a) Only (I) above
 - (b) Both (I) and (III) above
 - (c) Both (II) and (IV) above
 - (d) (I), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
42. Managers involved in strategic planning aim at translating the broad intentions of the firm into more concrete and measurable strategic plans, policies and budget allocations. The final step in strategic planning answers the question [<Answer>](#)
- (a) What business have we been in?
 - (b) How much money have we lost?
 - (c) How effective have our strategies been?
 - (d) What business should we have been in?
 - (e) Who have been our customers?
43. The BCG approach tries to bring about a balance among the business units that generate revenue and those that consume it. Which of the following business units in the BCG matrix is a source of surplus cash? [<Answer>](#)
- (a) Cash cows
 - (b) Stars
 - (c) Question mark
 - (d) Dogs
 - (e) Cash stars.
44. Strategies and policies are closely related terms. They provide a direction or a sense of purpose to an organization. Which of the following is **not true** regarding strategy? [<Answer>](#)
- (a) It helps in determination of the mission or purpose
 - (b) It is a basic long term objective of an enterprise
 - (c) It is a general concept which guide managers' thought processes in decision making process
 - (d) It involves adoption of course of action to achieve aims of the enterprise
 - (e) It involves allocation of resources necessary to achieve the aims of the enterprise.

45. Stephen C. Wheelwright has identified two major approaches, value-based approach and corporate portfolio approach, which managers can adopt to develop better corporate strategy. Which of the following is/are **true** regarding value based approach? [<Answer>](#)
- I. It is based on the beliefs and convictions of the managers and employees.
 - II. It involves the evaluation of the various business units of an organization by its top management.
 - III. It provides broad guidelines rather than narrowly-focused plans.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (I) and (III) above
 - (e) All (I), (II) and (III) above.
46. Decision process is one of the internal elements that aid in strategy implementation. Which of the following is/are **not true** regarding decision process? [<Answer>](#)
- I. It consists of the means and methods of resolving organizational problems.
 - II. It may vary from firm to firm.
 - III. It helps in checking the consistency of the planning premises.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) Both (I) and (III) above.
47. Managers are categorized into three basic levels, top-level management, middle-level management and supervisory or first-level management. Top-level managers with good conceptual and design skills are responsible for which of the following? [<Answer>](#)
- (a) Operational planning
 - (b) Strategic planning
 - (c) Functional planning
 - (d) Tactical planning
 - (e) Single-use plans.
48. An Operation Research (OR) involves the practical application of quantitative methods in the process of decision-making. Several OR techniques have been developed over the years. In which of the following OR technique, pay-off matrix is used? [<Answer>](#)
- (a) Linear programming
 - (b) Simulation
 - (c) Decision tree
 - (d) Waiting-line
 - (e) Game theory.
49. Which of the following is an interactive computer system that can be easily accessed and operated by people who are not computer specialists? [<Answer>](#)
- (a) Decision support system
 - (b) Management information system
 - (c) Open system
 - (d) Closed system
 - (e) Cybernetic control system.
50. Which of the following disadvantage of group-aided decision making and problem-solving refers to political wheeling and dealing that can displace sound thinking, when an individual's pet project or vested interest is at stake? [<Answer>](#)
- (a) Groupthink
 - (b) Logrolling
 - (c) Utility theory
 - (d) Risk analysis
 - (e) Bounded rationality.

51. The garbage-can approach to decision-making holds that managers behave randomly while making decisions. The garbage-can strategy is effective in which of the following situations? [<Answer>](#)
- I. When the managers have specific goal preferences.
 - II. When the means of achieving goals are clear.
 - III. When there are frequent changes in the participants involved in the decision-making.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) All (I), (II) and (III) above.
52. Major decisions in organizations are most often made by groups rather than a single individual. Which of the following group decision-making techniques involve several rounds of administering questionnaires to the panel of anonymous experts? [<Answer>](#)
- (a) Brainstorming
 - (b) Nominal group technique
 - (c) Delphi technique
 - (d) Interacting group
 - (e) Focus group.
53. Management Information System (MIS) assists managers in decision-making and control, and in planning more effectively. A typical MIS contain which of the following components? [<Answer>](#)
- I. Data gathering.
 - II. Data transformation.
 - III. Information utilization.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (II) above
 - (d) Both (I) and (III) above
 - (e) All (I), (II) and (III) above.
54. Abhishek Mithra working as a manager at Lync Consultants, discovered that employee turnover in the company over the last year has increased by five percent. In order to reduce the employee turnover, Abhishek considered the following options, increase benefits, increase wages or change hiring standards. In this case, Abhishek is in which stage of the decision-making process? [<Answer>](#)
- (a) Recognizing the problem
 - (b) Identifying alternatives
 - (c) Evaluating alternatives
 - (d) Implementing the chosen alternative
 - (e) Identifying resources and constraints.
55. Based on the degree of certainty involved, every decision-making situation falls into one of the three categories namely (i) certainty, (ii) risk and (iii) uncertainty. When predictability is lower, a condition of risk exists. Which of the following is a characteristic of decision-making under risk? [<Answer>](#)
- (a) The decision-maker has complete information about available alternatives, and has a good idea of the probability of particular outcomes for each alternative
 - (b) The decision-maker has complete information about available alternatives, but has no idea of the probability of particular outcomes for each alternative
 - (c) The decision-maker has incomplete information about available alternatives, but has a good idea of the probability of particular outcomes for each alternative
 - (d) Future environment is unpredictable and everything is in a state of flux
 - (e) The decision-maker is not aware of all alternatives, the risks associated with each, or the consequences of each alternative, or their probabilities.

56. Money, materials, equipment, manpower, time etc., used to solve problems, are examples of [<Answer>](#)
- (a) Constraints
 - (b) Resources
 - (c) Rewards
 - (d) Technologies
 - (e) Policies.
57. In which of the following decision making techniques, group members rank the various alternatives and decide on the best alternative? [<Answer>](#)
- (a) Delphi method
 - (b) Interacting group
 - (c) Nominal group
 - (d) Brainstorming
 - (e) Decision tree.
58. A number of sophisticated techniques or tools which are useful in the decision-making process are available. Which of the following decision-making tools enables a decision-maker to evaluate the available alternatives based on price, fixed cost and variable cost per unit? [<Answer>](#)
- (a) Marginal analysis
 - (b) Financial analysis
 - (c) Break-even analysis
 - (d) Ratio analysis
 - (e) Game theory.
59. While evaluating alternatives in the decision-making process, which of the following refers to the extent to which an alternative finds an effective solution to the problem under consideration? [<Answer>](#)
- (a) Feasibility
 - (b) Quality
 - (c) Costs
 - (d) Acceptability
 - (e) Ethics.
60. In which of the following approaches to decision making, a manager finds short-term solution to the problem than making a decision that will facilitate the attainment of goals in the long term? [<Answer>](#)
- (a) Incremental model
 - (b) Satisficing
 - (c) Rational model
 - (d) Garbage-can model
 - (e) Bounded rationality.
61. The Synthetic Corporation is aware that significant problems are occurring within its production departments. It realizes that competitors are successfully utilizing more modern machinery and processes to better satisfy their customers. The Synthetic Corporation looks at alternatives it can implement to upgrade its processing machines in order to resolve the problems it is facing. After evaluation of all alternatives the company selects and implements the best solution. This is an example of an organization engaging in [<Answer>](#)
- (a) Decision-making
 - (b) Strategic planning
 - (c) Recruitment
 - (d) Environment scanning
 - (e) Benchmarking.

62. Fayol, and other pioneering management theorists who were influenced by Taylor, advocated a closely controlled, authoritarian organization, characterized by an unrestricted downward flow of authority in the form of orders and rules. Their theories of organizing gave rise to which of the following principles? [<Answer>](#)
- I. Unity of command.
 - II. Well-defined hierarchy of authority.
 - III. Unity of direction.
 - IV. Authority at par with responsibility.
- (a) Both (I) and (II) above
 - (b) Both (II) and (IV) above
 - (c) (I), (II) and (III) above
 - (d) (I), (II) and (IV) above
 - (e) (II), (III) and (IV) above.
63. In the early 1930s, the famous Western Electric studies revealed that groups of people who shared an informal relationship formed an important part of the total work situation. The studies concluded that the network of personal and social relationships, not established by the formal organization, gave rise to informal organizations within an enterprise. Which of the following are characteristics of an informal organization? [<Answer>](#)
- I. It is unofficial by nature.
 - II. Sources of control include rewards and penalties.
 - III. Source of leader power is delegated by the management.
 - IV. Norms serve as guidelines for behavior.
- (a) Both (I) and (II) above
 - (b) Both (I) and (IV) above
 - (c) Both (II) and (III) above
 - (d) Both (II) and (IV) above
 - (e) Both (III) and (IV) above.
64. According to which of the following theories, organizations are cooperative systems where the authority that a leader has over his subordinates is determined by the subordinates' willingness to comply with it? [<Answer>](#)
- (a) Administrative theory
 - (b) Systems theory
 - (c) Contingency theory
 - (d) Acceptance theory
 - (e) Scientific management.
65. Managers perform various functions in an organization viz., planning, organizing, directing, staffing and controlling. Managers involved in which of the following managerial functions, group the activities and resources in a logical fashion? [<Answer>](#)
- (a) Planning
 - (b) Organizing
 - (c) Directing
 - (d) Staffing
 - (e) Controlling.
66. Departmentation by simple numbers is one of the traditional bases of departmentation. Which of the following is/are **not** the reason(s) for the diminishing use of this type of departmentation? [<Answer>](#)
- I. It is diminishing because technology has become more sophisticated thereby demanding more specialized employees.
 - II. It is diminishing because the groups which have been formed on bases of numbers are less efficient than groups comprising of specialized personnel.
 - III. It is diminishing because it is useful only at the highest level of the organization structure.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.

67. An organization structure that has many hierarchical levels can be described as one having a [<Answer>](#)
- (a) Limited structure
 - (b) Open structure
 - (c) Wide structure
 - (d) Tall structure
 - (e) Flat structure.
68. According to Daniel Katz and Robert Kahn, which of the following characteristics of open systems is used by organizations to identify deviations from objectives? [<Answer>](#)
- (a) Cycle of events
 - (b) Negative entropy
 - (c) Feedback mechanisms
 - (d) Differentiation
 - (e) Equifinality.
69. Which of the following principles ensures the pursuit of organizational goals by the employees in a coordinated manner? [<Answer>](#)
- (a) Scalar chain
 - (b) Well-defined hierarchy of authority
 - (c) Stability of tenure of personnel
 - (d) Authority at par with responsibility
 - (e) Downward delegation of authority and not responsibility.
70. A system comprises a set of interactive sub-systems. Which sub-system consists of jobs that require the interaction of personnel with the general environment? [<Answer>](#)
- (a) Technical
 - (b) Boundary spanning
 - (c) Managerial
 - (d) Feedback
 - (e) Public relations.
71. Aryan Sood working as a manager at Detroit Consultancy Pvt. Ltd., prefers hiring people based on the competence but not on their contacts with influential people. Which of the following concepts is referred here? [<Answer>](#)
- (a) Intensity
 - (b) Entropy
 - (c) Soldiering
 - (d) Hotline
 - (e) Impersonality.
72. A security guard asked the company's President to present the identification card before entering the premises. Which of the following power is possessed by the security guard in the above situation? [<Answer>](#)
- (a) Upward legitimate power
 - (b) Downward legitimate power
 - (c) Reward power
 - (d) Referent power
 - (e) Coercive power.
73. The concept that defines the number of subordinates who report to a manager and that indirectly specifies the number of levels of management in an organization is called [<Answer>](#)
- (a) Authorized line of responsibility
 - (b) Unity of command
 - (c) Unity of direction
 - (d) Span of control
 - (e) Responsibility factor.

74. Decentralizing an organization is a structural change aimed at [<Answer>](#)
- I. Reducing the cost of coordination.
 - II. Increasing the controllability of subunits.
 - III. Increasing motivation.
 - IV. Developing multiple power centers.
- (a) Only (I) 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.
75. In addition to the staff and line authority there is a third form of authority i.e., functional authority. Which of the following statements is **incorrect** with respect to functional authority? [<Answer>](#)
- (a) Managing functional authority relationship is similar to managing dual-boss relationships
 - (b) It should be restricted to the procedural aspects of a function
 - (c) It is similar to line authority except that staff personnel with functional authority do not have a right to punish violations from the intended course of action
 - (d) It should not be delegated too much down the line as such delegation may create problems
 - (e) If unity of command were to be applied without exception, functional authority would be exercised only by staff managers.
76. Conflicts often arise between line and staff personnel. These conflicts need to be resolved so that line and staff personnel support each other and work harmoniously to achieve organizational goals and objectives. Which of the following is **not** an appropriate technique for staff personnel to reduce or avoid line-staff conflict? [<Answer>](#)
- (a) Be passive and wait for line managers to ask for advice rather than providing advice when they feel it is necessary
 - (b) Let line personnel know how to make optimum use of the expertise and capabilities of staff personnel
 - (c) Be accountable for their suggestions
 - (d) Keep line managers informed about the latest developments in their field and point out potential problem areas
 - (e) Completed staff work, leading to clear recommendations based on the facts compiled.
77. Managerial positions at various levels require different types and amounts of authority for decision-making. The production manager of a manufacturing firm would mainly possess [<Answer>](#)
- (a) Functional authority
 - (b) Staff authority
 - (c) Line authority
 - (d) No authority
 - (e) Coercive power.
78. Individuals need to be given a degree of authority to enable them to carry out their tasks. Which of the following is/are **true** regarding delegation of authority? [<Answer>](#)
- I. Delegation establishes a pattern of authority between superiors and sub-ordinates.
 - II. Effective managers perform most of the tasks themselves and delegate few tasks.
 - III. Delegation becomes important as the organization grows.
 - IV. A manager has to delegate authority if his span of control crosses a certain limit.
- (a) Only (I) 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.

79. Which of the following is a process where objectives to be achieved by subordinates' are set jointly by the immediate superior and subordinates, and the subordinates are evaluated according to the accomplishment of these objectives? [<Answer>](#)
- (a) Means-ends analysis
 - (b) Knowledge management
 - (c) Management by wandering around
 - (d) Management by objectives
 - (e) Management by exception.
80. The process by which managers allocate a chunk of their work to subordinates along with sufficient authority to accomplish the work is referred to as [<Answer>](#)
- (a) Delegation
 - (b) Power
 - (c) Motivation
 - (d) Feedback
 - (e) Departmentation.
81. According to Robert Kreitner, which of the following is the relative retention of decision-making authority by top management? [<Answer>](#)
- (a) Conflict
 - (b) Centralization
 - (c) Line authority
 - (d) Departmentation
 - (e) Grapevine.
82. According to the authority relationships viewpoint, line and staff are two types of authority that are based on functions. The exercise of line authority is always [<Answer>](#)
- (a) Upward
 - (b) Diagonal
 - (c) Crosswise
 - (d) Downward
 - (e) Lateral.
83. Power is the ability to influence other people and their behavior. Coercive power is the negative dimension of which of the following types of power? [<Answer>](#)
- (a) Upward legitimate power
 - (b) Reward power
 - (c) Downward legitimate power
 - (d) Referent power
 - (e) Expert power.
84. Overlapping authority and divided responsibility are the reasons for [<Answer>](#)
- (a) Boredom and monotony
 - (b) Poor decision-making
 - (c) Sub-unit conflicts
 - (d) Managerial vacuum
 - (e) Power and prestige.
85. Which of the following advantages of the functional structure gives the employees a feeling of security and makes them feel their work is prestigious and valued? [<Answer>](#)
- (a) Specialization
 - (b) Coordination
 - (c) Clarity about career paths
 - (d) Power
 - (e) Training programs.

86. Which of the following structures is also referred to as a product management organization? [<Answer>](#)
- (a) Functional structure
 - (b) Divisional structure
 - (c) Hybrid structure
 - (d) Matrix structure
 - (e) Tall structure.
87. Which of the following statements is/are **true** regarding the types of organizations? [<Answer>](#)
- I. A formal organization is more effective in the absence of informal relationships in the organization.
 - II. Informal relationships refer to the relationships that arise by virtue of gossip.
 - III. Grapevine is the most common form of informal organization.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.
88. Which of the following statements are **true** with respect to functional structure? [<Answer>](#)
- I. It can be adopted by organizations that are small or medium-sized.
 - II. It requires a formal structure to coordinate their activities.
 - III. It is considered as a self-contained structure.
 - IV. It is difficult for a manager from such a structure to reach at the top of the organization hierarchy.
- (a) Both (I) and (II) above
 - (b) (I), (II) and (III) above
 - (c) (I), (II) and (IV) above
 - (d) (II), (III) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
89. An organization structure refers to the defined relationships between the elements of the organization that is people, tasks, information and control processes. Which of the following forms of organization structure is based on the output of the organization? [<Answer>](#)
- (a) Functional
 - (b) Geographic
 - (c) Customer
 - (d) Matrix
 - (e) Product.
90. Organizations that adopt a matrix structure generally pass through some structural stages. In which of the following structural stages, managerial integrator positions are established so that individuals can take responsibility for particular projects, oversee product launches or deal with issues where coordination across functional departments is necessary? [<Answer>](#)
- (a) Functional (stage 1)
 - (b) Temporary overlay (stage 2)
 - (c) Permanent overlay (stage 3)
 - (d) Mature matrix (stage 4)
 - (e) Hybrid matrix (stage 5).
91. Which of the following technique conserve entrepreneurial attention and initiative that is a hallmark of small businesses? [<Answer>](#)
- (a) Decision tree
 - (b) Operations management
 - (c) Garbage-can model
 - (d) Preference theory
 - (e) Strategic business unit.

92. A hybrid structure is well suited for organizations operating in considerable environmental uncertainty. Which of the following structures is adopted by the hybrid structure at the same level of management? [<Answer>](#)
- (a) Divisional and matrix
 - (b) Functional and matrix
 - (c) Matrix and process
 - (d) Functional and divisional
 - (e) Matrix and product.
93. It is not desirable for every organization to adopt a matrix structure. Matrix structure can be adopted when [<Answer>](#)
- I. The environment in which the organization operates is such that it encourages use of only functional structure.
 - II. The external environment of the organization is certain.
 - III. There is a need for the company to share its resources.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) Both (II) and (III) above.
94. Ease in understanding the organizing function can be facilitated with the help of a well-written organization manual. Which of the following is **not** an element of an organization manual? [<Answer>](#)
- (a) Statement of the organization's philosophy
 - (b) Charts
 - (c) Programs
 - (d) Job analysis
 - (e) Outline of job descriptions.
95. Which of the following is/are strength(s) of the divisional structure? [<Answer>](#)
- I. It combines the advantages of functional and product structures.
 - II. Coordination is simplified between functions within the divisions.
 - III. Activities are always grouped around customers.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - (d) Both (I) and (II) above
 - (e) Both (II) and (III) above.
96. It is essential that an organization clearly defines every managerial position. Which of the following is **not** a benefit of position descriptions? [<Answer>](#)
- (a) They identify duties and responsibilities that are overlapping or neglected
 - (b) They help in deciding upon the organization design
 - (c) They provide guidance regarding candidate requirements, salary levels, and training needs of new employees
 - (d) They help managers determine the tasks to be done and the employees who should do them
 - (e) They act as means of control over the organization by furnishing standards against which the necessity of the position can be ascertained.
97. An organization chart helps managers and new personnel to find out how and where they fit into the organization structure. Which of the following is/are the limitation(s) of organization charts? [<Answer>](#)
- I. It does not depict informal relationship but shows only formal relationships.
 - II. It does not show the amount of authority present at different points in the structure.
 - III. It does not show the ideal structure but shows real structure of the organizations.
- (a) Only (I) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (II) and (III) above
 - (e) All (I), (II) and (III) above.

98. With respect to factors that affect reorganization, when a single change triggers off a sequence of related changes, it is called the [<Answer>](#)
- (a) Domino effect
 - (b) Hawthorne effect
 - (c) Halo effect
 - (d) Sensitivity effect
 - (e) Illumination effect.
99. According to Moskowitz, which of the following is **not** a characteristic of the work environment in well-managed companies? [<Answer>](#)
- (a) It highlights distinction in ranks
 - (b) It makes people feel they are part of a team
 - (c) It encourages open communication
 - (d) It stresses quality
 - (e) It lays emphasis on profit sharing.
100. Which of the following are general standards of behavior that provide guidelines on how much work should be done, the code of behavior to be followed etc.? [<Answer>](#)
- (a) Rules
 - (b) Procedures
 - (c) Policies
 - (d) Programs
 - (e) Norms.

END OF QUESTION PAPER

Suggested Answers

Introduction to Management – I (MB1A1): January 2009

ANSWER	REASON	
1.	C	In the role of a recipient, a manager receives information pertaining to changes, opportunities and problems that the organization may face. ≤
2.	B	The group behavior approach is based on sociology and social psychology. It stresses on the behavior of people in groups. ≤
3.	D	Productivity is defined as the output-input ratio within a time period with due consideration for quality. ≤
4.	B	Vishnu helps his subordinates in programming because he possesses technical skills. In order to motivate and direct the subordinates in right way, Vishnu should possess human skills. ≤
5.	A	Supervisors are directly responsible for the performance of employees involved in operations and are responsible for output variables like number of units produced, labor costs, inventory levels, and quality control. ≤
6.	B	The process of designing and maintaining an environment in which individuals, working together in groups, effectively accomplish selected aims is termed as management. ≤
7.	E	The employees in model I organization are manipulative and pitted against each other and are not willing to take risks. ≤
8.	A	Therbligs is the term coined by Gilbreths to refer to the seventeen basic hand motions they identified while carrying out motion studies. ≤
9.	D	An organization that interacts with external forces is an open system. ≤

10. A The principle of order implies that the right person is placed in the right job and everything is kept in the right place to facilitate smooth coordination of activities. ≤
11. C Classical approach to management includes the three schools viz., scientific management, administrative theory and bureaucratic management. ≤
12. B Nepotism is referred as hiring of relatives regardless of their competence. From the above discussion it can be inferred that Ace computers has adopted nepotism. ≤
13. D Fayol's equity principle states that all employees should be treated fairly i.e., a manager should treat all employees in the same manner without prejudice. From the above it can be inferred that equity principle is discussed in the situation. ≤
14. E Ethics hotline is a special telephone line that enables employees to bypass the proper channel for reporting their ethical dilemmas and problems. ≤
15. B Recycling involves conserving the environment by reprocessing materials like plastic, paper etc. into useful products. ≤
16. C Ethics audit involve the systematic assessment of the adherence of employees to the ethical policies of the organization. ≤
17. A The 'golden rule', which is an ethical guideline for managers, means do unto others as you would have others do unto you. ≤
18. D Locus of Control indicates the degree to which people believe they are masters of their own fate.
Hence from above discussion, we can infer that option (d) is the correct answer. ≤

19. C The following statements are true regarding the task environment of a firm: ≤
- It consists of specific external elements such as customers and clients, competitors, suppliers, labor supply and government agencies, with which an organization interacts while conducting its business.
- As it depends largely on the products and services offered by the firm and its business location, it may vary from firm to firm.
- Statement (I) pertains to the mega environment of a firm and hence is not true.
Statement (IV) is not true as a firm may not be able to directly influence its mega environment, but it can certainly influence its task environment.
20. A Amoral management ignores ethical considerations or does not consider the implications of morality. ≤
21. E Procedures help in simplifying and streamlining the administrative activities of an organization. ≤
22. B Statement (II) is not true since long term plans have a time frame exceeding five years or more. ≤
Statement (I) and (III) regarding long-term plans are true.
23. A Statement (I) is true regarding specific plans. ≤
Statement (II) is not true as specific plans are unambiguous in nature.
Statement (III) is also not true as these plans work in an environment of certainty and predictability.
24. D The function of planning in organizations is very closely linked to controlling, because it sets the goals or standards against which performance is measured. ≤
25. C The question “in which environment – internal or external – will our plans operate” is asked in the stage/step when an organization is considering planning premises. ≤
26. D Planning is ‘forward looking’ when it is concerned with anticipating future. ≤

27. B A review helps a manager to ≤
- Identify deviations and take necessary corrective actions.
- Compare outcomes with expected results.
- Statement (III) - examining advantages and disadvantages of alternative plans is done while evaluating the alternative plans.
- Statement (IV) - laying down the limitations within which the plans are to be carried out is done while determining planning premises. Hence, option (b) is the answer.
28. E The following can be stated about projects: ≤
- It helps in precise allocation of duties and effective control and easy implementation of the plan.
- A project may be a component of a program, or it may be a self-contained, single-use plan.
- Statement (II) is not correct about projects as a project may be similar to a program, but are smaller in scale and less complex.
29. C Plans generally fail when management expects that plans developed will be realized with little effort. ≤
30. C The planning process begins with stating organizational objectives. ≤
31. D Goals are important for an organization because they ≤
- Direct the activities of the organization.
- Encourage focused work.
- Act as the motivational force for employees.
32. A Emphasis on short-term goals is not a factor that would make Management by Objectives (MBO) more effective. ≤
33. B Line-staff conflict is not a situational variable on which an organization's position on the decentralization-centralization continuum depends. ≤
34. B The Management by Objectives (MBO) process not only gives subordinates a sense of direction, it also allows them to evaluate their own progress. ≤

35. A MBO can lead to considerable frustration if one manager's efforts to achieve goals are dependent on the achievement of goals of others within the organization. Group goal-setting and flexibility are required to solve this type of problem. ≤
36. C Threat is an environmental condition that can adversely affect the organization's competitive ability. Hence option (c) is the answer. ≤
37. B A firm which intends to serve a specific segment of the market instead of entire market adopts focus strategy. ≤
38. E Strategic control system needs to be carefully designed ahead of time and not just as an afterthought. ≤
39. C Action plans are major or minor tactical programs and decisions that should reflect the desired strategies and objectives. ≤
40. B An absolute cost advantage would most likely appear as a decision variable for new entrants. ≤
41. D The following are features of competitive advantage: ≤
- It is strongest when it is extremely difficult for or expensive for competitors to copy
- It is not possible for a firm to build a competitive advantage over all other competitors
- It should ultimately create increased value for customers
- It is generated on the basis of organizational competencies.
42. C The final step in strategic planning is about monitoring and adopting strategic plans. It consists of a feedback process, which enables the manager to evaluate the effectiveness of the strategy in action. ≤
- Hence from above discussion, we can infer that option (c) is correct.
43. A 'Cash cows' are businesses that have a high market share in a market that has slow growth. Profits from businesses in this category can be used to maintain question marks and stars. Therefore it can be inferred from above that cash cows are the source of surplus cash. ≤

44. C General concept which guides managers' thought processes in decision making process refers to policies but not strategy. ≤
45. D The following are true regarding value based approach: ≤
- It is based on the beliefs and convictions of the managers and employees.
- It provides broad guidelines rather than narrowly-focused plans.
- The corporate-level approach involves the evaluation of the various business units of an organization by its top management.
46. C Decision process is not concerned with the planning premises and it does not check the consistency of the planning premises. The important issue of decision process is resource allocation. ≤
47. B The process of formulating long-term plans that help define and accomplish an organization's goals is known as strategic planning. Strategic planning requires knowledge of the firm's current customers, prospective customers, and present businesses. Top-level managers with good conceptual and design skills are responsible for strategic planning. Conceptual skills will help them look at the big picture and relate various parts of the organization to one another and to the external environment. Design skills will help them develop solutions to problems. Top-level managers should offer continuous support to the employees during the implementation of strategic plans. ≤
48. C The decision tree technique of operations research makes use of pay-off matrix. ≤
49. A Decision support system is an interactive computer system that can be easily accessed and operated by people who are not computer specialist. ≤
50. B Logrolling refers to politically wheeling and dealing, which can displace sound thinking, when an individual's pet project or vested interest is at stake. ≤
51. C The garbage-can strategy is effective in the following situations: ≤
- When the managers have no specific goal preferences.
- When the means of achieving goals are unclear.
- When there are frequent changes in the participants involved in the decision-making.

52. C Delphi technique is a group decision-making technique that involves a group of anonymous experts responding to a questionnaire followed by analysis of the response and the questionnaire being re-administered. The process is repeated until desirable results are achieved. ≤
53. E A typical MIS is made up of four major components: ≤
- Data gathering
- Data entry
- Data transformation
- Information utilization
54. B Abhishek is in the stage of 'identifying alternatives.' The development of alternatives can be facilitated through brainstorming. Managers should try to generate more alternatives for serious problems. ≤
55. C The characteristic of decision-making under risk is that the decision-maker has incomplete information about available alternatives, but has a good idea of the probability of particular outcomes for each alternative. ≤
- Hence, from above discussion, we can infer that option (c) is correct.
56. B Money, materials, equipment, manpower, time etc., used to solve problems, are examples of resources. ≤
57. C In nominal groups, group members rank the various alternatives and decide on the best alternative. ≤
58. C Break-even analysis enables a decision-maker to evaluate the available alternatives based on price, fixed cost and variable cost per unit. ≤
59. B Quality refers to the extent to which an alternative finds an effective solution to the problem under consideration. ≤
60. A In Incremental model a manager finds short term solution to the problem than making a decision that will facilitate the attainment of goals in the long-term. ≤

61. A The Synthetic Corporation is aware that significant problems are occurring within its production departments. It realizes that competitors are successfully utilizing more modern machinery and processes to better satisfy their customers. The Synthetic Corporation is currently implementing the necessary steps to upgrade its processing machines in order to resolve the problems it is facing. This is an example of an organization engaging in decision making. ≤
62. D Fayol, and other pioneering management theorists who were influenced by Taylor, advocated a closely controlled, authoritarian organization, characterized by an unrestricted downward flow of authority in the form of orders and rules. Their theories of organizing gave rise to four principles:
- Unity of command.
- Well-defined hierarchy of authority
- Authority at par with responsibility
- Downward Delegation of Authority and not Responsibility
63. B The following are characteristics of an informal organization: ≤
- It is unofficial by nature
- Norms serve as guidelines for behavior
64. D According to Barnard's acceptance theory, organizations are cooperative systems where the authority that a leader has over his subordinates is determined by the subordinates' willingness to comply with it. ≤
65. B Managers involved in organizing function groups the activities and resources in a logical fashion. ≤
66. B The use of this method is decreasing due to various reasons. The following is not the reason for diminishing use of this type of departmentation: It is useful only at the highest level of the organization structure because it is useful only at the lowest level. ≤
- The others reasons are:
- Technology has become more sophisticated thereby demanding more specialized employees.
- The groups which have been formed on bases of numbers is less efficient than groups comprising of specialized personnel.
67. D An organization structure that has many hierarchical levels can be described as one having a tall structure. ≤
68. C Feedback mechanisms is used by organizations to identify deviations from objectives. ≤

69. B Well-defined hierarchy of authority principles ensures the pursuit of organizational goals by the employees in a coordinated manner. ≤
70. B Boundary spanning sub-system consists of jobs that require the interaction of personnel with the general environment. ≤
71. E Impersonality refers to hiring and promoting of people in the organization based on their competence and not on their contacts with influential people. ≤
72. A A security guard asking the company's president to present the identification card before allowing into the premises is exercising upward legitimate power. ≤
73. D Span of control is the concept that defines the number of subordinates that report to a manager and that indirectly specifies the number of levels of management in an organization. Hence from above discussion, we can infer that option (d) is correct. ≤
74. D Decentralizing an organization is a structural change aimed at reducing the cost of coordination, increasing the controllability of subunits, and increasing motivation. ≤
75. E If unity of command were to be applied without exception, functional authority would be exercised only by line managers. Hence, option (e) is incorrect and is the answer. ≤
76. A Option (a) is not an appropriate technique for staff personnel to solve line-staff conflict as staff personnel should be proactive and advice line managers when they feel it necessary, rather than being passive and waiting for line managers to ask for it. ≤
77. C The production manager has mainly line authority as does a finance manager or a marketing manager. ≤

78. D The following statements are true regarding delegation of Authority ≤
- Delegation establishes a pattern of authority between superiors and sub-ordinates.
 - Delegation becomes important as the organization grows.
 - A manager has to delegate authority if his span of control crosses a certain limit.
- Statement (II) is not true as Effective managers delegate as many routine jobs as possible to their subordinates and concentrate their efforts on more important jobs.
79. D Management by objectives is a method where the subordinates' objectives are set jointly by the immediate superior and subordinates, and the subordinate is evaluated according to the accomplishment of these objectives. ≤
80. A Delegation is the process by which managers allocate a chunk of their work to subordinates along with sufficient authority to accomplish the work. ≤
81. B According to Robert Kreitner, centralization is the relative retention of decision-making authority by top management. ≤
82. D Line authority is the direct authority exercised by a superior over his subordinates, so that his orders and instructions are carried out in a proper manner. The exercise of line authority is always downward. ≤
83. B Coercive power is the negative dimension of reward power. ≤
84. C Overlapping authority, divided responsibility, and ambiguity of accountability add to the confusion among employees with respect to their roles resulting in sub-unit conflicts. ≤
85. A Specialization of the employees thus rules out encroachment into their domains by others. This gives them a feeling of security and makes them feel their work is prestigious and valued. ≤
86. D Matrix structure is also referred to as a product management organization. ≤

87. D A formal organization is more effective if the managers are able to identify the informal relationships in the organization. <
Hence, statement (I) is false.
All other statements are true.
88. C A divisional structure is a self-contained structure. <
All other statements are true for functional structure.
89. E Product division is based on the output of the organization. <
[TOP](#)
>
90. B In the temporary overlay stage (stage 2) managerial integrator positions are established so that individuals can take responsibility for particular projects, oversee product launches or deal with issues where coordination across functional departments is necessary. <
[TOP](#)
>
91. E Strategic business unit organization is a technique to conserve entrepreneurial attention and initiative, which is a hallmark of small businesses. <
[TOP](#)
>
92. D Hybrid structure adopts both functional and divisional structures at the same level of management. <
[TOP](#)
>
93. C Matrix structure can be adopted if the following three conditions exist: <
[TOP](#)
>
- The environment in which the organization operates is such that it encourages use of both functional and divisional structure.
- The external environment of the organization is changing and uncertain.
- There is a need for the company to share its resources.
94. D The constituents of an organization manual include statement of the organization's philosophy, charts, programs and outline of job descriptions. <
[TOP](#)
>
Job analysis is not included in an organization manual.
95. B The following is the strength of the divisional structure: <
[TOP](#)
>
Coordination is simplified as each division is similar to an organization containing various functions.
Statements (I) and (III) are not strengths of the divisional structure.
96. B The following are benefits of position descriptions: <
[TOP](#)
>
- They identify duties and responsibilities that are overlapping or neglected
- They provide guidance regarding candidate requirements, salary levels, and training needs of new employees
- They help managers determine the tasks to be done and the employees who should do them.
- They act as means of control over the organization by furnishing standards against which the necessity of the position can be ascertained.

97. C Statement (III) is not the limitation of organization chart as it shows ideal structures rather than the real structure prevailing in the organizations. [< TOP >](#)
Other statements are limitations of organization charts:
• It does not depict informal relationship but shows only formal relationships.
It does not show the amount of authority present at different points in the structure.
98. A With respect to factors that affect reorganization, when a single change triggers off a sequence of related changes, it is called the domino effect. [< TOP >](#)
99. A A well-managed company, according to Moskowitz, blurs distinction in ranks. [< TOP >](#)
100. E Norms are general standards of behavior that provide guidelines on how much work should be done, the code of behavior to be followed etc [< TOP >](#)

[< TOP OF THE DOCUMENT >](#)