

# Question Paper

## Introduction to Management-I (MB111): July 2008

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

1. Which of the following is/are factor(s) which force(s) an organization to reorganize? [<Answer>](#)
- I. Merger or acquisition.  
II. Government policies.  
III. Forays into new markets.  
IV. Labor union demands.
- (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.
2. Which of the following is **not** a component of McKinsey's 7-S framework? [<Answer>](#)
- (a) Strategy  
(b) Structure  
(c) Shared standards  
(d) Style  
(e) Systems.
3. Which of the following is **incorrect** with respect to formal and informal organizations? [<Answer>](#)
- (a) Major concepts in a formal organization are authority and responsibility  
(b) The primary focus in an informal organization is the person  
(c) In an informal organization, source of leader power is given by the group  
(d) In a formal organization rules constitute the guidelines for behavior  
(e) Sanctions serve as sources of control in a formal organization.
4. In the strategic management process, any organizational skills or resources that are exceptional or unique to the organization are the organization's [<Answer>](#)
- (a) Potential external opportunities  
(b) Potential internal strengths  
(c) Core competencies  
(d) Bargaining power  
(e) Marketing niche skills.
5. The production manager of an organization would mainly possess [<Answer>](#)
- (a) Functional authority  
(b) Staff authority  
(c) Line authority  
(d) No authority  
(e) Coercive power.
6. Product divisions are divisions created to concentrate on a single product or service or at least a relatively homogenous set of products or services. Which of the following is **not** an advantage of a product division or departmentation? [<Answer>](#)
- (a) It facilitates the use of specialized capital, promotes coordination and allows optimum utilization of personal skills and specialized knowledge  
(b) It facilitates growth and diversity of products and services offered by the organization  
(c) The performance of each product line can be compared and analyzed  
(d) It provides an excellent training ground for managerial personnel  
(e) Managerial costs are lower because of the decentralization of various activities such as personnel, production, sales and accounts.
7. The inability of organizations to adapt to the changing environment is called [<Answer>](#)
- (a) Organizational inflexibility

- (b) Organizational conflict  
(c) Retrenchment  
(d) Organizational restructuring  
(e) Grapevine.
8. The BCG matrix helps businesses to assess their profitability and non-profitability so that resource allocation can be done for the 'Strategic Business Units (SBUs)'. Which of the following variables are used on the two axes of the BCG matrix? [<Answer>](#)
- (a) Market development and product development  
(b) Opportunities and threats  
(c) Strengths and weaknesses  
(d) Relative market shares and growth of markets in which products are selling  
(e) Internal makeup and performance relative to competitors.
9. Which type of power is **best** described as power derived from the satisfaction people receive from identifying themselves with the leader? [<Answer>](#)
- (a) Coercive  
(b) Referent  
(c) Legitimate  
(d) Reward  
(e) Expert.
10. Group decisions provide \_\_\_\_\_ information than individual decisions. [<Answer>](#)
- (a) More current  
(b) More complete  
(c) More relevant  
(d) More consistent  
(e) More important.
11. Which of the following theories of decision-making is based on the notion that individual attitudes towards risk vary? [<Answer>](#)
- (a) Preference theory  
(b) Decision trees  
(c) Certainty  
(d) Satisficing  
(e) Garbage-can.
12. Which of the following is **not** a problem faced in the Management by Objectives process? [<Answer>](#)
- (a) It is difficult to pinpoint specific objectives which determine a subordinate's effectiveness  
(b) Predetermined goals leave less scope for creativity, spontaneity and innovation  
(c) Setting of objectives is done over a long span of time, which delays the decision-making  
(d) Interdependence of managerial work is not reflected in job descriptions  
(e) The process tends to be biased as subordinates are appraised based on compatibility of their goals with those of their superiors.
13. Managers need certain skills to perform the functions associated with their jobs. Which of the following skills requires that management must view the organization as a whole? [<Answer>](#)
- (a) Design  
(b) Human  
(c) Conceptual  
(d) Technical  
(e) Administrative.
14. There are two main categories of decisions that managers make – programmed and non-programmed. A programmed decision is [<Answer>](#)
- (a) A decision requiring a custom-made solution  
(b) Used to solve a computing problem  
(c) A decision that requires complex quantitative calculations  
(d) A satisficing decision  
(e) A repetitive decision that can be handled by a routine approach.
15. The two managerial practices that emerged from Taylor's scientific management are piece-rate incentive system and [<Answer>](#)

and

- (a) Time and motion study
- (b) Work study
- (c) Fatigue study
- (d) Organization study
- (e) Job study.

16. Charles Babbage was one of the prominent contributors to preclassical management thought. Which of the following did Charles Babbage advocate/propose? [<Answer>](#)

- (a) Legislative reforms
- (b) The philosophy of manufacturing
- (c) Division of labor
- (d) Time and motion studies
- (e) Profit-sharing plan.

17. Money, materials, equipment, manpower, time etc., used to solve problems, are examples of [<Answer>](#)

- (a) Constraints
- (b) Resources
- (c) Rewards
- (d) Technologies
- (e) Policies.

18. Tanya must constantly report to the departmental head as well as her immediate supervisor. Which of the following is being violated? [<Answer>](#)

- (a) Work specialization
- (b) Unity of command
- (c) Span of control
- (d) Departmentalization
- (e) Decentralization.

19. 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.

20. All of the following are characteristics of organizational culture **except** [<Answer>](#)

- (a) Member identity
- (b) Distinctiveness
- (c) Observed behavioral regularities
- (d) Uniform strength
- (e) Dominant and stable values.

21. Planning is a prerequisite not only for achieving success but also for surviving in a complex and competitive world. Which of the following statements is **not true** about planning? [<Answer>](#)

- (a) It focuses attention on objectives
- (b) It provides a sense of direction
- (c) It provides efficiency in operations
- (d) It is an instinctive procedure and allows little scope for innovation and creativity
- (e) It ensures better coordination.

22. According to the BCG matrix, which of the following are business units that have a relatively low market share in rapidly growing market? [<Answer>](#)

- (a) Cash cows
- (b) Star
- (c) Bulls
- (d) Question mark
- (e) Dogs.

23. Which of the following is **not** a significant way through which culture is transmitted to employees in an organization? [<Answer>](#)
- (a) Stories
  - (b) Rituals
  - (c) Myths
  - (d) Language
  - (e) Rewards.
24. If Coca-Cola wished to examine its general environment before constructing its business strategy, the company would explore all of the following environments **except** [<Answer>](#)
- (a) Socio-cultural
  - (b) Knowledge
  - (c) Global
  - (d) Economic
  - (e) Legal/political.
25. With respect to the function of organizing, which principle expounds that when a manager delegates authority, commensurate responsibility must also be expected in return and conversely, when an individual is held responsible for accomplishing a particular task, adequate authority to complete the task should also be given? [<Answer>](#)
- (a) Downward delegation
  - (b) Authority at par with responsibility
  - (c) Well-defined hierarchy of authority
  - (d) Unity of direction
  - (e) Unity of command.
26. The various approaches to management help in understanding the concept of management and managerial functions. Which of the following is a characteristic of the managerial roles approach? [<Answer>](#)
- (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 identifies managerial roles classified as interpersonal, informational and decisional roles
  - (d) It studies experience through cases and identifies successes and failures
  - (e) It focuses on interpersonal behavior, human relations etc.
27. Greg is a new manager at the CC&P Firm. He is very overwhelmed by the amount of workload he has to deal with on a daily basis. Which of the following would **not** be considered an effective way for Greg to better organize his time as a manager? [<Answer>](#)
- (a) Greg could purchase the newest personal organizer even though it has not proven to work consistently
  - (b) Greg could begin to respond to e-mail messages using his laptop computer while on the airplane trip to his next meeting
  - (c) Greg could prepare priority lists for what he must get accomplished
  - (d) Greg could practice the art of multitasking
  - (e) Greg could begin to keep a work journal in order to keep track of his days to help him become better organized for the future.
28. A well-known approach for implementing goal theory is Management by Objectives (MBO). All of the following are **true** statements about MBO **except** [<Answer>](#)
- (a) Employees and supervisors agree on a set of goals
  - (b) Goal achievement has no preset time frame
  - (c) Each person knows exactly what is expected of him or her
  - (d) It results in a hierarchy of objectives that links specific objectives with each succeeding organizational level
  - (e) Overall objectives are broken down into specific objectives.
29. Which of the following outlines the expected results of a given future period in numerical terms? [<Answer>](#)
- (a) Budgets
  - (b) Programs
  - (c) Norms
  - (d) Policies
  - (e) Procedures.
30. Which of the following is **not** an advantage of the matrix structure? [<Answer>](#)

- (a) It facilitates decentralization of decisions
  - (b) It adds strong horizontal coordination to projects and, thereby, increases the probability of success that is normally impossible through a functional design alone
  - (c) It facilitates monitoring of environmental conditions with respect to both the projects and the functional areas
  - (d) A matrix organization is always extremely fast in responding to changes
  - (e) It allows effective use of human resources.
31. Which of the following decision making models states that managers put in the least possible effort – only enough [<Answer>](#) to reduce the problem to a tolerable level?
- (a) Satisficing
  - (b) Garbage-can
  - (c) Incremental
  - (d) Rational
  - (e) Optimal.
32. Which of the following is a line diagram that depicts the broad outlines of an organization’s structure? [<Answer>](#)
- (a) Organization chart
  - (b) Human resources inventory
  - (c) Gantt chart
  - (d) Decision tree
  - (e) Mission statement.
33. Rate of change is one of the factors that determines effective span of management. Changes occur more rapidly in [<Answer>](#) certain organizations than in others. This rate of change
- (a) Determines how efficient subordinates are without guidance from their superiors
  - (b) Enables subordinates to clearly understand what is expected of them
  - (c) Determines the degree to which policies can be formulated and the stability that can be achieved in the policies
  - (d) Helps identify deviation in plans
  - (e) Determines effectiveness of communication techniques.
34. Which of the following is **not** a means of avoiding line and staff conflicts? [<Answer>](#)
- (a) Clarity in relationships
  - (b) Proper use of staff
  - (c) Completed staff work
  - (d) Holding staff accountable for result
  - (e) Exploiting staff.
35. The function of planning in organizations is [<Answer>](#)
- (a) Not important today because of the increased speed of communication
  - (b) Carried out only by top management
  - (c) Not 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.
36. Mark's Embroidery produces custom-made embroidery products. One department sells to retail customers, another [<Answer>](#) department sells to catalog customers and a third department sells only to college bookstores. Mark's Embroidery is departmentalized by
- (a) Product
  - (b) Customer
  - (c) Geographical location
  - (d) Process
  - (e) Function.
37. Practicing ethical guidelines enables managers to become followers of moral management approach and make [<Answer>](#) ethical business decisions. One such ethical guideline is primum non-nocere, which means
- (a) Telling the truth
  - (b) Above all, doing no harm
  - (c) Always acting when one has responsibility
  - (d) Obeying the law
  - (e) Allowing room for participation of stakeholders in the decision-making process.

- (e) Allowing room for participation of stakeholders in the decision-making process.
38. Which of the following is defined as “management which conducts business by standards established, by facts or truths gained through systematic observation, experiment, or reasoning”? [<Answer>](#)
- Administrative management
  - Behavioral approach to management
  - Bureaucratic management
  - Scientific management
  - Systems management.
39. A careful analysis of argument for and against the involvement of organizations in social welfare is necessary to determine whether an organization should implement social initiatives. Which of the following is an argument for social responsibility of business? [<Answer>](#)
- Loss of profit maximization
  - Excessive costs
  - Weakened international balance of payments
  - Balance of responsibility and power
  - Lack of accountability.
40. Formal planning in an organization involves formal documentation, with properly laid-down guidelines to be followed. Which of the following statements is **not** a correct criticism of formal planning? [<Answer>](#)
- Planning may create rigidity
  - Planning may focus managers’ attention on today’s competition, not on tomorrow’s survival
  - No relationship exists between formal planning and organizational performance
  - Formal planning reinforces success, which may lead to failure
  - Formal plans cannot replace intuition and creativity.
41. Which of the following refers to end results or targets that organizations or individuals aim at or strive to attain within a specified period of time? [<Answer>](#)
- Operations management
  - Objectives
  - Departmentation
  - Decentralization
  - Delegation.
42. Which of the following refers to the involvement of employees in civic activities? [<Answer>](#)
- Volunteerism
  - Fund-raising
  - Recycling
  - Valuing diversity
  - Quality of work life.
43. 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>](#)
- Rules
  - Procedures
  - Policies
  - Programs
  - Norms.
44. Which of the following statements are **true** with respect to power and the types of power? [<Answer>](#)
- Legitimate power is similar to authority and is very important in the organizational context.
  - Legitimate power works only downwards.
  - Referent power functions at superior and peer levels.
  - Coercive power is used to ensure a minimum standard of performance.
  - Power can be personal.
- Both (I) and (II) above
  - Both (III) and (IV) above
  - (I), (III) and (IV) above
  - (I), (IV) and (V) above
  - All (I), (II), (III), (IV) and (V) above.
45. Planning by a supervisor of a goods processing department to rearrange the location of several pieces of equipment so that the new order can begin on time, three months from now, would be an example of a/an [<Answer>](#)

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- (a) Tactical plan
  - (b) Operational plan
  - (c) Tactical goal
  - (d) Operational goal
  - (e) Strategic goal.
46. Production planning is the decision-making area that determines when and where and in what quantity a manufacturer is to produce goods. In production planning areas of many organizations, which of the following methods is used for comparing the actual and planned performances? [<Answer>](#)
- (a) Unity of command
  - (b) Unity of direction
  - (c) Scalar chain
  - (d) Gantt chart
  - (e) Time and motion study.
47. Which of the following competitive forces of Porter refers to the ease with which new competitors can enter the market? [<Answer>](#)
- (a) Rivalry
  - (b) Bargaining power of customers
  - (c) Bargaining power of suppliers
  - (d) Threat of substitute products or services
  - (e) Threat of new entrants.
48. To compete in the global market, an organization has to be more flexible and responsive. In recent years there has been a movement to make organizations more flexible and responsive through [<Answer>](#)
- (a) Alternative organizational structure
  - (b) Customer-based structure
  - (c) Centralization
  - (d) Decentralization
  - (e) Product-based structure.
49. Which of the following forms of departmentation adopts parts of both functional and divisional structures at the same level of management? [<Answer>](#)
- (a) Matrix
  - (b) Flexible
  - (c) Hybrid
  - (d) Mixed
  - (e) Geographical.
50. Certain elements in the general or mega-environment have a significant impact on the ability of an organization to achieve its strategic goals. Analyzing environmental opportunities and threats by managers can be referred to as [<Answer>](#)
- (a) Forecasting
  - (b) Environmental assessment
  - (c) Evaluating
  - (d) Distinctive competence
  - (e) Competitive advantage.
51. Managers often seek solutions that are satisfactory and sufficient. This is known as [<Answer>](#)
- (a) Irrational decision making
  - (b) Satisficing
  - (c) Risk
  - (d) Optimal decision making
  - (e) Kinesics.
52. Departmentation helps an organization take advantage of functional specialization. Which of the following is **not** a reason why departmentation is required? [<Answer>](#)
- (a) It defines the role of every individual, indicating activities to be performed
  - (b) It facilitates control, coordination and communication
  - (c) It helps in avoiding conflicts among power centers
  - (d) It provides the necessary platform to build loyalty among members of the organization
  - (e) It helps to identify sources of skills, information and competence that aid in managerial decision-making.

53. Which of the following **best** describes a ‘strategy’? [<Answer>](#)
- (a) It is a specific, narrow plan designed to achieve tactical planning
  - (b) It is designed to be the end of tactical planning
  - (c) It is a plan designed to reach long-term objectives
  - (d) It is timeless, so the same strategy can meet organizational needs anytime
  - (e) It is independent of organizational objectives.
54. According to Henri Fayol’s principles of management, *Espirit de Corps* means [<Answer>](#)
- (a) Discipline
  - (b) Equity
  - (c) Sense of union
  - (d) Unity of command
  - (e) Unity of Direction.
55. Which of the following is **not** one of the six characteristics of open-system organizations? [<Answer>](#)
- (a) Negative entropy
  - (b) Feedback mechanisms
  - (c) Dynamic homeostasis
  - (d) Technology
  - (e) Equifinality.
56. Which of the following is **not** a responsibility of the Chief Executive? [<Answer>](#)
- (a) Formulating the organization mission
  - (b) Anticipating future trends and looking for opportunities
  - (c) Devising policies and procedures for the smooth functioning of the organization
  - (d) Establishing departmental policies
  - (e) Managing material, financial and human resources of an organization.
57. Major decisions in organizations are most often made by groups rather than a single individual. Which of the following is a group decision-making approach that involves several rounds of administering questionnaires to a panel of anonymous experts? [<Answer>](#)
- (a) Brainstorming
  - (b) Nominal group technique
  - (c) Delphi technique
  - (d) Interacting group
  - (e) Focus group.
58. The various approaches to management help in understanding the concept of management and managerial functions. Which of the following is a characteristic of the systems approach? [<Answer>](#)
- (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.
59. Sairah is associated with a committee that is given the responsibility to review and institute a process for employees to use when requesting upgrades in computer equipment. Which type of objectives would Sairah **most likely** develop? [<Answer>](#)
- (a) Intermediate-term objectives
  - (b) Long-term objectives
  - (c) Short-term objectives
  - (d) Organizational objectives
  - (e) Division objectives.
60. Complex interactions between the manager’s stage of moral development and the various moderating variables determine whether he 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. The strength of a person's convictions refers to which of the following individual characteristics? [<Answer>](#)
- (a) Value
  - (b) Ego strength
  - (c) Attitude

- (d) Perception  
(e) Locus of control.
61. Which of the following are distinct, independent and self-sufficient units of an organization? [<Answer>](#)
- (a) Strategic Planning Units  
(b) Strategic Business Units  
(c) Strategic Functional Units  
(d) Specific Business Units  
(e) Specific Planning Units.
62. Organizational planning is an important managerial activity in organizations. Which of the following would **not** be [<Answer>](#) considered as a key factor for successful organizational planning?
- (a) Clear and specific objectives  
(b) Conducive climate for planning  
(c) Initiative by top level management  
(d) Participation of managers at all levels  
(e) Long-term and short-term plans must be implemented in isolation.
63. 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? [<Answer>](#)
- 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.
64. 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. Which of the steps in the strategic planning process usually precedes the others? [<Answer>](#)
- (a) Formulating strategy  
(b) Assessing organizational resources, risks and opportunities  
(c) Developing organizational objectives  
(d) Implementing strategy  
(e) Monitoring and adopting strategic plans.
65. Anil, the manager of Internet Made Easy, is concerned. He is trying, like all technological based companies, to stay ahead of the competition by being the first to offer the new services available on the Internet. His business offers training to local businesses, so he must offer the latest available information; however, he must also advertise the classes and the content, which means going to the publisher with that information six weeks before a class is to begin. He also has to think what he should offer in his next series of classes. Anil is operating under which of the following conditions? [<Answer>](#)
- (a) Uncertainty  
(b) Certainty  
(c) Risk  
(d) Optimal decision-making  
(e) Maximin.
66. All of the following are quantitative decision-making tools **except** [<Answer>](#)
- (a) Linear programming  
(b) Decision tree  
(c) Waiting line theory  
(d) Garbage-can model  
(e) Game theory.
67. Whenever a senior official says ‘it is our company’s policy that we deliver customers’ packages at the door step and the goods transportation is free’ in an advertisement, the senior official is acting as a member of [<Answer>](#)
- (a) Middle management  
(b) Top management  
(c) First line management

- (c) First line management
  - (d) Audit management
  - (e) Security management.
68. The span of control is a very important principle that emphasizes the need for coordination among the subordinates working under a particular manager. In a structure with a wide span of control superiors are impelled to delegate; thereby increasing scope for creativity and increased morale among employees, as opposed to a narrow span of control where managers are too involved in their subordinates work. Maintaining a wide span of control within an organization is most effective in all the following situations **except** [<Answer>](#)
- (a) When subordinates prefer autonomy
  - (b) When tasks are routine
  - (c) When jobs are similar but have varying performance measures
  - (d) When subordinates are highly trained
  - (e) When managers are competent.
69. An organization with wide span of control and few hierarchical levels is referred as [<Answer>](#)
- (a) Limited structure
  - (b) Open structure
  - (c) Closed structure
  - (d) Tall structure
  - (e) Flat structure.
70. Departmentation divides a large and complex organization into smaller and more flexible administrative units and can be done through various structural alternatives. Which of the following is **not** a major structural alternative which organizations can adopt? [<Answer>](#)
- (a) Functional structure
  - (b) Divisional structure
  - (c) Hybrid structure
  - (d) Matrix structure
  - (e) Cadre based structure.
71. Social responsiveness refers to the development of organizational decision processes that enable managers to anticipate, respond to and manage the areas of social responsibility. The social responsiveness of an organization can be measured on the basis of which of the following criteria? [<Answer>](#)
- (a) Contributions to profit-oriented projects
  - (b) Fair treatment of employees; fair pay and safe working conditions
  - (c) Biased employment opportunity
  - (d) Questionable quality products to customers
  - (e) Ignoring environment pollution.
72. Shah Industries conducts its business in various industries, the hotel industry being one of them. Hetal Shah, who heads the hotel venture, is concerned about how her business is going to effectively combat the increasing competition. At this point, Ms. Shah has decided to identify ways and means to achieve a competitive advantage and respond to the changing environment and competitive situation. At which organizational level is Ms. Shah currently addressing her planning efforts? [<Answer>](#)
- (a) Corporate level
  - (b) Business level
  - (c) Functional level
  - (d) Operational level
  - (e) Departmental level.
73. 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.
74. Systematic evaluation of alternatives in the decision-making process is usually done on the basis of five general criteria. Which of these criteria refers to the extent to which an alternative is compatible with the ethical standards of its managers and the social responsibilities of the organization? [<Answer>](#)
- (a) Quality
  - (b) Feasibility

- (b) Feasibility
  - (c) Acceptability
  - (d) Morals
  - (e) Ethics.
75. A local firm has earned a good reputation because of quality paper bags manufactured by it. Moreover, it is environmental conscious and makes use of only recycled paper for manufacturing the bags. So when the firm advertises that it uses only recycled paper products, it is [<Answer>](#)
- (a) Meeting its social obligation
  - (b) Being socially responsive
  - (c) Meeting its ethical responsibilities
  - (d) Paying attention to the bottom line
  - (e) Paying attention to the top line.
76. Which of the following involves major changes in organizational structure and changes in some major components of the organization? [<Answer>](#)
- (a) Restructuring
  - (b) Span of control
  - (c) Transfer
  - (d) Planning
  - (e) Organizing.
77. Which of Henry Fayol's fourteen principles of management implies that all employees should be treated equally? [<Answer>](#)
- (a) Discipline
  - (b) Division of labor
  - (c) Equity
  - (d) Remuneration
  - (e) Initiative.
78. For an advertising concern, a team is created to design new invitation cards. This team consists of a writer, an art designer, and a marketing manager. Such a team is known as a/an [<Answer>](#)
- (a) Informal team
  - (b) Quality circle
  - (c) Structured team
  - (d) Cross-functional team
  - (e) Interest group.
79. Power based upon one's expertise, special skills, or knowledge is [<Answer>](#)
- (a) Coercive power
  - (b) Legitimate power
  - (c) Expert power
  - (d) Referent power
  - (e) Reward power.
80. Which of the following is **not** a limitation of planning? [<Answer>](#)
- (a) Lack of accurate information
  - (b) Inflexibility
  - (c) Resistance to change
  - (d) It offsets uncertainty and risk
  - (e) It is expensive.
81. The delegator (superior), delegant (subordinate) and the organization have an affect on the delegation of authority. Which of the following is a factor that affects delegation of authority from the delegant's aspect? [<Answer>](#)
- (a) Availability of managerial personnel
  - (b) Management philosophy
  - (c) Experiences of the superior
  - (d) Personality traits of the superior
  - (e) Fear of criticism.
82. Organizations that adopt a matrix structure generally pass through some structural stages. In which of the following stages do bosses have equal power? [<Answer>](#)
- (a) Functional (stage 1)
  - (b) Temporary overlay (stage 2)
  - (c) Permanent overlay (stage 3)

- (c) Permanent overlay (stage 3)  
 (d) Mature matrix (stage 4)  
 (e) Hybrid matrix (stage 5).
83. Archie B. Carroll, an eminent researcher in the area of social responsibility, identified three types of management, [<Answer>](#) based on how ethical or moral managers' decisions are – moral management, amoral management and immoral management. Which of the following is a characteristic of immoral management?
- (a) Managers strive for success, but never violate the parameters of ethical standards  
 (b) Managers follow the law not only in letter, but also in spirit  
 (c) Managers show lack of concern about others' desire to be treated fairly  
 (d) This type of management strives to follow ethical principles and precepts  
 (e) It is in the best interests of the organization in the long run.
84. Decision-making situations can be categorized based on the understanding of the conditions surrounding a decision. Under which condition, is the outcome of every alternative known? [<Answer>](#)
- (a) Bounded rationality  
 (b) Unbounded rationality  
 (c) Certainty  
 (d) Uncertainty  
 (e) Risk.
85. Which of the following is/are advantages of 'customer departmentation'? [<Answer>](#)
- I. It encourages concentration on customer needs.  
 II. Develops expertise in customer area.  
 III. Each division of the organization can respond quickly when required.
- (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.
86. Which of the following is the process by which managers allocate a chunk of their work to subordinates along with [<Answer>](#) sufficient authority to accomplish the work?
- (a) Delegation  
 (b) Power  
 (c) Motivation  
 (d) Feedback  
 (e) Departmentation.
87. A firm that is organized by separating engineering, accounting, human resources and purchasing activities has [<Answer>](#) adopted
- (a) Functional departmentation  
 (b) Product departmentation  
 (c) Customer departmentation  
 (d) Geographic departmentation  
 (e) Process departmentation.
88. Strategy implementation involves (i) carrying out strategic plans and (ii) maintaining strategic control. Which [<Answer>](#) of the following is **not** a major internal element of the organization that may need to be synchronized to convert a chosen strategy into action?
- (a) Technology  
 (b) Human resources  
 (c) Structure  
 (d) Reward system  
 (e) Analyzing the affect of strategic actions on the organization.
89. The amount of authority that can be delegated by the superior to the subordinates depends mainly on [<Answer>](#)
- (a) The policies of the organization  
 (b) The degree of efficiency or inefficiency of employees  
 (c) The organization culture  
 (d) The degree of centralization or decentralization in an organization  
 (e) The discretion of superiors.

90. As an organization grows in size and complexity, specialization of various tasks becomes a necessity, in most of the cases. Which of the following characteristics of an open system refers to the tendency of a system to move towards increased specialization of various tasks? [<Answer>](#)
- (a) Equifinality
  - (b) Focus
  - (c) Differentiation
  - (d) Dynamic Homeostasis
  - (e) Cost leadership.
91. Which of the following is **true** about bounded rationality? [<Answer>](#)
- (a) The alternative that maximizes benefits is chosen
  - (b) The alternative that is most ethical is chosen
  - (c) The first alternative that is good enough is chosen
  - (d) All alternatives that are good enough are selected
  - (e) Only the best alternative is selected.
92. The information used by a system to monitor the performance is called [<Answer>](#)
- (a) Recruitment
  - (b) Feedback
  - (c) Communication
  - (d) Planning
  - (e) Power.
93. There are three major forms of divisional structure: product division, geographic division and customer division. Geographic divisions are divisions designed to serve different geographic areas. Which of the following statements is **false** regarding geographic division or departmentation? [<Answer>](#)
- (a) It allows a manager to pay special attention to the needs and problems of the local markets
  - (b) It provides facilities to local customers
  - (c) It helps managers get extensive knowledge of specialized activities
  - (d) It provides organizations a territorial basis for setting up manufacturing facilities at specific locations in a country
  - (e) It requires more persons with managerial capabilities.
94. In planning, conditions of uncertainty exist when the future environment is unpredictable and everything is in a state of flux. In an environment of such high uncertainty, which of the following strategies should be used to make a plan more effective? [<Answer>](#)
- (a) Rely on long-term forecasting in the industry
  - (b) Place less reliance on lower and middle management's advice
  - (c) Go for long-term planning, i.e., more than five years' duration
  - (d) Adopt a directional plan with an emphasis on the short-term
  - (e) Adopt a specific plan, which lays down clearly defined objectives.
95. Which of the following is the **most common** feature in a highly centralized organization? [<Answer>](#)
- (a) Decisions are made very quickly
  - (b) The organization is multinational
  - (c) Decision-making authority is retained by top management
  - (d) Delegation is a common practice within the organization
  - (e) Managers are given more freedom and independence in decision-making.
96. Which of the following is referred to as the defined relationship between the elements of the organization such as people, tasks, information and control processes? [<Answer>](#)
- (a) Organizational culture
  - (b) Organization structure
  - (c) Organizational decision-making
  - (d) Organizational planning
  - (e) Organizational assessment.
97. The business level strategies described by Michael E. Porter are also referred to as [<Answer>](#)
- (a) Generic strategies
  - (b) Corporate strategies
  - (c) Business strategies

- (d) Functional strategies
- (e) Value based strategies.

98. Which of the following requires **no** formal position in an organization?

[<Answer>](#)

- (a) Authority
- (b) Delegation
- (c) Power
- (d) Policies
- (e) Objectives.

99. "No smoking allowed" is an example of which of the following?

[<Answer>](#)

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

100. After identifying an existing problem, the next major step in the decision-making process is

[<Answer>](#)

- (a) Identifying the resources and constraints
- (b) Listing possible alternatives to solve the problem
- (c) Investigating possible alternatives to determine their effect on the problem
- (d) Determining what parties will participate in the problem-solving process
- (e) Identifying sources of alternatives to solve the problem.

**END OF QUESTION PAPER**

## Suggested Answers

### Introduction to Management-I (MB111): July 2008

Answer	Reason	
1. D	The following are factors which force an organization to reorganize: 1. Merger or acquisition. 2. Government policies. 3. Labor union demands.	<a href="#">&lt; TOP</a>
2. C	Shared standards is not a component of McKinsey's 7-S framework.	<a href="#">&lt; TOP</a>
3. E	Sanctions serve as sources of control in an informal organization. Therefore, option (e) is incorrect.	<a href="#">&lt; TOP</a>
4. C	In the strategic management process, any organizational skills or resources that are exceptional or unique are the organization's Core competencies.	<a href="#">&lt; TOP</a>
5. C	The production manager has mainly line authority as does a finance manager or a marketing manager.	<a href="#">&lt; TOP</a>
6. E	In case of Product Departmentation, managerial costs are higher because of the decentralization of various activities such as personnel, production, sales and accounts. Hence from above discussion, we can infer that option (e) is a disadvantage of Product Departmentation.	<a href="#">&lt; TOP</a>
7. A	The inability of organizations to adapt to the changing environment is called organizational inflexibility.	<a href="#">&lt; TOP</a>
8. D	Using the BCG matrix requires considering market shares and growth of markets in which products are selling.	<a href="#">&lt; TOP</a>
9. B	Referent power is best described as power derived from the satisfaction people receive from identifying themselves with the leader.	<a href="#">&lt; TOP</a>

10. B Group decisions provide more complete information than do individual ones. [< TOP](#)
11. A Preference theory is based on the notion that individual attitudes towards risk vary. [< TOP](#)
12. C Setting of objectives is done over a long span of time, which delays the decision-making is not true about MBO as setting of objectives is done over a short span of time, which may not allow adequate interaction among different levels of an organization. [< TOP](#)
13. C Conceptual skills require that management view the organization as a whole. [< TOP](#)
14. E A programmed decision is a repetitive decision that can be handled by a routine approach. Hence, from above discussion, we can infer that option (e) is correct. [< TOP](#)
15. A The two managerial practices that emerged from Taylor’s scientific management are piece-rate incentive system and time and motion study. [< TOP](#)
16. C Charles Babbage advocated the division of labor. [< TOP](#)
17. B Money, materials, equipment, manpower, time etc., used to solve problems, are examples of resources. [< TOP](#)
18. B When an individual reports to two people, the principle of unity of command is violated. [< TOP](#)
19. 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. [< TOP](#)
20. D The following are the characteristics of organization culture: distinctiveness; based on strong norms; observed behavioral regularities; member identity; stable and dominant values; and variable strength (weak and strong cultures). [< TOP](#)
21. D Planning does encourage innovation and creativity. Hence from above discussion, we can infer that option (d) is not true about planning. [< TOP](#)
22. D Question mark has relatively low market share in a rapidly growing market. [< TOP](#)
23. E The most significant ways that culture is transmitted to employees consists of shared beliefs, values, rituals, stories, myths and specialized language that foster a feeling of community among organization members. Culture is not transmitted through rewards. [< TOP](#)
24. B If Coca-Cola wished to examine its general environment before constructing its business strategy, the company would explore all of the following environments except the knowledge environment. [< TOP](#)
25. B When a manager delegates authority, commensurate responsibility must be given as well. Equally, when responsibility is allocated, adequate authority should be conferred to enable a person to fulfill the given task. This situation is called authority at par with responsibility. So, (b) is correct answer. [< TOP](#)
26. C The managerial approach was developed by studying the work methods of five chief executives. The study identified ten managerial roles, which were grouped into three categories – interpersonal, informational and decisional roles. [< TOP](#)
27. A “Greg could purchase the very newest personal organizer even though it has not proven to work consistently.” This statement would not be considered as an effective way for Greg to better organize his time as a manager. [< TOP](#)

28. B A well-known approach for implementing goal theory is management by objectives. All of the following are true statements about MBO except goal achievement has no preset time frame. [< TOP](#)
29. A Budgets outline the expected results of a given future period in numerical terms. [< TOP](#)
30. D Matrix Structure is a type of departmentation that superimposes a horizontal set of divisional reporting relationships onto a hierarchical functional structure. [< TOP](#)  
 A matrix organization is sometimes extremely slow in responding to changes. This may be due to poor interpersonal skills of employees, or because the top-management wishes to retain complete control.  
 Hence from above discussion, we can infer that option (d) is not an advantage of Matrix Structure.
31. C The incremental model states that managers put in the least possible effort – only enough to reduce the problem to a tolerable level. [< TOP](#)
32. A Organization chart is a line diagram that depicts the broad outlines of an organization's structure. [< TOP](#)
33. C Rate of change determines the degree to which policies can be formulated and the stability that can be achieved in the policies. [< TOP](#)
34. E Exploiting staff is not a means of avoiding line and staff conflicts. [< TOP](#)
35. 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. [< TOP](#)
36. B Mark's Embroidery is departmentalized by customer, i.e. to say customer divisions are divisions set up to service particular types of clients or customers. Under this method, activities are grouped according to the customers the organization serves and service to the customers is of top priority. (a) Product divisions are divisions created to concentrate on a single product or service or at least a relatively homogeneous set of products or services. (c) Geographic divisions are divisions that are designed to serve different geographic areas. Under this method, territory or location is taken as the basis for departmentation. (d) Process divisions are designed to departmentalize the activities through the different processes which the organization follows. (e) In Functional departmentation, activities are grouped according to their main functional or specialized areas such as Production, Finance, Marketing, HR, etc. [< TOP](#)
37. B Primum Non-Nocere means above all, doing no harm. It serves as an ethical guideline for managers. Hence from above discussion, we can infer that option (b) is correct. [< TOP](#)
38. D Scientific management conducts business or affairs by standards established, by facts or truths gained through systematic observation, experiment, or reasoning. [< TOP](#)
39. D Social responsibility is defined as a business firm's obligation, beyond that required by law and economics, to pursue long-term goals that are good for society. [< TOP](#)  
 Balance of Responsibility and Power is an argument for Social Responsibility of Business.  
 Hence from above discussion, we can infer that option (d) is correct.
40. C Formal planning increases organizational effectiveness and provides efficiency in operations, thus improving organizational performance. [< TOP](#)  
 Hence, from above discussion, we can infer that option (c) is not a correct criticism of formal planning.
41. B Objectives refer to end results or targets that organizations or individuals aim at or strive to attain within a specified period of time. [< TOP](#)

42. A Volunteerism refers to the involvement of employees in civic activities. [< TOP](#)
43. 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](#)
44. C The following statements are true with respect to power and the types of power:  
 I. Legitimate power is similar to authority and is very important in the organizational context.  
 III. Referent power functions at superior and peer levels.  
 IV. Coercive power is used to ensure a minimum standard of performance.  
 Statement (II) is not true as legitimate power works both downwards and upwards.  
 Statement (V) is not true as power can be institutional or impersonal. [< TOP](#)
45. B The given example is that of an operational plan. Operational plans help in day-to-day functioning and are developed by lower level managers. They consider time-frames of less than a year. [< TOP](#)
46. D The Gantt chart used today in production planning areas of many organizations, is a method of comparing the actual and planned performances. It was the first visual device to maintain production control. (d) is the correct answer. [< TOP](#)
47. E Threat of new entrants refers to the ease with which new competitors can enter the market. [< TOP](#)
48. D Decentralization is the systematic delegation of authority in an organization-wide context. In recent years there has been a movement to make organizations more flexible and responsive through decentralization.  
 Hence from above discussion, we can infer that option (d) is correct. [< TOP](#)
49. C Hybrid structure is a form of departmentation that adopts parts of both functional and divisional structures at the same level of management. [< TOP](#)
50. B Environmental assessment is referred as analyzing of environmental opportunities and threats by managers. [< TOP](#)
51. B Under satisficing model of decision-making, managers often seek solutions that are satisfactory and sufficient. [< TOP](#)
52. C Departmentation is required for the following reasons: [< TOP](#)
- It helps an organization take advantage of functional specialization
- It defines the role of every individual, indicating activities to be performed
- It facilitates control, coordination and communication
- It provides the necessary platform to build loyalty among members of the organization
- It helps to identify sources of skills, information and competence that aid in managerial decision-making.
- Therefore, the statement – It helps in avoiding conflicts among power centers – is not a reason why departmentation is required.
53. C Strategy is a plan designed to reach long-term objectives. [< TOP](#)

54. C According to Henri Fayol's principles, *Espirit de Corps* means sense of union. [< TOP](#)
55. D The six characteristics of open-system organizations include: cycle of events, feedback mechanisms, dynamic homeostasis, negative entropy, differentiation, and equifinality. [< TOP](#)
56. D Establishing departmental policies is a function of middle level management, hence is not true of the responsibilities of the chief executive, who forms a part of the top management. [< TOP](#)
57. 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. [< TOP](#)
58. B Systems approach considers organizations to be open systems as they interact with the external environment. It recognizes the importance of the interrelationship between planning, organizing and controlling. [< TOP](#)
59. C An objective is the aim of an action. It implies a specific work to be accomplished within a given period of time.  
Short-term objective is developed to accomplish a work in a very short period of time. [< TOP](#)
60. B Ego Strength is the strength of a person's convictions. [< TOP](#)  
Hence from above discussion, we can infer that option (b) is correct.
61. B Strategic Business Units are distinct, independent and self-sufficient units of an organization. [< TOP](#)
62. E For organizational planning to be successful, long-term and short-term plans must be fully integrated instead of isolating. [< TOP](#)
63. D Policies and procedures are standing plans and not single-use plans. Hence, option (d) is correct. [< TOP](#)
64. C The various steps in the strategic planning process are as follows: [< TOP](#)
- Defining the Mission of the Organization.
- Developing Organizational Objectives.
- Assessing Organizational Resources, Risks and Opportunities.
- Formulating Strategy.
- Implementing Strategy.
- Monitoring and Adopting Strategic Plans.
- Hence, from above discussion, we can infer that option (c) is correct
65. A Anil, in the example given, is operating under conditions of uncertainty. [< TOP](#)
66. D Garbage-can model is not a quantitative decision-making tool. [< TOP](#)
67. B It is only top management officials who are involved in announcing important policy decisions to impress the customers and capture market. So, (b) is correct answer. [< TOP](#)

68. C Maintaining wide span of control is most effective in all situations except when jobs are similar but have varying performance measures. [< TOP](#)
69. E An organization with wide span of control and few hierarchical levels is referred as Flat structure. [< TOP](#)
70. E A cadre based structure is not a major structural alternative which organizations can adopt. [< TOP](#)
71. B The social responsiveness of an organization can be measured on the basis of fair treatment of employees; fair pay and safe working conditions.  
Hence from above discussion, we can infer that option (b) is correct. [< TOP](#)
72. B Ms Shah is currently addressing her planning efforts at the business level. [< TOP](#)
73. B Line-staff conflict is not a situational variable on which an organization's position on the decentralization-centralization continuum depends. [< TOP](#)
74. E Ethics refers to the extent to which an alternative is compatible with the ethical standards of its managers and the social responsibilities of the organization. [< TOP](#)
75. B When a firm advertises that it uses only recycled paper products, it is being socially responsive.  
Hence from above discussion, we can infer that option (b) is correct. [< TOP](#)
76. A Restructuring involves major changes in organizational structure and changes in some major components of the organization [< TOP](#)
77. C The equity principle implies that all employees should be treated equally. [< TOP](#)
78. D If a team consists of different types of people who interact with one another for successful completion of a task, then such a team is called a cross-functional team. [< TOP](#)
79. C Expert power is the power based upon one's expertise, special skills, or knowledge. [< TOP](#)
80. D It offsets uncertainty and risk is not a limitation of planning. [< TOP](#)
81. E Fear of criticism is a factor that affects delegation of authority from the delegant's aspect. All other options are factors that affect delegation of authority from the delegator's aspect. [< TOP](#)
82. D In the mature matrix stage (stage 4), bosses have equal power. [< TOP](#)
83. C Immoral Management not only ignores ethical concerns, it also actively opposed to ethical behavior.  
A characteristic of Immoral Management is that managers show lack of concern about others' desire to be treated fairly.  
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87. A A manager who organizes his or her plant by separating engineering, accounting, human resources, and purchasing is using functional departmentation. [< TOP](#)  
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[>](#)  
Hence, from above discussion, we can infer that option (c) is correct
91. C In the decision-making process known as bounded rationality, the first choice that is "good enough" is chosen. [< TOP](#)  
[>](#)
92. B The information used by a system to monitor the performance is called feedback. [< TOP](#)  
[>](#)
93. C Geographic division is designed to serve different geographic areas. This helps managers to get extensive knowledge of mostly diverse activities. [< TOP](#)  
[>](#)
94. D In an environment of high uncertainty, one should adopt a directional plan with an emphasis on the short-term, to make a plan more effective. [< TOP](#)  
[>](#)
95. C According to Kreitner, "Centralization is the relative retention of decision-making authority by top management." [< TOP](#)  
[>](#)  
Hence, from above discussion, we can infer that option (c) is correct.
96. B Organization structure refers to the defined relationship between the elements of the organization such as people, tasks, information and control processes. [< TOP](#)  
[>](#)
97. A The business level strategies described by Michael E. Porter are also referred to as Generic strategies. [< TOP](#)  
[>](#)
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[>](#)
99. A "No smoking allowed" is an example of a rule. [< TOP](#)  
[>](#)
100. A After identifying an existing problem, the next major step in the decision-making process is identifying resources and constraints. [< TOP](#)  
[>](#)

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