Business Studies Class 12

MCQ test

MM: 50 Book -1 (Chapters -1 to 8)

GENERAL INSTRUCTIONS:

- There are 50 MCQ questions
- All questions carry equal marks
- There is NO negative marking
- Read the questions carefully and attempt all parts of the question together.
- Click on Finish button at bottom and check your score on top left side



You can also see the correct answer in case your answer is wrong

1. "All management practices are based on the same set of principles; what distinguishes a manager from a less successful one is the ability to put these principles into practice." Identify the nature of management highlighted above.
   a) Management as a Profession
   b) Management as a Science
   c) Management as an Art
   d) Management as both Art and Science
2. _____ is a process of classification of products into different groups on the basis of some important characteristics such as quality, size, etc.
   a) Standardization
   b) Grading
   c) Product development
   d) Selling
3. Which level of management is responsible for the Welfare and survival of the organization?
   a) Top level management
   b) Middle Level Management
   c) Lower Level Management
   d) Both (b) and (c)
4. **Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below**.
   Assertion (A): Coordination is the essence of management. It is the link that binds all the other functions of management together.
   Reason (R): Coordination is very important to establish the authority responsibility and accountability relationship.
   Alternatives:
   a) Both A and R are true and R is the correct explanation of A.
   b) Both A and R are true and R is not the correct explanation of A.
   c) A is true but R is false.
   d) A is false but R is true.

 # Read the given passage and answer the questions 5 – 8 on the basis of the same.

Diamond Pvt. Ltd. is a company with multiple branches all over the country. It promotes the Sales of Indian handmade items while providing equitable employment to traditional artisans. Mr. Prem as a branch manager of the company has to ensure that there is adequate workforce and continuously monitors whether production is proceeding according to the

LIVEWORKSHEETS

plans. He also provides direction and motivation to his employees. The purchase, production and sales departments efforts are coordinated by Mr. Prem for achieving organizational objectives harmoniously. The production and the sales departments coordinate their work so that production takes place according to the demand in the market. The purchase department is responsible for procuring material. This then becomes the basis of the activities of the production department and finally sales can take place.

5. At which level of management is Mr. Prem is Diamond Pvt. Ltd.?
   a) Top level management
   b) Supervisory management
   c) Middle level management
   d) Lower level management
6. "It promotes to sales of Indian hand-made products while providing equitable employment to traditional artisans." Which of the following objectives of management are fulfilled by company?
   a) Social
   b) Organizational
   c) Personal
   d) All of these
7. "He has to ensure that there is adequate workforce and continuously monitors whether production is proceeding according to the plans." Identify the functions of management highlighted in the statement.
   a) Staffing and controlling
   b) Planning and Controlling
   c) Staffing and Planning
   d) Staffing and Directing
8. "The purchase, production and sales departments, efforts are coordinated by Mr. Prem for achieving organizational objectives harmoniously. The production and the sales departments coordinate their work so that production takes place according to the demand in the market." Identify the characteristic of coordination highlighted above.
   a) Coordination ensures unity of action
   b) Coordination is an all-pervasive function
   c) Coordination is a continuous process
   d) Both (a) and (b)

 # Read the given passage and answer questions 9 – 12 on the basis of the same.

Subhash Ltd. is engaged in the business of food processing and is selling its products under a popular brand. Lately the business was expanding due to good quality and reasonable prices. Also with more people working, the market for processed food was increasing. New companies were also coming to cash in the new trend. In order to keep its market share in the short run, the company directed its existing workforce to work overtime. But this resulted in many problems. Due to increased pressure of work, the efficiency of the workers declined. Sometimes the subordinates had to work for more than one superior resulting in declining efficiency.

The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage. The workers were becoming indisciplined. The spirit of team work, which had characterized the company previously, was beginning to wane. Workers were feeling cheated and initiative was declining. The quality of the product was beginning to decline and market share was on the verge of decrease. Actually, the company had implemented changes without creating the require infrastructure. The management of the company Subhash Ltd. now realized its folly. In order to rectify the situation, it appointed a management consultant – Khushi to recommend a restructure plan to bring the company back on the track. Khushi undertook a study of the production process at the plant of the company Subhash Ltd. and

LIVEWORKSHEETS

recommended that the company should introduce scientific management with regard to production. It suggested that planning and execution should be separated and that workstudy. It should be undertaken to optimize the use of resources.

9. "The spirit of teamwork, which had characterized the company previously, was beginning to wane."
   Identify the principle of management violated here.
   a) Initiative
   b) Esprit de corps
   c) Discipline
   d) Equity
10. "In order to keep its market share in the short run, the company directed its existing workforce to work overtime. But this resulted in many problems. Due to increased pressure of work, the efficiency of the workers declined. Sometimes the subordinates had to work for more than one superior resulting in declining efficiency."
    Identify the principle/technique of management overlooked above.
    a) Unit of command
    b) Fatigue study
    c) Both (a) and (b)
    d) Development of each and every person to his/her greatest efficiency
11. "The divisions that were previously working on one product were also made to work on two or more products. This resulted in a lot of overlapping and wastage."
    Identify the principle of management violated here.
    a) Scalar chain
    b) Division of work
    c) Unity of command
    d) Unity of direction
12. "Subhash Ltd. recommended that the company should introduce scientific management with regard to production. It suggested that planning and execution should be separated."
    Which technique of scientific management is highlighted above?
    a) Functional foremanship
    b) Method study
    c) Differential piece wage system
    d) Standardization and simplification of work
13. "Grouping similar nature jobs into larger units called departments" is the step in the process of one of the functions of management.
    Identify the function of management.
    a) Planning
    b) Organizing
    c) Directing
    d) Staffing
14. Planning is closely connected with _____ and _____.
    a) Responsibility and accountability
    b) Delegation and decentralization
    c) Stability and security
    d) Creativity and innovation
15. **Match the techniques of scientific management in Column I with their respective explanation in Column II by choosing the correct sequences**.

Column I	Column II
(A)Method study	(i) Eliminating superfluous varieties, sizes and dimensions.
(B) Standardization of work	(ii) Separation of planning and execution function

LIVEWORKSHEETS

(C) Simplification of work	(iii)	Setting benchmarks for every business activity which must be adhered to during production
(D) Functional foremanship	(iv)	Minimizing the cost of production and maximizing the quantity and satisfaction of the customer

a) (iii), (ii), (i), (iv)
b) (iv), (iii), (i), (ii)
c) (iii), (iv), (ii), (i)
d) (i), (ii), (iii), (iv)

16. "Business environment differs from country to country and even region to region". Identify feature of business environment highlighted in above statement.
    a) Uncertainty
    b) Relative concept
    c) Dynamic
    d) Specific and general forces
17. The technology companies like Google, with its Google Drive service, Apple with its iCloud offering, provide its customers with facilities to store documents, photos, music and movies on web-based servers thereby making the old devises like CD obsolete. Identify the feature of business environment.
    a) Complexity
    b) Dynamic nature
    c) Uncertainty
    d) Interrelatedness
18. "Even after opening up of the Indian economy in 1991, foreign companies found it extremely difficult to cut through the bureaucratic red tape to get permits for doing business in India, which created a negative impact on business." Identify the business dimension highlighted in the above statement.
    a) Social
    b) Technological
    c) Political
    d) Legal
19. The smartphones display the time and come with good cameras. It has negatively affected the business of watches and cameras. Identify the business environment.
    a) Social environment
    b) Technological environment
    c) Economic environment
    d) Legal environment
20. Aman wanted a loan to begin his new business. He approached the bank as the banking sector reforms resulted in easier credit terms and better services. This is an example of which key component of the business environment.
    a) Social environment
    b) Economic environment
    c) Political environment
    d) Legal environment
21. "Planning requires logical and systematic thinking rather than guesswork or wishful thinking." Identify the feature/characteristic of planning highlighted above.
    a) Planning is continuous
    b) Planning is futuristic
    c) Planning is pervasive
    d) Planning is a mental exercise

LIVEWORKSHEETS

22. A garment manufacturing company regularly scan business environment and feel that the trends they are following is the best. One of the managers is very active and able to calculate future trends; competition in the market which could adversely affects the company's business. He is not encouraged from making the changes. Identify limitation of planning.
    a) It leads to rigidity
    b) It may not work in dynamic environment
    c) It reduces creativity
    d) It involves huge cost
23. "To see whether plans are being implemented and activities are being performed according to schedule" is a step of the planning process. Identify the step.
    a) Developing premises
    b) Implementing the plans
    c) Follow-up actions
    d) Identifying alternative ways
24. Following are the steps of planning process. Arrange them in the correct sequence:
    (i) Developing premises
    (ii) Identifying the course of actions
    (iii) Setting objectives
    (iv) Evaluating alternative courses
        a) (iii), (i), (ii), (iv)
        b) (i), (iv), (iii), (ii)
        c) (iii), (ii), (i), (iv)
        d) (i), (iii), (ii), (iv)
25. Rohan felt that students were not able to get the needed stationary at ease and hence, wanted to provide the stationery directly to students in the school. After market survey he lists out the various ways of setting-up this business and finally selected to do it is by developing an app. Suggest what should be the next step for him?
    a) Developing premises
    b) Identifying the alternative course of action
    c) Implementation of plan
    d) Follow-up action
26. Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below.
    Assertion (A): Planning increases overlapping and wasteful activities.
    Reason (R): Planning ensures smooth functioning of a business without any confusion and misunderstanding.
    Alternatives:
    a) Both A and R are true and R is the correct explanation of A
    b) Both A and R are true but R is not the correct explanation of A
    c) A is true but R is false
    d) A is false but R is true
27. Which of the following is an incorrect step in the process of planning?
    a) Making assumptions about the future
    b) Evaluating different proposals in light of the objectives to be achieved
    c) Allocation of jobs to members of each department
    d) Seeing whether activities are performed as per schedule or not
28. What is the correct sequence of steps to be followed in an organizing process?
    a) Departmentalization > Establishing reporting relationships > Assignment of duties > Identification and division of work
    b) Identification and division of work > Departmentalization > Assignment of duties > Establishing reporting relationships

LIVEWORKSHEETS

c) Identification and division of work >Assignment of duties >Departmentalization >Establishing reporting relationships
d) Identification and division of work > Departmentalization > Assignment of duties > Establishing reporting relationships

29. Jatin handed over a new project to his subordinate Aman and gave him full authority to execute the project. Aman was able to deliver the work as expected was given a positive appraisal letter for the same. Highlight the importance of delegation here.
    a) Effective Management
    b) Employee Development
    c) Motivation of Employees
    d) Better Coordination
30. "The nature of relationship of our country with foreign students:, is a major element of which of the following components of the business environment?
    a) Social environment
    b) Legal environment
    c) Political environment
    d) Economic environment
31. "Changes or events cannot be eliminated but they can be anticipated and managerial response to them can be developed" is suggested by the following importance of planning:
    a) Planning facilitates decision making
    b) Planning promotes innovative ideas
    c) Planning provides direction
    d) Planning reduces the risk of uncertainty
32. Identify the dimension of the characteristic of management- "it is multidimensional", which specifies that the task of management is to make the strengths of human resources effective and their weaknesses irrelevant towards achieving the organization's objectives.
    a) Management of work
    b) Management of people
    c) Management of operations
    d) Management of goals
33. Name the principle of management given by Fayol which when applied would mean that the workers and management both honour their commitments without any prejudice towards one another.
    a) Discipline
    b) Mental revolution
    c) Remuneration of employees
    d) Scalar chain
34. _____ provides a rational approach for setting objectives and developing appropriate courses of action for achieving predetermined objectives.
    a) Directing
    b) Staffing
    c) Planning
    d) Controlling
35. Read the following statements – Assertion (A) and Reason (R). choose one of the correct alternatives given below.
    Assertion (A): Delegation is the process of transferring authority from a superior to a subordinate.
    Reason (R): Delegation is granting of authority to subordinates to operate with unlimited authority.
    Alternatives:
    a) Both A and R are true and R is the correct explanation of A
    b) Both A and R are true but R is not the correct explanation of A

LIVEWORKSHEETS

c) A is true but R is false
d) A is false but R is true

 # Read the given case below and answer the questions 36 – 39 on the basis of the same.

A bangle manufacturing company named Exe Limited, which has enjoyed a pre-eminent position in business, has grown in size. Its business was very good till 2001. But after that, new liberalized environment saw entry of many MNCs in the sector. As a result the market share of Exe Limited has declined. The company has followed every centralized business model, with directors and divisional heads making even minor decisions. Before 2001 this business model had served the company very well as consumers had no choice. But now the company is under pressure to reform.

36. What organization structure changes should the company bring about in order to retain its market share?
    a) It should adopt functional structure
    b) It should adopt divisional structure
    c) It should adopt centralization
    d) It should adopt decentralization
37. Which organization structure is suitable for the company Exe Limited?
    a) Functional structure
    b) Divisional structure
    c) Formal organizational structure
    d) Informal organization structure
38. How will the changes suggested by you help the firm?
    a) It will help in increasing managerial and operational efficiency, resulting in increased profit
    b) It will facilitate expansion and growth as new division can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line
    c) It will help in quick decision-making since decisions will be taken at levels which are nearest to line of action
    d) It will facilitate effective management
39. _____ explains the manner in which decision-making responsibilities are decided among hierarchical levels.
    a) Delegation
    b) Decentralization
    c) Authority
    d) Accountability
40. The technique of scientific management given by Taylor, which aims to establish interchangeability of manufactured parts and products, is _____.
    a) Method study
    b) Motion study
    c) Standardization
    d) Differential piece wage system
41. Silico Ltd has appointed the former consulting executive of Shri Shakti Ltd. RajanBahl as its vice president. What will be its task?
    a) To integrate diverse elements and coordinate activities of different departments
    b) To carry out plans formulated by top managers
    c) To oversee the efforts of the workforce
    d) Helps to maintain quality of output
42. Which of the following is not an advantage of functional structure of an organisation ?
    a) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations.

LIVEWORKSHEETS

b) It makes training of employees easier as the focus is on limited range of skills
c) Helps in increasing managerial and operational efficiency.
d) Leads to occupational specialization since emphasis is placed on pecific functions.

43. The topper group is looking to a make a foray into manufacturing of semiconductors and it has set up a business to seize the business opportunity and add to its prospects in the long run. The company has already pivoted into a number of new projects like electronics, 5G network equipment, as well as semiconductors. Which economic objective of management does the business seek to fulfill?
    a) Survival
    b) Growth
    c) Profit
    d) efficiency

44. Name the concept that refers to the number of subordinates that can be effectively managed by a superior and determines the number of levels of management in the organization.
    a) Organization structure
    b) Span of management
    c) Hierarchy of authority
    d) Delegation of authority

45. Read the following statements – Assertion (A) and Reason (R). Choose one of the correct alternatives given below.
    Assertion (A): Planning is futuristic
    Reason (R): Planning is concerned with the future which is certain and does not require forecast
    Alternatives:
    a) Both A and R are true and R is the correct explanation of A
    b) Both A and R are true but R is not the correct explanation of A
    c) A is true but R is false
    d) A is false but R is true

46. Which of the following is not a limitation of planning function of management ?
    a) Planning leads to rigidity.
    b) Planning reduces creativity.
    c) Planning guarantees success.
    d) Planning may not work in a dynamic environment.

47. According to the technique of scientific management "Differential piece wage system" How much more will a worker making 60 units earn as compared to a worker making 49 units? If the standard output per day is 50 units and those who make standard output or more than standard get Rs.75 per unit and those below get Rs. 65 per unit.
    a) Rs. 4500
    b) Rs. 3185
    c) Rs. 1315
    d) Rs. 3250

48. Identify the incorrect statement with respect to 'functional foremanship'as a technique of scientific management :
a) It advocates separation of planning and execution functions.
b) Speed boss, gang boss, repair boss and inspector work under the production incharge.
c) It is an extension of the principle of unity of command to the shop floor.
d) Each worker takes orders from eight foremen in the process of production.

LIVEWORKSHEETS

49. 'Green Tech Solutions', a manufacturer of eco-friendly products had an organisational structure with separate departments for production, marketing, sales, etc. Each department had its own objectives, policies and style of working. The company was facing challenges as the production department would focus on producing goods without consulting the sales department and the marketing department developed advertising campaigns without considering the production timelines, leading to confusion and conflicts. To resolve this, the Chief Executive Officer, Madhur arranged inter-departmental meetings explaining to the respective managers that they have to consult each other while performing their activities. All the departmental managers agreed to this. By linking the activities of all the departments, the Chief Executive Officer was able to ensure that the right products are available when needed, marketing efforts match with the product availability and sales targets are achieved.

    The concept of management followed by the Chief Executive Officer to resolve confusion and conflicts between departments was :

    a) Coordination
    b) Staffing
    c) Organising
    d) Planning

50. 'Alpha Manufacturing Ltd.' is a company manufacturing high quality car spare parts. The company has a well-established production line and its products are highly demanded in the market. However, it was noticed that the defect rate in the manufacturing process was higher than the standard of 10 per 1,000 pieces produced. In spite of best efforts, the Production Manager was not able to reduce the defect rate. So, he decided to revise the standards.

    The step of the controlling process, followed by the Production Manager after not being able to reduce the defect rate, will be :

    a) Taking corrective action
    b) Measurement of actual performance
    c) Analysing deviations
    d) Comparing actual performance with standards

LIVEWORKSHEETS