

Question Paper

Introduction to Management - I (MB111): April 2008

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

1. In which stage of the 'Management by Objectives' process are subordinates given autonomy to carry out their activities and the ability to evaluate their performance? [<Answer>](#)
- (a) Establishing specific goals for various departments, subunits and individuals
 - (b) Formulating action plans
 - (c) Implementing and maintaining self-control
 - (d) Periodic review
 - (e) Performance appraisal.
2. Which of the following is **not** a disadvantage of group decision-making? [<Answer>](#)
- (a) More time taken to reach a solution
 - (b) Minority domination
 - (c) Different perspectives
 - (d) Groupthink
 - (e) Logrolling.
3. Departmentation by 'time' is one of the oldest forms of departmentation, generally used at lower levels of the organization. Which of the following cannot be considered a disadvantage of departmentation by 'time'? [<Answer>](#)
- (a) Lack of supervision in the night shifts
 - (b) Employees may find it difficult to switch from one shift to another
 - (c) Coordination and communication becomes a problem with several shifts
Operating
 - (d) Employees may postpone work in order to get paid overtime
 - (e) Workers may concentrate on the total system rather than concentrating on narrow and specified technical aspects.
4. Decisions managers make can be either programmed or non-programmed. Which of the following is a non-programmed decision? [<Answer>](#)
- (a) The decision to reorder supplies
 - (b) The decision to develop a new product or service
 - (c) The decision to perform routine maintenance on one of the machines in manufacturing
 - (d) The decision for maintenance of a factory layout
 - (e) The decision to fill a position.
5. While analyzing environmental opportunities and threats, managers should take into account those elements that may have a positive or negative affect on the organization's ability to achieve its strategic goals. Which of the following is **not** an element that may affect the organizational ability to achieve its strategic goals? [<Answer>](#)
- (a) Technology
 - (b) Legal-political influence
 - (c) Socio-cultural influence
 - (d) International influence
 - (e) Mission statement.
6. Which of the following elements that aid in strategy implementation include bonuses, awards and promotions? [<Answer>](#)
- (a) Technology
 - (b) Human resources
 - (c) Rewards system
 - (d) Decision processes
 - (e) Structure.
7. An organization that has four sales regions, North, Midwest, South, and Southwest is using which departmentation? [<Answer>](#)
- (a) Functional
 - (b) Product

- (c) Customer
- (d) Geographic
- (e) Matrix.

8. Which of the following is/are the finding/s of Hawthorne Studies? [<Answer>](#)

- I. Workplace culture sets its own production standards.
- II. Fatigue is the main factor affecting the output.
- III. Job performance depends on the individual worker.

- (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.

9. Which of the following is **true** about a highly decentralized organization? [<Answer>](#)

- (a) Very few decisions are made at the lower levels in the hierarchy
- (b) Very few functions rely on the lower levels for decision-making
- (c) Decisions made at the lower levels are very important
- (d) Top management exercises a great deal of monitoring on lower level decision-making
- (e) The organization is primarily built by an individual's efforts.

10. Which of the following involves a graphic representation of alternative courses of action and the possible outcomes and risks associated with each action? [<Answer>](#)

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

11. 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.

12. Decision-making is the process by which a course of action is selected so as to deal with a specific problem. It is a systematic process and involves a series of steps. Which of the following is the first step in the managerial decision-making process? [<Answer>](#)

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

13. Organizations that adopt a matrix structure generally pass through some structural stages. Which of the following stages is a traditional structure and follows the unity of command principle? [<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).

14. Which of the following is the process of significantly reducing the layers of middle management, increasing the span of control, and shrinking the size of the workforce for purposes of improving its efficiency and effectiveness? [<Answer>](#)

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

15. Which of the following refers to the rights inherent in a managerial position to give orders and expect the orders to be obeyed? [<Answer>](#)
- (a) Responsibility
 - (b) Authority
 - (c) Structure
 - (d) Appraisal
 - (e) Remuneration.
16. Which of the following is/are postulate/s of the maturity-immaturity theory proposed by Chris Argyris? [<Answer>](#)
- I. Chris Argyris believed that people progress from a stage of immaturity and dependence to a state of maturity and independence.
 - II. Many organizations tend to keep their employees in a dependent state thereby, blocking further progress and keeping an individual from realizing his/her true potential.
 - III. Principles such as specialization lead to the development of a healthy personality.
- (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.
17. Some researches focus their attention on the internal culture of an organization, while others examine the impact of external culture on managerial practices. The most significant ways that culture is transmitted to employees in an organization, consist of [<Answer>](#)
- (a) Language, stories, rituals, and rewards
 - (b) Rituals, tales of woe, symbols, and language
 - (c) Stories, rituals, myths, and language
 - (d) Symbols, rituals, language, and systems
 - (e) Values, beliefs, stories and systems.
18. The decision-making process involves several steps/stages. The process concludes with [<Answer>](#)
- (a) Analysis of alternatives
 - (b) Identification of a problem
 - (c) Identification of decision criteria
 - (d) Evaluation of decision effectiveness
 - (e) Develop planning premises.
19. SWOT analysis helps companies identify their strengths and weaknesses and opportunities and threats in the environment it operates. Which of the following cannot be considered a potential 'opportunity' for a company? [<Answer>](#)
- (a) Serving additional customer groups
 - (b) Ability to take advantage of economies of scale
 - (c) Falling trade barriers in attractive foreign markets
 - (d) Integrating forward or backward
 - (e) Using Internet technologies to pursue sales growth.
20. Which of the following is the primary strength of the matrix structure? [<Answer>](#)
- (a) Economies of scale and the ability to coordinate interdependent projects
 - (b) Propensity to foster power struggles
 - (c) Employee satisfaction
 - (d) Duplication of activities and resources
 - (e) Local market expertise.
21. Henry R. Towne was one of the prominent contributors to pre-classical management thought. Which of the following did Henry R. Towne advocate/propose? [<Answer>](#)
- (a) Division of labor
 - (b) Legislative reforms to improve working conditions of labor
 - (c) Profit-sharing plan
 - (d) Study of management
 - (e) Emphasis on the importance of business skills for running a business.
22. Which of the following decision-making techniques provides scientific criteria to estimate profitability of an investment and to analyze cash inflows and cash outflows? [<Answer>](#)

- (a) Linear programming
 (b) Queuing method
 (c) Financial analysis
 (d) Ratio analysis
 (e) Break-even analysis.
23. Which of the following is **not** a variable/factor that determines the appropriate span of control for managers? [<Answer>](#)
- (a) Effectiveness of communication techniques
 (b) Task complexity
 (c) Manager's competence
 (d) Expenses
 (e) Organizational levels.
24. The process of grouping activities of an organization is commonly known as departmentation. Which of the following is the main benefit of departmentation? [<Answer>](#)
- (a) It helps increase profits
 (b) It divides a large and complex organization into smaller and more flexible administrative units
 (c) It builds the image of an organization
 (d) It enhances the corporate culture
 (e) It helps in organizational expansion.
25. Line-staff conflict is the major source of friction in organizations. Which of the following **best** describes line-staff conflict? [<Answer>](#)
- (a) Conflict between two or more individuals with perceived differences in values, goals, or needs
 (b) Conflict among an individual's self values, goals, or needs
 (c) Inter-group conflict arising from perceived differences between those directly involved in producing or selling products and those that support functions such as information systems and human resources
 (d) Conflict on account of work delegated without conferring responsibility
 (e) Conflict due to resistance to change.
26. The key result areas in business suggested by Peter Drucker include [<Answer>](#)
- I. Physical and financial resources.
 II. Profitability.
 III. Innovation.
 IV. Worker performance and attitude.
- (a) Both (I) and (II) above
 (b) Both (III) and (IV) above
 (c) (I), (II) and (IV) above
 (d) (I), (III) and (IV) above
 (e) All (I), (II), (III) and (IV) above.
27. The act of an employee reporting a wrongdoing within the organization, to those who may be able to take remedial action, is known as [<Answer>](#)
- (a) Satisficing
 (b) Blackmailing
 (c) Soldiering
 (d) Whistle-blowing
 (e) Coercing.
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. The various approaches to management help in understanding the concept of management and managerial functions. Which of the following is a characteristic of the management science 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.
30. Which of the following is **not** a problem associated with a poor 'span of control'? [<Answer>](#)
- (a) Problems in structuring the organization
 - (b) Delay in decisions
 - (c) Decreased levels of initiative and morale
 - (d) Over-supervision
 - (e) Less opportunity for responsibility and development.
31. Which of Fayol's principles of management states that each employee must receive instructions from one superior only? [<Answer>](#)
- (a) Unity of direction
 - (b) Discipline
 - (c) Unity of command
 - (d) Centralization
 - (e) Scalar chain.
32. Which of the following is **not** a factor that would make Management by Objectives 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. 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.
34. 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.
35. Staffing is better known as "human resource management" and involves filling the various positions in the organizational hierarchy. Which of the following constitute/s staffing activities in an organization? [<Answer>](#)
- I. Determining manpower requirements.
 - II. Recruiting and selecting candidates.
 - III. Training and placing people in the organization.
- (a) Only (II) above
 - (b) Only (III) above
 - (c) Both (I) and (II) above
 - (d) Both (I) and (III) above

- (e) All (I), (II) and (III) above.
36. 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.
37. Management might strive to encourage ethical behavior in their organization in order to [<Answer>](#)
- (a) Fight competition
 - (b) Be morally correct
 - (c) Gain profit
 - (d) Deal with suppliers
 - (e) Improve their products.
38. The mission of an organization differentiates the organization from other organizations of the same kind. Which of the following is/are important issues a mission of an organization should basically address? [<Answer>](#)
- I. What goods and services we offer?
 - II. What is the business we are in?
 - III. What is the operational plan for the organization?
 - IV. Who are our customers?
- (a) Only (I) above
 - (b) Both (I) and (II) above
 - (c) Both (II) and (III) above
 - (d) (I), (II) and (III) above
 - (e) (I), (II) and (IV) above.
39. The Gantt Chart, invented by Henry L. Gantt, is still used today in the production planning area of many organizations. It was the first simple visual device to maintain production control. The chart visually shows when tasks are supposed to be done and compares that with the [<Answer>](#)
- (a) Scheduled delivery of materials
 - (b) Supervisors' estimate of completion
 - (c) Customer's requested date of delivery
 - (d) Actual progress on each task
 - (e) Scheduled release of future orders.
40. Which of the following is a way to make group decisions more creative, that allows "freewheeling" of many alternatives but does not allow criticism of alternatives? [<Answer>](#)
- (a) Nominal group technique
 - (b) Delphi technique
 - (c) Brainstorming
 - (d) Game theory
 - (e) Decision tree.
41. Who among the following are **not** stakeholders of an organization? [<Answer>](#)
- (a) Shareholders
 - (b) Competitors
 - (c) Customers
 - (d) Employees
 - (e) Suppliers.
42. Plans can be classified in a number of ways on the basis of the organization level, frequency of use and the time-frame. If a plan focuses on organizational situations that occur repeatedly and is used over and over, then it is [<Answer>](#)

frame. If a plan focuses on organizational situations that occur repeatedly and is used over and over, then it is most likely to be referred to as a

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

43. The major approaches utilized by managers to induce employees to accomplish the planned actions associated with implementation, should normally include all of the following **except** [<Answer>](#)

- (a) Authority
- (b) Coercion
- (c) Persuasion
- (d) Feedback
- (e) Policy.

44. 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 is called [<Answer>](#)

- (a) Authorized line of responsibility
- (b) Unity of command
- (c) Unity of direction
- (d) Span of control
- (e) Responsibility factor.

45. In SWOT analysis, which of the following are external environment characteristics of an organization? [<Answer>](#)

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

46. The rational model of managerial decision-making has its roots in the assumption that whatever decisions managers make should best serve its [<Answer>](#)

- (a) Economic interests
- (b) Social welfare
- (c) Ethical well being
- (d) Corporate culture
- (e) Organization structure.

47. Strategies can be formulated at various levels in an organization. Which of the following strategies/approaches is a rational and analytical approach and involves the evaluation of the various business units of an organization by its top management? [<Answer>](#)

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

48. Today, many organizations are involved in social activities. Since the expectations of the society have changed, organizations have become more aware of their social responsibilities. A careful analysis of arguments 'for' and 'against' the involvement of organizations in social welfare is necessary to determine whether an organization should implement social initiatives. The belief that improvement of the social environment benefits both society and business refers to which argument for social responsibility of business? [<Answer>](#)

- (a) Public expectation
- (b) Business is a part of society
- (c) Balance of responsibility and power
- (d) Favorable public image
- (e) Prevention is better than cure.

49. People avoid planning due to various reasons. Individuals may oppose planning because [<Answer>](#)

- I. They may be too lazy to devote time and energy for planning.

- II. Sometimes, individuals do not wish to change the status quo.
- III. As individuals' gain experience, they may become overconfident of their capabilities and underestimate the importance of planning.

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

50. Which of the following entitles a manager to direct the work of an employee?

[<Answer>](#)

- (a) Span of control
- (b) Line authority
- (c) Staff authority
- (d) Responsibility
- (e) Accountability.

51. According to the BCG matrix, an SBU comprising speculative products that entail high risks, would be referred to as a

[<Answer>](#)

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

52. From the viewpoint of line personnel, major reason/s for line-staff conflict is/are that staff personnel

[<Answer>](#)

- I. Encroach line authority.
- II. Dilute the authority of line managers.
- III. Are not accountable for their actions.
- IV. Lack a first-hand experience of operations.

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

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

[<Answer>](#)

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

54. Which of the following are characteristics of a closed system?

[<Answer>](#)

- I. It is perfectly deterministic and predictable.
- II. There is no exchange between the system and the external environment.
- III. It is a realistic view.
- IV. It is flexible and adaptable.

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

55. Management can be categorized into 3 levels – top level, middle level and supervisory level. Which of the following is/are the functions of the top management?

[<Answer>](#)

- I. Supervising day to day operations.
- II. Evaluating overall performance of various departments and ensuring cooperation.

- III. Establishing departmental policies.
- IV. Developing and reviewing long range plans and strategies.

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

56. "Before being reimbursed for traveling expenses, the employee must file the following forms in the following order," is an example of a [<Answer>](#)

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

57. 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.

58. The 'golden rule', which is an ethical guideline for managers, means [<Answer>](#)

- (a) Ill-treat others
- (b) Do unto others as you would have others do unto you
- (c) Follow the organizational culture
- (d) Change the organizational rules
- (e) Ignore unethical behavior.

59. Contingency approach implies that managerial practice depends on circumstances. Which of the following is/are limitations of the contingency approach? [<Answer>](#)

- I. There is a difficulty in determining all relevant contingency factors and showing their relationships.
- II. It can be very complex.
- III. Managers have long realized that there is no one best way to do things.

- (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.

60. Strategies and policies are closely related terms. Which of the following statements is/are **true** with respect to the nature of strategies and policies? [<Answer>](#)

- I. The key function of strategies and policies is to give a specific direction to plans.
- II. Strategies and policies serve as a guide in furnishing a framework for planning.
- III. If strategies are to be effective, they must be supported by effective tactics.
- IV. Strategies and policies have an effect only on certain key areas of management.

- (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) All (I), (II), (III) and (IV) above.

61. Which of the following refers to the process that helps new employees adapt to the organization's culture? [<Answer>](#)

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

62. The smooth functioning of any major business enterprise requires strategies and policies in various areas. [<Answer>](#)
Strategies that provide guidelines for the organization's progress are in general termed as
- (a) Organizational strategies
 - (b) Growth strategies
 - (c) Finance strategies
 - (d) Marketing strategies
 - (e) Personnel strategies.
63. Fayol and Taylor considered 'organizing' to be a part of management. Their theories gave rise to certain principles of organizing. With respect to these traditional perspectives of organizing, the aim of which principle is to ensure the pursuit of organizational goals by the employees in a coordinated manner? [<Answer>](#)
- (a) Unity of direction
 - (b) Unity of command
 - (c) Hierarchy of authority
 - (d) Authority on Par
 - (e) Downward delegation.
64. Which of the following types of departmentation refers to grouping of activities by tasks performed? [<Answer>](#)
- (a) Functional departmentation
 - (b) Product departmentation
 - (c) Customer departmentation
 - (d) Geographic departmentation
 - (e) Matrix departmentation.
65. Which of the following is/are **advantage/s** of organization charts? [<Answer>](#)
- I. They provide a visual map of the chain of command.
 - II. They help managers identify inconsistencies in lines of authority.
 - III. Relationships between subordinates and superiors are essentially determined by organization charts.
 - IV. Many charts show ideal structures.
- (a) Only (III) above
 - (b) Both (I) and (II) above
 - (c) Both (III) and (IV) above
 - (d) (I), (II) and (IV) above
 - (e) All (I), (II), (III) and (IV) above.
66. The characteristic of organizations that describes the degree to which an organization monitors and responds to changes in the external environment is termed [<Answer>](#)
- (a) Open-systems focus
 - (b) Means-end orientation
 - (c) Control
 - (d) Unit integration
 - (e) Closed-system focus.
67. With respect to factors that affect reorganization, when a single change triggers off a sequence of related changes, it is called the [<Answer>](#)
- (a) Halo effect
 - (b) Hawthorne effect
 - (c) Domino effect
 - (d) Sensitivity effect
 - (e) Environmental effect.
68. Organizations adopt different forms of departmentation within their organization based on various factors. Which of the following could be the possible factor(s) that form the basis for selecting an appropriate pattern of departmentation? [<Answer>](#)
- I. The technology being used in the department.
 - II. The tasks to be performed.
 - III. External environmental factors.
- (a) Only (II) above
 - (b) Both (I) and (II) above

- (c) Both (I) and (III) above
 (d) Both (II) and (III) above
 (e) All (I), (II) and (III) above.
69. Studying the various approaches to management helps in developing a better understanding of managerial functions. Which approach to management emphasizes managing people by understanding their individual psychological needs? [<Answer>](#)
- (a) Empirical approach
 (b) Decision theory approach
 (c) Management science approach
 (d) Interpersonal behavior approach
 (e) Contingency approach.
70. The success of an organization greatly depends on the decisions that managers make. What are the three decision-making conditions, which managers deal with in analyzing decision alternatives? [<Answer>](#)
- (a) Certainty, uncertainty, risk
 (b) Certainty, uncertainty, maximax
 (c) Certainty, minimax, risk
 (d) Maximax, minimax, risk
 (e) Maximini, uncertainty, risk.
71. Which of the following is/are approach(es) for selecting among alternatives, in the decision-making process? [<Answer>](#)
- I. Experience.
 II. Experimentation.
 III. Research and analysis.
 IV. Brainstorming.
- (a) Only (III) 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.
72. Tyrone holds a management position at XYZ Corporation. He is excellent at time management and does not hesitate to delegate tasks to subordinates. Tyrone feels the most challenged and performs at his best level when unique problems arise at his company. He is most often one of the first managers to come up with an effective solution for the problem. Which of the following can be stated of Tyrone? [<Answer>](#)
- (a) Tyrone is excellent with programmed decisions
 (b) Tyrone relies too heavily on the work of others
 (c) Tyrone is apparently risk averse
 (d) Tyrone excels at deriving non-programmed decisions
 (e) Tyrone is an excellent resource allocation manager.
73. Managers need certain skills to perform the functions associated with their jobs. Which of the following skills implies the ability to solve problems in ways that will benefit the enterprise? [<Answer>](#)
- (a) Design
 (b) Human
 (c) Conceptual
 (d) Technical
 (e) Administrative.
74. Which of the following **cannot** be considered a limitation of decentralization? [<Answer>](#)
- (a) It makes having a uniform policy more difficult
 (b) It may result in loss of some control by upper level managers
 (c) It hampers product diversification
 (d) It involves considerable expenses for training managers
 (e) It increases complexity of coordination.
75. An exhaustive appraisal of the important positive and negative attributes of each major departmental area, such as assessing the appropriateness of targeting and segmentation of markets by the marketing department, the availability of working capital from the finance department, etc., can be termed as a/an [<Answer>](#)
- (a) Social audit
 (b) Ethical audit

- (b) Ethical audit
(c) Performance appraisal
(d) Functional audit
(e) Feedback.
76. Divisional structure is a type of departmentation in which positions are grouped according to similarity of products, services or markets. Which of the following is **not** an advantage of divisional structure? [<Answer>](#)
- (a) Each unit or division can respond or react quickly, when required, because they normally do not need to coordinate with other divisions before taking an action
(b) Coordination is simplified as each division is similar to an organization, containing the various functions within it
(c) Individuals are able to develop in-depth areas of specialization to the same extent as in a functional structure
(d) It helps the organization to focus on serving a particular customer
(e) It helps to fix responsibility and accountability for performance.
77. The process of assessing the organization's strategy and environmental demands and then determining the appropriate organizational structure is called [<Answer>](#)
- (a) Organizational development
(b) Organizational design
(c) Organizational chart
(d) Organizational theory
(e) Organizational culture.
78. The management function of determining how activities and resources are to be grouped is [<Answer>](#)
- (a) Planning
(b) Organizing
(c) Staffing
(d) Leading
(e) Controlling.
79. Managers making ethical decisions may belong to any of the three levels of moral development. Which of the following stages describes the 'principled level' of moral development? [<Answer>](#)
- I. Following rules only when it is in one's immediate interest.
II. Valuing rights of others and upholding absolute values and rights, regardless of the majority's opinion.
III. Sticking to rules to avoid physical punishment.
IV. Living up to what is expected by people who are close to oneself.
V. Following self-chosen ethical principles even if they violate the law.
- (a) Both (I) and (II) above
(b) Both (II) and (V) above
(c) Both (III) and (IV) above
(d) (I), (III) and (IV) above
(e) (II), (III) and (V) above.
80. The only thing that is permanent in this world is change. Changes will happen in the internal environment or external environment, no matter what management does. Planning can't eliminate change, but managers usually plan in order to [<Answer>](#)
- (a) Decide what needs to be done when a change in environment takes place
(b) Anticipate changes and develop the most-effective response to changes
(c) Have the appropriate materials available when the demand for them comes about
(d) Be prepared for when changes in management at the top occur
(e) Recruit new people if old employees leave.
81. Which of the following is/are aspect/s that affect the delegation of authority? [<Answer>](#)
- I. Delegator's aspect.
II. Delegant's aspect.
III. Organizational aspect.
IV. External environment aspect.
- (a) Only (I) above
(b) Both (I) and (II) above
(c) Both (III) and (IV) above

- (c) Both (III) and (IV) above
 (d) (I), (II) and (III) above
 (e) (I), (II) and (IV) above.
82. Plans can be classified in a number of ways, on the basis of the organization level, the frequency of use and their time-frame. Based on the organizational level, plans that apply to the entire organization, that establish the organization's overall objectives, and that seek to position the organization in terms of its environment are called [<Answer>](#)
- (a) Tactical plans
 (b) Strategic plans
 (c) Short-term plans
 (d) Standing plans
 (e) Operational plans.
83. Which of the following refers to the practice of employees deliberately working at a slower pace than their capabilities? [<Answer>](#)
- (a) Commandeering
 (b) Bounded rationality
 (c) Soldiering
 (d) Espirit de corps
 (e) Satisficing.
84. Which of the following is **not true** regarding programmed decisions? [<Answer>](#)
- (a) They are made in well-structured situations
 (b) They are based on established policies and procedures
 (c) They require managers to exercise discretion
 (d) They are made mostly by lower-level managers
 (e) They limit the managers' flexibility.
85. Objectives state the end results to be achieved by the organization. They form a network as well as a hierarchy. Which of the following is at the top of the hierarchy of objectives? [<Answer>](#)
- (a) Socio economic purpose
 (b) Business mission
 (c) Key result areas
 (d) Individual objectives
 (e) Unit objectives.
86. The degree to which decision making is concentrated at a single point in the organization is referred to as [<Answer>](#)
- (a) Conflict
 (b) Centralization
 (c) Line authority
 (d) Departmentation
 (e) Grapevine.
87. The functions of a manager provide a useful framework for organizing management knowledge under the various heads of planning, organizing, staffing, leading and controlling. The management function that specifies goals to be achieved and decides in advance the appropriate actions to achieve those goals is [<Answer>](#)
- (a) Leading
 (b) Controlling
 (c) Organizing
 (d) Planning
 (e) Staffing.
88. Plans can be classified in a number of ways – on the basis of the organization level, the frequency of use and their time-frame. Based on time frame, plans which generally cover time periods up to one year are referred to as [<Answer>](#)
- (a) Long-term plans
 (b) Tactical plans
 (c) Short-term plans
 (d) Directional plans
 (e) Strategic plans.
89. The informal communication network present throughout the organization is referred to as [<Answer>](#)

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

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

[<Answer>](#)

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

91. When managers delegate authority, they must allocate commensurate

[<Answer>](#)

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

92. Which of the following is **not** an advantage of the functional structure?

[<Answer>](#)

- (a) Economies of scale
- (b) Minimization of duplication
- (c) Employee satisfaction
- (d) Pursuit of functional goals
- (e) Specialization.

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

[<Answer>](#)

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

94. Dr. Chalapathi is the Dean for an open university. At the university's grand convocation ceremony Dr. Chalapathi awarded diplomas to 200 students for completing their respective courses. Which of the following managerial roles, as described by Henry Mintzberg, is fulfilled by Dr. Chalapathi?

[<Answer>](#)

- (a) Figurehead
- (b) Leader
- (c) Disturbance handler
- (d) Monitor
- (e) Negotiator.

95. Which of the following is **not true** about why an organization adopts a strategic business unit (SBU) structure?

[<Answer>](#)

- (a) To ensure that a product is not ignored among others that generate high profits
- (b) To integrate goals and plans of the SBU with goals and plans of other SBUs
- (c) It aids in concentrating energies on promoting a product or product line
- (d) It conserves entrepreneurial attention and initiative
- (e) To manage resources efficiently in key areas.

96. An open system model is based on organization-environment interaction. A business takes the inputs, processes and transforms them and gives the output. There is a set of interactive subsystems in such a system. Identify from the following, the interactive subsystems.

[<Answer>](#)

- (a) Technical and managerial
- (b) Managerial and accounting
- (c) Accounting, non-technical and organizational
- (d) Technical, managerial and boundary spanning
- (e) Boundary spanning, accounting and organizational.

97. When decision makers construct simplified models that extract the essential features from a problem without capturing all the complexities of a problem, they are acting under which of the following?

[<Answer>](#)

- (a) Bounded rationality
- (b) Unbounded rationality

- (b) Unbounded rationality
- (c) Uncertainty
- (d) Heuristics
- (e) Kinesics.

98. Which of the following is/are the various levels of strategies in an organization?

[<Answer>](#)

- I. Corporate level.
- II. Business level.
- III. Functional level.

- (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.

99. Which of the following is/are strengths 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.

100. Which of the following is/are **true** about objectives?

[<Answer>](#)

- I. Objectives and planning programs are co-existential and co-relational.
- II. Goals and plans are always linear.
- III. A manager can effectively pursue only a few objectives.
- IV. Objectives do not require deadlines for results to be accomplished.

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

END OF QUESTION PAPER

Suggested Answers

Introduction to Management - I (MB111): April 2008

ANSWER	REASON
1. C	In the 'Management by objectives (MBO)' process, subordinates are given autonomy to carry out their activities and the ability to evaluate their performance during the implementing and maintaining self-control stage. < TOP
2. C	"Different perspectives" is an advantage of group decision-making, not a disadvantage. < TOP
3. E	In departmentation by time, workers may concentrate on narrow and specified technical aspects rather than the total system. Therefore, option (e) is the answer. < TOP
4. B	Non-programmed decisions are relatively unstructured and occur less often. The decision to develop a new product or service is an example of a non-programmed decision. The decision to reorder supplies, perform routine maintenance on one of the machines, maintenance of factory layout and a decision to fill a position are not covered under non-programmed decisions. < TOP
5. E	Managers should also evaluate major elements in the organization's task environment to understand their impact on strategic goals. These elements include economic, technological, legal-political, socio-cultural, and international influences. < TOP
6. C	Bonuses, awards and promotions form part of the rewards system < TOP
7. D	An organization that has four sales regions, North, Midwest, South, and Southwest is using geographic departmentation. < TOP
8. A	Workplace culture sets its own production standards is the finding of the Hawthorne studies. Statements (II) and (III) are pre-judgments of the Hawthorne studies. < TOP
9. C	In a highly decentralized organization, decisions made at the lower levels are very important. All other options are true about a highly centralized organization. < TOP
10. A	Decision tree involves a graphic representation of alternative courses of action and the possible outcomes and risks associated with each action. < TOP
11. C	The planning process begins with stating organizational objectives. < TOP
12. B	Identifying a problem is the first step in the decision-making process. Hence from above discussion, we can infer that option (b) is correct. < TOP
13. A	Stage 1 is a traditional structure and follows the unity of command principle. < TOP
14. E	Downsizing is the process of significantly reducing the layers of middle management, increasing the span of control, and shrinking the size of the workforce for purposes of improving its efficiency and effectiveness. < TOP
15. B	Authority refers to the rights inherent in a managerial position to give orders and expect the orders to be obeyed. Hence, from above discussion, we can infer that option (b) is correct < TOP
16. C	The following are postulates of the maturity-immaturity theory proposed by Chris Argyris: < TOP

- I. Chris Argyris believed that people progress from a stage of immaturity and dependence to a state of maturity and independence.
- II. Many organizations tend to keep their employees in a dependent state thereby, blocking further progress and keeping an individual from realizing his/her true potential.
- Hence, option (c) is the answer.
17. **C** The most significant ways that culture is transmitted to employees consist of shared beliefs, values, rituals, stories, myths and specialized language that foster a feeling of community among organization members. [< TOP](#)
Hence from above discussion, we can infer that option (c) is correct.
18. **D** The decision-making process concludes with the evaluation of decision effectiveness. [< TOP](#)
19. **B** Ability to take advantage of economies of scale could be a strength of the company and not an opportunity. [< TOP](#)
20. **A** Economies of scale and the ability to coordinate interdependent projects is the primary strength of the matrix structure. [< TOP](#)
21. **E** Henry R. Towne emphasized the importance of business skills for running a business. [< TOP](#)
22. **C** Financial Analysis is the decision-making technique which provides scientific criteria to estimate profitability of an investment and to analyze cash inflows and cash outflows. [< TOP](#)
Hence, from above discussion, we can infer that option (c) is correct
23. **D** The appropriate span of control for managers does not, in any way, depend on expenses incurred by the organization. [< TOP](#)
24. **B** The main benefit of departmentation is it divides a large and complex organization into smaller and more flexible administrative units. [< TOP](#)
25. **C** Line-staff conflict is inter-group conflict arising from perceived differences between those directly involved in producing or selling products and those that support functions such as information systems and human resources. [< TOP](#)
26. **E** The key result areas in business suggested by Peter Drucker include [< TOP](#)
I. Physical and financial resources.
II. Profitability.
III. Innovation.
IV. Worker performance and attitude.
Hence, option (e) is the answer.
27. **D** Whistle-blowing is the phenomenon in which an employee reports a real or perceived wrongdoing under the control of his or her employer, to those who may be able to take remedial action. [< TOP](#)
Hence from above discussion, we can infer that option (d) is correct.
28. **E** The following can be stated about projects: [< TOP](#)
I. It helps in precise allocation of duties and effective control and easy implementation of the plan.
III. 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 is smaller in scale and less complex.
29. **A** Mathematical approach treats management as a logical process, which can be expressed in terms of mathematical symbols and relationships. [< TOP](#)

30. A Problems in structuring the organization is not a problem associated with a poor 'span of control. [< TOP](#)
31. C Unity of command is one of Fayol's 14 principles of management, which states that each employee must receive instructions about a particular operation from only one person. [< TOP](#)
32. A Emphasis on short-term goals is not a factor that would make Management by Objectives (MBO) more effective. [< TOP](#)
33. 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. [< TOP](#)
34. 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.
35. E Staffing involves activities like determining manpower requirements, assessing the number of people presently available in the organization, recruiting and selecting candidates, training and placing them in the organization come under the purview of staffing. [< TOP](#)
36. B The following are characteristics of an informal organization: [< TOP](#)
- I. It is unofficial by nature.
- IV. Norms serve as guidelines for behavior.
37. B Management might strive to encourage ethical behavior in their organization in order to be morally correct. [< TOP](#)
38. E The mission of an organization differentiates the organization from other organization of the same kind. It should basically address three important issues: [< TOP](#)
- I. What goods or services will we offer?
- II. What is the business we are in?
- IV. Who are our customers?
39. D The Gantt chart visually shows when tasks are supposed to be done and compares that with the actual progress on each. Hence from above discussion, we can infer that option (d) is correct. [< TOP](#)
40. C Brainstorming is a way to make decisions more creative that allows, "freewheeling" of many alternatives but does not allow criticism of alternatives. This technique is used to bring forth many alternative solutions; it involves group of people brought together to generate as many novel ideas as possible on a given topic without evaluating them. [< TOP](#)
41. B Competitors are not stakeholders of an organization. [< TOP](#)
42. B A standing plan is used for activities that recur regularly over a period of time. It is a pre-determined course of action developed for repetitive situations. Hence, from above discussion, we can infer that option (b) is correct. [< TOP](#)

43. **B** The major approaches utilized by managers to induce employees to accomplish the planned actions associated with implementation should normally include all of the given options except coercion. [< TOP](#)
44. **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. [< TOP](#)
45. **B** In SWOT analysis, opportunities and threats are external characteristics of an organization. [< TOP](#)
46. **A** The rational model of managerial decision-making has its roots in the assumption that whatever decisions managers make should best serve its economic interests. [< TOP](#)
47. **E** Corporate portfolio approach is a rational and analytical approach and involves the evaluation of the various business units of an organization by its top management. [< TOP](#)
48. **B** The belief that improvement of the social environment benefits both society and business refers to the argument - "Business is a part of society". [< TOP](#)
49. **E** Individuals may oppose planning because [< TOP](#)
 I. They may be too lazy to devote time and energy for planning.
 II. Sometimes, individuals do not wish to change the status quo.
 III. As individuals' gain experience, they may become overconfident of their capabilities and underestimate the importance of planning.
50. **B** Line authority entitles a manager to direct the work of an employee. [< TOP](#)
51. **A** A question mark is a business unit that has a small relative market share in a rapidly growing market. The future performance of such a business unit is uncertain. Hence, from above discussion, we can infer that option (a) is correct. [< TOP](#)
52. **E** All the stated reasons cause line-staff conflict as seen from a line personnel perspective. [< TOP](#)
53. **E** Behavioral approach to management emphasized the human element, thus viewing the organization from an individuals' point of view. [< TOP](#)
54. **A** The following statements are characteristics of a closed system: [< TOP](#)
 (I). It is perfectly deterministic and predictable.
 (II). There is no exchange between the system and the external environment.
55. **D** Evaluating overall performance of various departments and ensuring cooperation and developing and reviewing long range plans and strategies are the functions of top management. Therefore statements (II) and (IV) are the functions of the top management. Statement (I) is a function of supervisory management and (III) is the function of middle management. [< TOP](#)
56. **B** The situation given in the question is an example of procedure. [< TOP](#)
57. **D** An organization structure that has many hierarchical levels can be described as one having a tall structure. [< TOP](#)
58. **B** The 'golden rule', which is an ethical guideline for managers, means do unto others as you would have others do unto you. [< TOP](#)
59. **E** The limitations of the contingency approach are managers have long realized that there is no one best way to do things. There is difficulty in determining all [< TOP](#)

- relevant contingency factors and showing their relationships and the approach can be very complex.
60. C The following statements are true with respect to the nature of strategies and policies: [< TOP](#)
 I. The key function of strategies and policies is to give a specific direction to plans.
 II. Strategies and policies serve as a guide in furnishing a framework for planning.
 III. If strategies are to be effective, they must be supported by effective tactics.
 Statement (IV) is not true as strategies and policies have an effect on all areas of management.
61. C Socialization refers to the process that helps new employees adapt to the organization's culture. [< TOP](#)
62. B Strategies that provide guidelines for the organization's progress are in general termed as growth strategies. [< TOP](#)
63. C Hierarchy of authority ensures the pursuit of organizational goals by the employees in a coordinated manner. [< TOP](#)
64. A Functional departmentation is the grouping of activities by functions performed. [< TOP](#)
65. B The following are advantages of organization charts: [< TOP](#)
 I. They provide a visual map of the chain of command.
 II. They help managers identify inconsistencies in lines of authority.
 Relationships between subordinates and superiors are essentially determined by means of reporting relationships and not merely organization charts. Hence, statement (III) is not an advantage.
 Statement (IV) – many charts show ideal structures, rather than what they really are is a limitation and not an advantage.
66. A Open-system focus is characteristic of organization that describes the degree to which the organization monitors and responds to changes in the external environment. [< TOP](#)
67. C 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](#)
68. E As every organization is different from the other, it has to select the pattern of departmentation, depending on the situations it faces - the tasks to be performed and the manner in which they should be performed, the technology being used in the department, the individuals and their personalities, the customers or consumers being catered to, and other internal and external environmental factors. [< TOP](#)
69. D Interpersonal Behavior Approach to management emphasizes managing people by understanding their individual psychological needs. Hence, from above discussion, we can infer that option (d) is correct. [< TOP](#)
70. A The three decision-making conditions, which managers face in analyzing decision alternatives are certainty, uncertainty and risk. Hence, from above discussion, we can infer that option (a) is correct. [< TOP](#)
71. D The approaches for selecting among alternatives, in the decision-making process are: [< TOP](#)
 I. Experience.
 II. Experimentation.
 III. Research and analysis.

72. **D** Non-programmed decisions are those that deal with unusual or exceptional problems. They are the decisions for which predetermined decision rules are impractical because the situations are novel and/or ill-structured. So, we can say that Tyrone excels at deriving non-programmed decisions. [< TOP](#)
73. **A** Design skill implies the ability to solve problems in ways that will benefit the enterprise. [< TOP](#)
74. **C** Decentralization facilitates product diversification. Therefore, option (c) is the answer. [< TOP](#)
75. **D** An exhaustive appraisal of the important positive and negative attributes of each major departmental area, such as assessing the appropriateness of targeting and segmentation of markets by the marketing department, the availability of working capital from the finance department, etc., can be termed as functional audit. [< TOP](#)
76. **C** Divisional Structure is a type of departmentation in which positions are grouped according to similarity of products, services or markets. [< TOP](#)
 Individuals are unable to develop in-depth areas of specialization to the same extent as in a functional structure.
 Hence from above discussion, we can infer that option (c) is not an advantage of Divisional Structure.
 Options (a), (b), (d) and (e) are all advantages of Divisional Structure.
77. **B** The process of assessing the organization's strategy and environmental demands and then determining the appropriate organizational structure is called organizational design. [< TOP](#)
78. **B** The management function of determining how activities and resources are to be grouped is organizing. [< TOP](#)
79. **B** Statements (II) and (V) describe the principled level of the stages of moral development. [< TOP](#)
80. **B** Planning can't eliminate change, but managers usually plan in order to anticipate changes and develop the most-effective response to changes. [< TOP](#)
 Hence from above discussion, we can infer that option (b) is correct.
81. **D** The following are aspects that affect the delegation of authority: [< TOP](#)
 I. Delegator's aspect.
 II. Delegant's aspect.
 III. Organizational aspect.
 Therefore, option (d) is the answer.
82. **B** Strategic plans are plans that apply to the entire organization, that establish the organization's overall objectives, and that seek to position the organization in terms of its environment. [< TOP](#)
83. **C** Soldiering refers to the practice of employees deliberately working at a slower pace than their capabilities. [< TOP](#)
84. **C** Programmed decisions require managers to exercise little discretion. [< TOP](#)
85. **A** Socio economic purpose is at the top of the hierarchy of objectives. [< TOP](#)
86. **B** The degree to which decision making is concentrated at a single point in the organization is referred to as centralization. [< TOP](#)
87. **D** The management function that specifies goals to be achieved and decides in advance the appropriate actions to achieve these goals is planning. [< TOP](#)

advance the appropriate actions to achieve those goals is planning.

88. C Plans which generally cover time periods up to one year are referred to as short-term plans. < [TOP](#)
89. A Reason: Informal communication is also referred to as grapevine. < [TOP](#)
≥
90. C Ethical hotline is not a factor that affects ethical/unethical behavior. It is a tool that helps employees in reporting ethical dilemmas or problems. < [TOP](#)
≥
91. A When managers delegate authority, they must allocate commensurate responsibility. < [TOP](#)
≥
92. C Employee satisfaction is not an advantage of the functional structure as it (functional structure) leads to boredom and monotony. < [TOP](#)
≥
93. D Tactics are action plans with the help of which organizations execute their strategies. < [TOP](#)
≥
94. A In his role as a figure head, a manager performs ceremonial and social duties as the organization's representative. < [TOP](#)
≥
95. B An SBU formulates its own interdependent plans, which are different from those of other SBUs. Therefore, option (b) is not true about why an organization adopts a strategic business unit (SBU) structure < [TOP](#)
≥
96. D An open system model is based on organization-environment interaction. This system is viewed as comprising a set of interactive subsystems, out of which three important subsystems can be identified. They are (i) Technical, (ii) Boundary-spanning and (iii) Managerial < [TOP](#)
≥
97. A When decision makers construct simplified models that extract the essential features from a problem without capturing all the complexities of a problem, they are acting under bounded rationality < [TOP](#)
≥
98. E The three levels of strategy include (I) corporate level, (II) business level and (III) functional level. < [TOP](#)
≥
99. B The following are the strengths of the divisional structure:
II. Coordination is simplified as each division is similar to an organization containing various functions. < [TOP](#)
≥
Statements (I) and (III) are not strengths of the divisional structure
100. C Statement (I) – objectives and planning programs are co-existent and co-relational and statement (III) – a manager can effectively pursue only a few objectives, are true about objectives. Statement (II) is not true as goals and plans are rarely linear, in fact they are interlocked and form a network. Statement (IV) not true, as objectives require deadlines for results to be accomplished. Therefore option (c) is the answer. < [TOP](#)
≥

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