



BUSINESS STUDIES Class XII

Objective Type Questions

MCQs/Fill in the Blanks/True or False

(With Answers)

1. Nature and Significance of Management

MCQs

1. Which one of the following statements is not correct?
(a) Management is a goal-oriented process. (b) Management is a continuous process.
(c) Management is a dynamic process. (d) Management is a rigid process.
2. Which one of the following is not an importance of management?
(a) Integrating various interest groups (b) Developing society
(c) Disciplining employees (d) Inculcating creativity
3. Management is not
(a) an applied science. (b) a pure science.
(c) an art. (d) an art and science both.
4. In which category does management fall?
(a) Well-established profession (b) Semi-profession
(c) Emerging profession (d) Marginal profession
5. Top management is concerned with formulation of
(a) guidelines for supervisors. (b) long-term plans.
(c) short-term plans. (d) None of these.
6. Coordination is
(a) a management function. (b) the essence of management.
(c) an objective of management. (d) a social objective.

Ans. 1 – (d), 2 – (c), 3 – (b), 4 – (c), 5 – (b), 6 – (b)

Fill in the Blanks

1. The element that aims at integrating group efforts to achieve group objectives is called _____.
(a) Cooperation (b) Coordination
(c) Management (d) Directing
2. Managing Director is the position of _____ level of management in a large company.
(a) Top (b) Middle
(c) Lower (d) Middle and Lower
3. Management is multidimensional because it has _____ dimension(s).
(a) One (b) Two
(c) Three (d) Four

4. Management is a _____ directed process as it aims at achieving specified goals.

(a) Continuously	(b) Future
(c) Goal	(d) Deliberately
5. _____ is a systematised body of knowledge that explains certain general truths or operation of general laws.

(a) Science	(b) Art
(c) Profession	(d) Art and Profession both

Ans. 1 – (b), 2 – (a), 3 – (c), 4 – (c), 5 – (a)

True or False

State with reasons whether the following statements are True or False.

1. “Management principles can be applied to all types of activities.”
Ans. True; management is pervasive.
2. “Coordination is required at all levels of management in all management functions.”
Ans. True; coordination is pervasive.
3. “Management involves the decisions by a manager and it is not a group activity.”
Ans. False; management is a group activity because it unites individual efforts in common direction.
4. Top management level is responsible for implementing plans and strategies of the organisation.
Ans. False; it is the responsibility of the middle management level.

2. Principles of Management

MCQs

1. Principles of management are not

(a) behavioural.	(b) absolute.
(c) universal.	(d) flexible.
2. Principles of management provide

(a) readymade solutions to problems.	(b) general guidelines.
(c) methods and procedures.	(d) rules and regulations.
3. Management principles differ from pure science principles because management principles are

(a) vague.	(b) situation-bound.
(c) rigid.	(d) easy to learn.
4. Principles of management are significant because these result in

(a) taking initiative.	(b) adapting to new technology.
(c) employee satisfaction.	(d) optimum utilisation of resources.
5. Which one of the following is not a principle of scientific management?

(a) Functional foremanship	(b) Development of personnel
(c) Harmony, not discord	(d) Maximum, not restricted output
6. Management should find ‘one best way’ to perform a task. Which technique of scientific management is defined in this sentence?

(a) Time Study	(b) Method Study
(c) Fatigue Study	(d) Motion Study

7. Unity of command is related to

(a) superiors and subordinates.	(b) management and workers.
(c) planned actions.	(d) cooperation among employees.
 8. Gang plank is related to

(a) communication.	(b) motivation.
(c) supervision of workers.	(d) incentives to workers.
- Ans. 1 – (b), 2 – (b), 3 – (b), 4 – (d), 5 – (a), 6 – (b), 7 – (a), 8 – (a)

Fill in the Blanks

1. Management principles are flexible whereas _____ principles are rigid.

(a) Pure Science	(b) Employment
(c) Scientific Management	(d) Art
 2. _____ denotes concentration of authority at the top level.

(a) Decentralisation	(b) Centralisation
(c) Coordination	(d) Delegation
 3. _____ is the technique in which each worker is supervised by eight supervisors.

(a) Functional foremanship	(b) Unity of action
(c) Centralisation	(d) Simplification of work
 4. _____ principle of management puts emphasis on judicious application of penalties by the management.

(a) Esprit de corps	(b) Order
(c) Division of work	(d) Discipline
 5. _____ principle of management states that there should be a place for everything and everything should be in its place.

(a) Equity	(b) Discipline
(c) Order	(d) Esprit de corps
 6. _____ means one plan, one boss.

(a) Unity of direction	(b) Unity of command
(c) Centralisation	(d) Gang Plank
 7. _____ involves harmony and team spirit among employees.

(a) Discipline	(b) Esprit de corps
(c) Order	(d) Standardisation
- Ans. 1 – (a), 2 – (b), 3 – (a), 4 – (d), 5 – (c), 6 – (a), 7 – (b)

True or False

State with reasons whether the following statements are True or False.

1. "Unity of command means one employee getting orders and instructions from one supervisor".
 Ans. True; in unity of command, one employee gets orders/instructions from only one supervisor.
2. Time study involves analysing movements involved in performing an activity.
 Ans. False; motion study involves analysing these movements.

3. Scalar chain involves direct communication between two employees at horizontal level.

Ans. False; Gang plank involves such direct communication.

4. Discipline principle of management leads to development of team spirit.

Ans. False; Esprit de corps leads to development of team spirit.

3. Business Environment

MCQs

- Which one of the following is not a feature of business environment?
 (a) Uncertainty (b) Interdependence
 (c) Complexity (d) Stability
- Which one of the following is a part of economic environment?
 (a) Public debt (b) Lifestyle of people
 (c) Technological changes (d) Level of education
- Proper understanding of business environment is not a prerequisite for
 (a) tapping of useful resources. (b) identification of opportunities and threats.
 (c) formulation of strategies. (d) better coordination of employee efforts.
- Globalisation means
 (a) reduced role of public sector. (b) integration of economies.
 (c) lowering interest rates. (d) control of inflation.
- Which one of the following is the impact of Government policy changes on business and industry?
 (a) Increase in agricultural productivity (b) Increase in product prices
 (c) Increase in competition (d) Increase in urbanisation

Ans. 1 – (d), 2 – (a), 3 – (c), 4 – (b), 5 – (c)

Fill in the Blanks

- _____ nature of business environment suggests that environment keeps on changing.
 (a) Dynamic (b) Pervasive
 (c) Continuous (d) Multidimensional
- _____ is the integration of world economy into a single market through removal of trade barriers between countries.
 (a) Privatisation (b) Liberalisation
 (c) Globalisation (d) Both (a) and (b)
- _____ feature of business environment states that various factors of business environment affect each other.
 (a) Pervasive (b) Continuous
 (c) Dynamic (d) Interrelatedness
- Legal rules and regulations relevant to business are included in _____ environment of business.
 (a) Legal (b) Political
 (c) Economic (d) Technological

Ans. 1 – (a), 2 – (c), 3 – (d), 4 – (a)

True or False

State with reasons whether the following statements are True or False.

1. Investors and customers are the two components of specific forces of business environment.
Ans. True; investors and customers are the two components.
2. Dynamic nature of business environment suggests that it is pervasive.
Ans. False; dynamic nature of business environment suggests that it keeps on changing.
3. Privatisation involves freedom of doing business.
Ans. False; liberalisation involves freedom of doing business.
4. Political environment consists of political system and its working.
Ans. True; political environment includes political conditions, working and political system.
5. Business environment consists of factors which are certain by nature.
Ans. False; there is uncertainty in business environment.

4. Planning

MCQs

1. Pervasiveness of planning indicates that planning
(a) is a top management function. (b) extends throughout the organisation.
(c) is a future-oriented activity. (d) is the first element of management process.
 2. Which one of the following is an importance of planning?
(a) Reducing uncertainty (b) Identifying alternatives critically
(c) Developing leadership (d) Selecting the most appropriate plan
 3. Which one of the following is not a limitation of planning?
(a) Dynamic environment (b) Costly process
(c) Rigidity (d) Top management approach
 4. Which one of the following is a step of planning?
(a) Analysis of organisation structure (b) Analysis of environment
(c) Analysis of employee behaviour (d) Analysis of employee morale
 5. The basic role of strategy is to provide
(a) setting procedures. (b) direction for action.
(c) direction for motivation. (d) direction for control.
 6. Which one of the following plans prescribes chronological steps for performing activities?
(a) Procedure (b) Rule
(c) Policy (d) Method
 7. Which one of the following is a single-use plan?
(a) Strategy (b) Rule
(c) Budget (d) Method
- Ans. 1 – (b), 2 – (a), 3 – (d), 4 – (b), 5 – (b), 6 – (a), 7 – (c)

Fill in the Blanks

1. Decision-making is the case of _____.
(a) Planning (b) Organising
(c) Staffing (d) Directing
2. _____ is a statement of expected results in numerical terms.
(a) Forecast (b) Budget
(c) Plan (d) Estimate