

1. **Micro economics theory deals with**
  - (a) Economic behavior of individual economic decision making units
  - (b) Economy as a whole
  - (c) Trade relations
  - (d) Economic growth of the society
2. **Which of the following is a central problem of every economy**
  - (a) Abundance of resources
  - (b) Scarcity of economic resources
  - (c) Poverty
  - (d) Moral and ethical values
3. **Equilibrium relates to which of these**
  - (a) Market condition which oscillate
  - (b) Market state of falling price
  - (c) Market condition of rising price
  - (d) Market conditions which once achieved tends to persist
4. **General equilibrium analysis refers to**
  - (a) Behaviour of individual economic decision making units and individual markets in isolation
  - (b) Behaviour of all the individual decision making units and market viewed in totality
  - (c) Both
  - (d) none
5. **Normative economic theory deals with**
  - (a) What is or how the economic problem facing the society are solved
  - (b) How the problem should be solved
  - (c) What to Produce
  - (d) How to produce
6. **In a mixed economy which sector(s) is/ are found**
  - (a) Private Only
  - (b) Public sector only
  - (c) None
  - (d) Both a and b
7. **In economic theory the term "means" refers to**
  - (a) Resources
  - (b) Arithmetic mean
  - (c) A characteristic
  - (d) None
8. **Market equilibrium of a commodity is determined by**
  - (a) Balancing of demand and supply position
  - (b) Aggregate demand
  - (c) Aggregate supply
  - (d) Government intervention
9. **Ceteris Paribus means**
  - (a) Holding demand constant
  - (b) Holding supply constant
  - (c) Price being constant
  - (d) Other things being constant
10. **Economic resources are**
  - (a) Unlimited
  - (b) Limited in supply and use
  - (c) Limited in supply but have alternative uses
  - (d) Unproductive

11. Which of the following is/ are not an economic resource
- (a) Land
  - (b) Capital
  - (c) Labour
  - (d) Air
12. Which of the following is/ are an economic resource
- (a) Land
  - (b) Capital
  - (c) Labour
  - (d) All the three
13. Which of the following is/ are a non-economic resource
- (a) Air
  - (b) Water
  - (c) Sunlight
  - (d) All the three
14. Which of these resources would be called as land in economics
- (a) Coal mines of Bihar
  - (b) Water resources of Uttaranchal
  - (c) Mineral deposits of Jharkhand
  - (d) All the three
15. Which of these is not land in economics
- (a) Tehri Dam
  - (b) Forest reserves of Assam
  - (c) Fish reserves in the Bay of Bengal
  - (d) Herbal plant of Uttaranchal
16. Which of these would be classified as capital in economics
- (a) Bhakra Dam
  - (b) Indira canal
  - (c) Golden triangle
  - (d) All the three
17. Capital in economics means
- (a) Factor of production
  - (b) Fund brought in by the entrepreneur
  - (c) Investment in shares, bank deposits
  - (d) All the above
18. Scarcity of resources leads to
- (a) Unsatisfaction of human wants
  - (b) Evaluation of alternative uses of scarce resources
  - (c) Both
  - (d) None
19. Who defined economics as " Science which deals with wealth"
- (a) J. B. Say
  - (b) A. C. pigou
  - (c) Alfred Marshall
  - (d) Robbins
20. Economics cannot be considered a perfect science because
- (a) Human behaviour is unpredictable
  - (b) It is difficult to make correct prediction of economic variables
  - (c) Economist do not have common opinion about a particular economic event
  - (d) All the three
21. In economic goods includes material things which.....

- (a) Can be transferred
  - (b) Can be exchanged for one another
  - (c) Both
  - (d) None
- 22. In economic wealth is the stock of all those material and immaterial objects which.....**
- (a) Are transferable
  - (b) Have utility
  - (c) Are scarce
  - (d) All the three
- 23. In addition to three Central problem of economy, the additional problem(s) raised by the Modern economists is / are**
- (a) Are the resources fully utilized or not
  - (b) How efficient is the production and distribution system
  - (c) Whether the capacity to produce or grow is increasing or is static
  - (d) All the three
- 24. The basic assumption of an economic analysis is/ are**
- (a) Ceteris paribus
  - (b) Rational behaviour
  - (c) Both
  - (d) None
- 25. The terms Micro economic and Macro economics were coined by**
- (a) Professor A Samulson
  - (b) Giffen
  - (c) Prof. Ragner Frisch
  - (d) Eagle
- 26. -----is known as father of economics**
- (a) Adam Smith
  - (b) Professor A Samulson
  - (c) Alfred Marshall
  - (d) J R Hicks
- 27. Which of these are outside the domain of macro economics**
- (a) Consumer behavior
  - (b) National income
  - (c) Economic growth
  - (d) Balance of payment and trade
- 28. Scarcity of resources means**
- (a) Limited resources
  - (b) Non – existence of resources
  - (c) Both
  - (d) None
- 29. Human wants are**
- (a) Unsatisfiable
  - (b) Unlimited
  - (c) Undefined
  - (d) Limited
- 30. Economics cannot be given the status of science because**
- (a) Of non-uniformity of opinion and approach of economist
  - (b) Economic behaviour of human being is unpredictable
  - (c) Measuring rod of money is unstable
  - (d) All the three
- 31. Which of the following is not a central problem of a society**
- (a) What to produce
  - (b) How to produce

- (c) For whom to produce
  - (d) Where to produce
32. **The paradox of Diamond is more costly than water is explained by**
- (a) Marginal utility concept
  - (b) Scarcity
  - (c) Relative cost of production
  - (d) All the three
33. **Which of these is an economic activity**
- (a) A father teaching his son at home instead of sending to any coaching centre
  - (b) A hair dresser doing hair cut designing on payment
  - (c) A housewife mending her family cloths on her own
  - (d) A singer giving a show on his son's wedding anniversary
34. **The term " Micro" is derived from the .....word which means.....**
- (a) Latin, small
  - (b) Greek, small
  - (c) English, tiny
  - (d) Roman, small
35. **Which of the following issue relates to micro-economics**
- (a) Impact of crude price hike on inflation
  - (b) Impact of change in bank rate on bank saving and investment
  - (c) Impact of Information technology on economic growth
  - (d) Impact of shortage of wheat production on wheat prices
36. **Economics modes are**
- (a) Based on some realistic assumptions
  - (b) Based on hypothetical assumptions
  - (c) Scientifically tested
  - (d) Based on necessity
37. **The famous book "An enquiry into the nature and causes of wealth of Nation" was written by –**
- (a) Adam Smith
  - (b) Samulson
  - (c) Robertson
  - (d) JB Say
38. **The famous book "An enquiry into the nature and causes of wealth of Nation" was published in-**
- (a) 1776
  - (b) 1750
  - (c) 1850
  - (d) 1886
39. **The law of indifference is/are also know by-**
- (a) Law of substitution
  - (b) law of equimarginal utility
  - (c) Law of diminishing marginal utility
  - (d) All the three
40. **Which of the following is not a central problem of a society**
- (a) What to produce
  - (b) How to produce
  - (c) For whom to produce
  - (d) What to eat
41. **The central problem of how to produce is resolved by**
- (a) Demand and supply of factor inputs
  - (b) Demand and supply of goods
  - (c) Relative prices and availability of factors of production
  - (d) Government intervention

42. In free economy the decision about investment, saving and consumption are decided by
- (a) Price mechanism
  - (b) Central bank
  - (c) Planning Commission
  - (d) Finance budget
43. Which of these statement is true about production possibility curve (PPC/PPF)
- (a) It shows various combinations of two goods which yield same level of satisfaction
  - (b) It shows various combination of two goods which an economy can produce with a given amount of resources
  - (c) It shows various combination of two goods which an economy can produce with a given budget
  - (d) It shows various combination of two goods which an economy can produce with a given time
44. If production possibility frontier is linear it implies
- (a) Constant opportunity cost
  - (b) Economy is stagnant
  - (c) Underemployment of factor of production
  - (d) With the increase in production, opportunity cost also increases
45. The opportunity cost of consumption is
- (a) Lack of capital formation for future
  - (b) Greater investment
  - (c) Full employment
  - (d) Deflation
46. The opportunity cost of capital investment is
- (a) Sacrifice of current consumption
  - (b) More consumption on luxury items
  - (c) Lower capital growth in future
  - (d) Wastage of Resources
47. Any point beyond PPF is
- (a) Attainable
  - (b) Unattainable
  - (c) Attainable with increase in production facilities
  - (d) None
48. If an economy is working at a point left to PPF curve it shows that.....
- (a) The economy is working at less than the full employment level
  - (b) The economy is at full employment level
  - (c) The economy is country is faced with excess production
  - (d) There is glut of imports
49. Curvature of PPF is due to.....
- (a) Increase in opportunity cost
  - (b) Decrease in opportunity cost
  - (c) Fall in demand
  - (d) Fall in supply
50. PPF is negative sloped due to
- (a) Scarcity of production resources
  - (b) Unlimited wants
  - (c) Improvement in technology
  - (d) Increasing opportunity cost
51. Economic efficiency means
- (a) Production of goods of mass consumption at lower cost
  - (b) Production of goods and services for those who have purchasing power

- (c) Getting greatest satisfaction from available resources
- (d) Full employment of working force

**52. Higher PPC curve indicates**

- (a) More production of both the things with increase in technology or factor inputs supply
- (b) More production of one at the expense of other
- (c) More production of one items at the expense of other with increase in technology or factor input supply
- (d) Less than full employment situation

**53. The following table shows the various combinations of two commodities, Gun and Bread that an economy can produce with a given amount of resources. These combinations lies on the same PPF**

Combinations	Gun	Bread in 100 tons
A	0	20
B	1	18
C	2	15
D	3	11
E	4	6
F	5	0

**Based on the details given in the above table, the opportunity of producing 1 gun in combination No. B – is tons of bread**

- (a) 200
  - (b) 100
  - (c) 300
  - (d) 0
- 54. Opportunity cost of increasing production of Gun to 3 units in combination D is –tons of bread**
- (a) 200
  - (b) 100
  - (c) 300
  - (d) 400
- 55. Opportunity cost of increasing production of Gun to 4 units in combination E is –tons of bread**
- (a) 200
  - (b) 500
  - (c) 300
  - (d) 400
- 56. Opportunity cost of increasing production of Gun to 5 units in combination F is –tons of bread**
- (a) 200
  - (b) 100
  - (c) 600
  - (d) 500
- 57. In question No. 53 if the economy produces only 3 guns and 900 tons of wheat instead of 1100 tons of wheat what does it indicates**
- (a) Under employment of resources
  - (b) Production in efficiency
  - (c) Sub-optimal production
  - (d) All the three
- 58. If a firm is operating at any point inside the PPF, the firm is**
- (a) Efficient firm
  - (b) Inefficient firm
  - (c) Poised for abnormal growth
  - (d) None
- 59. Any point beyond PPF curve can be attained by**
- (a) Increasing supply of factor inputs
  - (b) Technological innovation

- (c) Both  
(d) None
60. **Economic growth is best depicted by**  
(a) Outward shift in PPF  
(b) Upward movement in PPF  
(c) Inward movement in PPF  
(d) Downward movement in PPF
61. **Production possibility curves shows maximum combinations of -----products**  
(a) 1  
(b) 2  
(c) 3  
(d) 4
62. **The relationship between aggregate consumption expenditure and aggregate income of household sector is known as ..... function.**  
(a) Consumption  
(b) Saving  
(c) Expenditure  
(d) Income
63. **The ..... measurement method of national income aggregates all the money spent by private citizens, firms and the government within the year.**  
(a) Expenditure  
(b) Income  
(c) Input  
(e) Saving
64. **GDP at market price exceeds GDP at factor cost by the amount of revenue raised through .....**  
(a) Direct taxes  
(b) Indirect taxes  
(c) Income tax  
(d) Tax on rents
65. **Macroeconomics is the study of**  
(a) Inflation  
(b) Unemployment  
(c) Growth  
(d) All of (a), (b) and (c) above.
66. **In a closed economy savings are equal to ..... at the equilibrium level of income.**  
(a) Investments  
(b) Wages  
(c) Income-Investments  
(d) Wages – Consumption
67. **Which of the following methods is/are used for measuring national income?**  
(a) Output method  
(b) Expenditure method  
(c) Income method  
(d) All of (a), (b) and (c) above.
68. **Net factor income from abroad is equal to**  
(a) NNP at market price – NDP at market price  
(b) NDP at market prices – Indirect taxes + Subsidies  
(c) NDP at factor cost + Depreciation  
(d) NNP at market prices + Depreciation
69. **Personal disposable income is equal to .....**  
(a) Wages and salaries + Dividends paid at home – Personal income tax

- (b) Wages and salaries + Dividends paid at home + Factor income received from abroad – Personal income tax
  - (c) Wages and salaries + Dividends paid at home + Factor income received from abroad + Transfers from government – Personal income tax.
  - (d) Wages and salaries + Dividends paid at home + Factor income received from abroad - Transfers from government – Personal income tax.
- 70. Personal income equals personal disposable income ( $Y_d$ ) plus**
- (a) Personal savings
  - (b) Transfers from government
  - (c) Personal income taxes
  - (d) Dividend payments
- 71. GDP at market prices is the sum of Consumption, Investment, Government Spending and Net Exports. 'Net' exports is**
- (a) Gross exports minus depreciation
  - (b) Exports minus imports
  - (c) Gross exports earnings minus capital inflow
  - (d) Export minus imports of merchandize
- 72. Macroeconomics is concerned with**
- (a) The level of output of goods and services
  - (b) The general level of prices
  - (c) The growth of real output
  - (d) All of the above
- 73. Personal income includes all of the following except**
- (a) Transfer payments
  - (b) Undistributed corporate profits
  - (c) Personal income taxes
  - (d) Dividend payments
- 74. Nominal GDP is**
- (a) The total value of goods and services net of exports
  - (b) The total value of goods and services produced during periods of low unemployment
  - (c) The total value of goods and services measured at current prices
  - (d) The total value of goods and services produced at full employment.
- 75. GDP at factor cost exceeds GDP at market price**
- (a) When the factor income from abroad is negative
  - (b) When depreciation on fixed capital exceeds income in investment
  - (c) When direct tax exceeds indirect tax
  - (d) When subsidies exceeds indirect taxes.
- 76. The difference between Gross National Product (GNP) and Gross Domestic Product GDP) is**
- (a) Excess of subsidies over indirect taxes
  - (b) Depreciation
  - (c) Net foreign income from abroad
  - (d) Excess of indirect taxes over subsidies
- 77. NDP does not include**
- (a) Payments made for income taxes
  - (b) Depreciation allowances
  - (c) Undistributed profits
  - (d) The value added from intermediate goods.
- 78. National income is**
- (a) NDP at market prices
  - (b) NDP at factor cost
  - (c) NNP at factor cost
  - (d) GNP at market prices.



79. **The difference between personal disposable income and personal income is**  
 (a) Indirect taxes  
 (b) Subsidies  
 (c) Transfer payments  
 (d) Personal taxes.
80. **Which of the following is an example of a government transfer payment?**  
 (a) Purchase of a new car for the Ministry of Finance  
 (b) Funding of a clinic to provide free vaccinations.  
 (c) Free food coupons issued to persons in an anti-poverty program.  
 (d) Funding of a new bridge in an urban area.
81. **The net factor income earned within the domestic territory of a country must be equal to**  
 (a) Net Domestic Product at factor cost  
 (b) Net Domestic Product at market price  
 (c) Net National Product at market price  
 (d) Personal income.
82. **By definition, the marginal propensity to consume**  
 (a) Equals  $\Delta C / \Delta Y_d$   
 (b) Is the behavioral coefficient  $c$  in the equation  $C = a + cY_d$   
 (c) Is the slope of the consumption function  
 (d) All the above
83. **Ceteris paribus, an income tax**  
 (a) Increases the value of the expenditure multiplier and decreases the value of the net tax revenue multiplier  
 (b) Decreases the value of the expenditure and net tax revenue multiplier  
 (c) Decreases the value of the expenditure multiplier and increases the value of the net tax revenue multiplier  
 (d) None of the above.
84. **On the basis of the Keynesian model of output determination, a multiplier of 3 implies that**  
 (a) An increase in consumption by ₹3 will result in an increase in investment by Re. 1  
 (b) An increase in investment by Re. 1 will result in an increase in consumption by ₹3  
 (c) An increase in investment by Re. 1 will result in an increase in consumption by ₹2  
 (d) An increase in investment by Re. 1 will result in an increase in consumption by Re. 1
85. **Consumption demand does not depend upon the level of**  
 (a) Income  
 (b) Propensity to consume  
 (c) Consumer spending  
 (d) Marginal efficiency of investment.
86. **The slope of the consumption curve connotes**  
 (a) Average propensity to save  
 (b) Marginal Propensity to consume  
 (c) Marginal propensity to save  
 (d) Level of consumption in the economy.
87. **Financial interrelation ratio is equal to**  
 (a) Total issues / National income  
 (b) Primary issues / Net capital formation  
 (c) Total issues / Net capital formation  
 (d) Total stock of financial assets/Stock of fiscal assets
88. **If the available workers are unaware of the jobs being offered and the employers are not aware of the available workers, such type of unemployment is called**  
 (a) Frictional unemployment  
 (b) Structural unemployment  
 (c) Disguised unemployment

- (d) Demand pull unemployment.
89. **Unemployment that arises when there is a general downturn in business activity is known as**  
(a) Frictional unemployment  
(b) Structural unemployment  
(c) Cyclical unemployment  
(d) Disguised unemployment
90. **Full employment is the level at which there is**  
(a) Zero unemployment  
(b) Normal rate of unemployment  
(c) Lease supply of labor  
(d) Demand for goods is less than supply.
91. **Natural rate of unemployment increases due to**  
(a) General downturn in business activity  
(b) Changes in labor market  
(c) Structural changes in economy  
(d) Frequent changes of jobs by labor
92. **If the actual rate of unemployment exceeds to natural rate of unemployment then**  
(a) Actual output of the economy will fall below its potential  
(b) Production will increase more than potential  
(c) Consumption of goods decreases  
(d) Both (a) and (c) above.
93. **Unemployment that arises due to regional occupational pattern of job vacancies, which does not match the pattern of workers availability and suitability, is known as**  
(a) Frictional unemployment  
(b) Structural unemployment  
(c) Cyclical unemployment  
(d) Demand pull unemployment.
94. **Disguised unemployment means**  
(a) Unemployment in agriculture  
(b) Unemployment due to recession  
(c) Unemployment due to downturn in business activity  
(d) Marginal Productivity of Labor (MPL) is zero.
95. **In which sector of Indian economy will we find a high rate of disguised unemployment?**  
(a) Service sector.  
(b) Agriculture sector.  
(c) Manufacture sector.  
(d) Mining sector.
96. **Unemployment that is caused by a mismatch between the composition of the labor force (in terms of skills, occupation, industries, or geographic location) and the make-up of the demand for labor is called**  
(a) Real wage unemployment  
(b) Deficient-demand unemployment  
(c) Frictional unemployment  
(d) Structural Unemployment
97. **During the recessionary phase of a business cycle**  
(a) The natural rate of unemployment will increase dramatically  
(b) Potential national income will exceed actual national income  
(c) Actual national income will exceed potential national income  
(d) The real rate of interest will exceed the nominal rate of interest.
98. **The Philips curve shows that**

- (a) High unemployment rates are associated with low increases in money wage rates
  - (b) Low unemployment rates are associated with low rates of inflation
  - (c) High unemployment rates are associated with low rates of inflation
  - (d) High inflation rates are associated with small increases in money wage rates.
- 99. Full employment exists when there is**
- (a) Zero unemployment
  - (b) Natural rate of unemployment
  - (c) Least demand for labor
  - (d) Least supply of labor
- 100. Balance of trade is**
- (a) The difference between balance on current account and capital account
  - (b) Same as the balance of merchandise trade
  - (c) Same as the balance of current account
  - (d) Overall BoP balance.
- 101. All entries in the balance of payments should collectively sum to**
- (a) GDP of that country
  - (b) GNP of that country
  - (c) Zero
  - (d) Exports of that country.
- 102. In the BoP statement, current account includes**
- (i) Merchandise, invisible items**
  - (ii) Government loans from abroad**
  - (iii) Foreign direct investment.**
- (a) (i) only
  - (b) Both (i) and (ii) above
  - (c) Both (i) and (iii) above
  - (d) Both (ii) and (iii) above
- 103. If the balance on current and capital accounts of Balance of Payments (BoP) taken together is negative, then**
- (a) It is a case of BoP surplus
  - (b) It is a case of BoP surplus where the official reserve account is in surplus
  - (c) It is a case of BoP deficit
  - (d) It is case of BoP disequilibrium
- 104. 'Transfer Payments' are**
- (a) Payments made to a factor of production
  - (b) Payments transferred from one sector to another
  - (c) Payments made for no return service
  - (d) Payments made by government of one country to another
- 105. Which of the following transactions is included in the current account balance of the Balance of payments statement?**
- (a) Foreign direct investments.
  - (b) Portfolio investments.
  - (c) External commercial borrowings.
  - (d) Dividends earned on portfolio investments
- 106. Personal taxes in India best illustrates a**
- (a) Proportional tax system
  - (b) Progressive tax system
  - (c) Indirect tax system
  - (d) Value added tax system
- 107. In the Union Budget, profits from public sector undertakings are taken under**
- (a) Revenue receipts

- (b) Capital receipts
  - (c) Monetized receipts
  - (d) Planned expenditure
108. **Marginal product is.....**
- (a) Rate at which total production changes with change in variable input
  - (b) Rate at which total production changes with change in total cost
  - (c) Rate at which total production changes with change in fixed cost
  - (d) None
109. **Total output is maximum when**
- (a)  $MP = 0$
  - (b) MP is increasing
  - (c) MP is decreasing
  - (d) MP is constant
110. **Law of variable proportion applies.....**
- (a) When all inputs are variable
  - (b) When all input are fixed
  - (c) Some inputs are fixed and some are variable
  - (d) All the three
111. **Law of returns to scale applies when.....**
- (a) All inputs cost are variable
  - (b) All input cost are fixed
  - (c) All cost are partly fixed and partly variable
  - (d) None
112. **Explicit cost refers to**
- (a) Actual expenses of the firm to purchase or hire input it needed
  - (b) Actual and notional expenses of the firm to purchase or hire input it needed
  - (c) Notional expenses of the firm to purchase or hire input it needed
  - (d) All the three
113. **Implicit cost refers to .....**
- (a) Value of inputs owned by the firm and used in its own manufacturing process
  - (b) Value of input or services purchased from outside and used in its own manufacturing process
  - (c) Value of inputs owned by the firm and sold to others
  - (d) Value of inputs or services for which no payments were made to outside
114. **Which of these costs will increase or decrease with increase in production**
- (a) Marginal cost
  - (b) Financial costs
  - (c) Fixed costs
  - (d) All the three
115. **If a firms cost of raw material increases then**
- (a) Market price of the final product will also increase
  - (b) Equilibrium level of quantity also increases
  - (c) Marginal cost curve will shift upward
  - (d) Marginal cost curve will shift downward
116. **If a firms cost of raw material decreases then**
- (a) Marginal cost curve will shift downward
  - (b) Marginal cost curve will shift upward
  - (c) Market price will go down
  - (d) Market price will go up
117. **The law of diminishing returns applies in.....**
- (a) Short run
  - (b) Long run

- (c) Very short run
- (d) All the time period

118. If total production increases in the short run, the total cost will also.....

- (a) Increase due to increase in fixed cost
- (b) Increase due to increase in variable cost
- (c) Increase due to increase in total cost
- (d) Remain constant

119. Marginal cost is defined as.....

- (a) Change in total cost due to addition of one unit
- (b) Total cost divided by additional unit
- (c) Total cost divided by total units produced
- (d) Total sales / Total production

120. The positively sloped part of long run cost curve of a firm is due to

- (a) Economies of scale
- (b) Diseconomies of scale
- (c) Diminishing returns to scale
- (d) Marginal utility theory

121. The negatively sloped part of long run cost curve of a firm is due to

- (a) Increase in production due to specialization and division of labour
- (b) Diseconomies of scale
- (c) Diminishing returns to scale
- (d) Marginal utility theory

122. Which of the following statement is true about average cost function

- (a)  $ATC = AFC - AVC$
- (b)  $AVC = AFC + ATC$
- (c)  $AFC = ATC + AVC$
- (d)  $ATC = AFC + AVC$

123. The output and cost pattern of a product are given below

Output (q)	0	1	2	3	4	5
Total in ₹Cost (Tc)	35	42	53	08	75	88

From the above details what is the fixed cost or sunk cost

- (a) ₹25
- (b) ₹17.5
- (c) ₹22
- (d) ₹35

124. In question No. 123 the marginal cost of producing 2<sup>nd</sup> unit is

- (a) ₹17.5
- (b) ₹11
- (c) ₹14
- (d) ₹11

125. In question No. 123 the average fixed cost of producing 3 units is

- (a) ₹17.5
- (b) ₹15
- (c) ₹10
- (d) ₹14

126. In question No. 123 the average total cost of producing 3 units is

- (a) ₹14.5
- (b) ₹15.5
- (c) ₹13
- (d) ₹21

127. The relationship between the labour hour worked and total output relationship in respect of a product is given below

Hours of labour worked	Total output	Marginal/ incremental output
0	0	0
1	50	50
2		60
3	175	
4		65
5	300	
6	355	55
7	350	-5
8	340	-10

From the above details what is the average output per hour when 2 hours of labour are deployed

- (a) 55  
(b) 50  
(c) 60  
(d) 65
128. In question No.127 what is the total output when 2 hours of labour are deployed  
(a) 155  
(b) 110  
(c) 100  
(d) 165
129. In question No. 127 what is the marginal output for the 3<sup>rd</sup> hours of labour  
(a) 55  
(b) 50  
(c) 60  
(d) 65
130. In question No. 127 what is the marginal output for the 5<sup>th</sup> hours of labour  
(a) 55  
(b) 50  
(c) 60  
(d) 65
131. In question No. 127 what the average output for 5 hours of labour  
(a) 55  
(b) 50  
(c) 60  
(d) 65
132. In question No. 127 the firm remains in the stage of increasing returns to scale up to level of labour hours  
(a) 2 labour hours  
(b) 3 labour hours  
(c) 4 hrs  
(d) 6 hrs
133. In question No. 127 the firm remains in the stage of constant returns to scale upto level of labour hours  
(a) 2 labour hours  
(b) 3 labour hours  
(c) 4 hrs  
(d) 6 hrs
134. In question No. 127 the firm enter diminishing returns to scale from -----labour hours  
(a) 2 labour hours  
(b) 3 labour hours  
(c) 5 hrs  
(d) 6 hrs

135. In question No. 127 the firm should continue to deploy additional labour hours up to  
(a) 2 labour hours  
(b) 3 labour hours  
(c) 5 hrs  
(d) 6 hrs
136. In question No. 127 the optimum level of output of the firm is  
(a) 355 units  
(b) 350  
(c) 340 hrs  
(d) 300
137. In question No. 127 if the firm continue to operate beyond 6 labour hours as the labour cannot be declared surplus –the firms should ----- to increase the output  
(a) Increase fixed input  
(b) Retrench the surplus labour  
(c) Outsource the work  
(d) All the three
138. When a firm enters the law of diminishing returns to scale  
(a) TVC curve begins to fall at an increasing rate  
(b) TVC curve begins to increase at an increasing rate  
(c) TVC curve begins to fall at a decreasing rate  
(d) TVC curve begins to increase at a decreasing rate
139. Which of these curve never touch X axis  
(a) AVC  
(b) AFC  
(c) TC  
(d) MC
140. Total cost is the arithmetic sum of  
(a) AFC and AVC  
(b) FC and Variable cost  
(c) Marginal cost and variable cost  
(d) Sunk cost and fixed cost
141. Variable cost is also known as  
(a) Incremental cost  
(b) Marginal cost  
(c) Differential cost  
(d) All the three
142. Which of these is not a factor of cost function of a product  
(a) Market price of the product  
(b) Size of the plant  
(c) Output level  
(d) Prices of inputs
143. In the short run which of the following is fixed  
(a) Labour  
(b) Capital  
(c) Raw material  
(d) None
144. The slope of total variable cost curve equals.....  
(a) AVC  
(b) MC  
(c) AC  
(d) MPP
145. In the short run, diminishing marginal returns is implied by  
(a) Rising MC

- (b) Falling MC
  - (c) Rising AVC
  - (d) Constant TC
- 146. Total variable cost curve is explained by**
- (a) Law of the diminishing marginal returns
  - (b) The price of the variable inputs
  - (c) Production function
  - (d) All the three
- 147. TVC curve begins to.....with the onset of diminishing returns**
- (a) Rise at an Increasing rate
  - (b) Rise at an decreasing rate
  - (c) Fall at an Increasing rate
  - (d) Stabilize
- 148. TVC curve begins to.....with the onset of increasing returns**
- (a) Rise at an increasing rate
  - (b) Rise at an decreasing rate
  - (c) Fall at an Increasing rate
  - (d) Stabilize
- 149. Which of the following cannot be U shaped curve**
- (a) AFC curve
  - (b) AC curve
  - (c) AVC curve
  - (d) AMC curve
- 150. Long run supply curve of a constant cost industry is**
- (a) Horizontal line at a price that is equal to the long run minimum average cost of production
  - (b) Horizontal line overlapping X axis
  - (c) Vertical line at mid of X axis
  - (d) Vertical line overlapping Y axis
- 151. Long run supply curve of a increasing cost industry is**
- (a) Horizontal line overlapping X axis
  - (b) Upward sloping line
  - (c) Downward sloping line
  - (d) Vertical line
- 152. Long run supply curve of a decreasing cost industry is**
- (a) Downward sloping curve
  - (b) Upward sloping curve
  - (c) Straight line parallel to X axis
  - (d) Straight line parallel to y axis
- 153. In economics, in the long run all the cost.....**
- (a) Are fixed
  - (b) Are variable
  - (c) Except labour are variable
  - (d) Are non controllable
- 154. In economic theory, in the short run all the cost are.....**
- (a) Fixed
  - (b) Variable
  - (c) Controllable
  - (d) Semi variable
- 155. Marginal cost curve is**
- (a) Positively sloped
  - (b) Negatively sloped
  - (c) Parallel to X axis
  - (d) Parallel to Y axis



156. **Marginal cost can be equal to Average variable cost when**  
(a) Average variable cost is falling  
(b) Average variable cost is increasing  
(c) Average variable cost is constant  
(d) Under any of the above situations
157. **The measurement of sensitivity of quantity demand to change in price is called.**  
(a) Price elasticity  
(b) Income elasticity  
(c) Expansion in demand  
(d) None
158. **Which of the following is not a type of elasticity in economics.....**  
(a) Income elasticity  
(b) Price elasticity  
(c) Utility elasticity  
(d) Cross elasticity
159. **Which of the following is not a method of measurement of price elasticity of demand in economics**  
(a) Total Outlay  
(b) Total savings  
(c) Point method  
(d) Arc method
160. **As per total outlay method, demand is said to be elastic if as result of change in price total outlay**  
(a) Increases  
(b) Decrease  
(c) Remain same  
(d) None
161. **If price of sugar falls leading to fall in total outlay on sugar, the demand of sugar is**  
(a) Elastic  
(b) Inelastic  
(c) Unitary elastic  
(d) Less than unit elastic
162. **If price of X falls leading to increase in total outlay on X, the demand of X is**  
(a) Elastic  
(b) Inelastic  
(c) Unitary elastic  
(d) Less than unit elastic
163. **If price of X falls leading to fall in total outlay on X, the demand of X is**  
(a) Elastic  
(b) Inelastic  
(c) Unitary elastic  
(d) Less than unit elastic
164. **If price of coffee falls leading to increase in total outlay on coffee, the demand of coffee is**  
(a) Elastic  
(b) Inelastic  
(c) Unitary elastic  
(d) Less than unit elastic
165. **If the price of burger rises from ₹12 per piece to ₹20 per piece as a result of which the daily sales decreases from 300 to 200 pieces per day. The price elasticity of demand can be estimated as**  
(a) 0.5  
(b) 0.8  
(c) 0.25  
(d) 2.10

166. If the price of vegetable sandwich rises from ₹6 per piece to ₹12 per piece as a result of which the daily sales decreases from 800 to 400 pieces per day. The price elasticity of demand can be estimated as  
 (a) 0.5  
 (b) 1.5  
 (c) 3.0  
 (d) 2.5
167. A decrease in price will result in an increase in total revenue if  
 (a) Percentage change in quantity demanded is greater than the percentage change in price  
 (b) Percentage change in quantity demanded is less than the percentage change in price  
 (c) Percentage change in quantity demanded is equal to the percentage change in price  
 (d) None
168. An increase in price will result in an increase in total revenue if  
 (a) Percentage change in quantity demanded is greater than the percentage change in price  
 (b) Percentage change in quantity demanded is less than the percentage change in price  
 (c) Percentage change in quantity demanded is equal to the percentage change in price  
 (d) None
169. An increase in price will result in no change in total revenue if  
 (a) Percentage change in price equal the percentage change in price  
 (b) Percentage change in demanded is more than the percentage change in price  
 (c) Percentage change in price is less than percentage change in demand  
 (d) Change in price is more than change in demand in absolute terms
170. Price elasticity of demand of a product will be more inelastic if  
 (a) It forms a major part of consumer house hold budget  
 (b) It forms a very small part of consumers household budget  
 (c) It is inferior  
 (d) It is for mass consumption
171. Price elasticity demand of product will be more elastic if it  
 (a) Has no substitutes  
 (b) Has number of substitutes  
 (c) Is an item of necessity  
 (d) Is life saving Product
172. If the consumption of a product can be postponed for the time being  
 (a) The demand for the product will be inelastic  
 (b) The demand for the product will be relatively elastic  
 (c) The demand for the product will be perfectly elastic  
 (d) The demand for the product will be perfectly inelastic
173. Bread and butter have.....  
 (a) Negative cross price elasticity of demand  
 (b) Positive cross elasticity of demand  
 (c) Positive income elasticity of demand  
 (d) Negative income elasticity of demand
174. Omlet and cakes have  
 (a) Negative cross price elasticity of demand  
 (b) Positive cross elasticity of demand  
 (c) Positive income elasticity of demand  
 (d) Negative income elasticity of demand
175. Point elasticity of demand can be useful in which of the following cases  
 (a) A departmental store is thinking of increasing the price of gift packs  
 (b) A service station is considering to lower the service charges  
 (c) A health club is considering to lower the monthly membership fee  
 (d) An airlines company is considering to lower holiday packages
176. The coefficient of price elasticity of demand is calculated as.....

- (a) The change in price divided by the change in quantity demand
- (b) The percentage change in quantity demand by the percentage change in price
- (c) The change in quantity demanded by the change in price
- (d) The percentage change in price by the percentage change in demand

**177. Point elasticity concept was propounded by**

- (a) Marshal
- (b) Lipsey
- (c) Hicks
- (d) Samulson

**178. Price elasticity of demand is not affected by**

- (a) Nature of the commodity
- (b) Availability of close substitute
- (c) Cost of production
- (d) Consumption habits

**179. Demand of salt is inelastic because**

- (a) Of low price
- (b) No substitute
- (c) Absence of it makes food tasteless
- (d) All the three

**180. Luxury goods have --- -- degree of elasticity**

- (a) High
- (b) Low
- (c) Moderate
- (d) Completely inelastic

**181. The quantity of a commodity which an individual is willing to purchase over a specific period of time is a function of**

- (a) Price of the product
- (b) Disposal income
- (c) Taste and price of other commodities
- (d) All the three

**182. Which of the following is not a factor is market supply of product**

- (a) Cost of production
- (b) Number of buyers
- (c) Market price of the product
- (d) Price of related products

**183. Market demand curve for a commodity is.....**

- (a) Horizontal summation of the individual demand curve for the commodity
- (b) Summation of individual demand curve for 3 years
- (c) Demand curve of complementary goods
- (d) Demand curve of supplementary goods

**184. Equilibrium state is achieved at .....**

- (a) The peak point of supply curve
- (b) The bottom point of demand curve
- (c) The inflation point of demand curve
- (d) The intersection of demand and supply curve

**185. If the cross elasticity between two products is positive then we can say that**

- (a) The products are perfectly substitute of each other
- (b) The products are complementary to each other
- (c) Both the products are unrelated
- (d) Both are luxury items

**186. If the price elasticity of a product is greater than 1, we can say that**

- (a) The products demand is sensitive to price variation
- (b) Product demand is insensitive to price variation

- (c) Demand and price move in same directions  
(d) None of this
187. If the price elasticity of demand for wine is estimated to be  $-0.6$ , then a 20% increase in price of wine will lead to .....in quantity demanded of wine at that price  
(a) 12% increase  
(b) 12% decrease  
(c) 19.6% increase  
(d) 20.6% decrease
188. If the price elasticity of demand of Chicken is  $+0.95$ . then a 20% increase in price of chicken will lead to in quantity demanded of chicken at that price  
(a) 19 increase  
(b) 19% decrease  
(c) 20.95% increase  
(d) 20.6% decrease
189. If the cross price elasticity of demand for two product is negative, then the two products are .....  
(a) Complementary to each other  
(b) Perfectly substitute for each other  
(c) Completely competitive  
(d) Unrelated
190. If demand of coffee increases by 10% with 20% decline in the price of sugar we can say that  
(a) Cross price elasticity of demand is negative and both the products are complementary to each other  
(b) Cross price elasticity of demand is negative and the goods are substitute  
(c) Cross price elasticity is positive and the products are complementary to each other  
(d) None of these
191. If the price of coffee falls by 8% and the demand for Tea declines by 2%. The corss price elasticity of demand for Tea is  
(a) 0.45  
(b) 0.25  
(c)  $+0.44$   
(d)  $-0.30$
192. When the price of complementary products falls, the demand of the other product will  
(a) Fall  
(b) Increases  
(c) Remain stable  
(d) Drops by 25%
193. When the price of complementary products increases, the demand of the other product will  
(a) Falls  
(b) Increases  
(c) Remains same  
(d) Increases by 25%
194. Elasticity of supply depends upon  
(a) Nature of the commodity  
(b) Production technology  
(c) Future outlook of prices  
(d) All the three
195. A supply curve passing through the origin will have elasticity  
(a) Less than 1  
(b) More than 1  
(c) Just One  
(d) Zero
196. A supply curve passing through any point on X axis(quantity) will have elasticity

- (a) Less than 1
  - (b) More than 1
  - (c) Just one
  - (d) Zero
197. Supply curve passing through any point on Y axis(Price) will have elasticity
- (a) Less than 1
  - (b) More than 1
  - (c) Just One
  - (d) Zero
198. Goods which are perfect substitute of each other will have rate of substitution
- (a) Unity
  - (b) Less than 1
  - (c) More than 1
  - (d) Zero
199. Goods which are perfect substitute of each other will have elasticity of substitution.....
- (a) Unity
  - (b) Less than 1
  - (c) More than 1
  - (d) Infinite
200. Goods which are not perfect substitute of each other but have to be consumed in a fixed ratio will have rate of substitution
- (a) Unity
  - (b) Less than 1
  - (c) More than 1
  - (d) Zero
201. If a dealer is prepared to supply 1000 sets of a 29" Color TV if the price is ₹12,000 per set, however if the price raises to ₹15,000 he is prepared to supply 1,500 pieces. The elasticity of supply of TV set is
- (a) 1
  - (b) 2
  - (c) 0.75
  - (d) 1.4
202. In question No. 201 if at ₹15,000, the dealer is prepared to supply on 1250 sets of TV the elasticity of supply is
- (a) 1
  - (b) 2
  - (c) 0.75
  - (d) 1.4
203. In question No. 201 if at ₹15,000, the dealer is prepared to supply on 1100 TV sets, the elasticity of supply is
- (a) 1
  - (b) 2
  - (c) 0.4
  - (d) 1.5
204. Tea and Coffee are perfect substitute of each other, given the price of Tea and Coffee being ₹100 and ₹200 per Kg. a consumer is prepared to buy 3 Kg. of each. If the price of tea remain same and the price of Coffee rises to ₹400 per kg. the demand for Tea goes to 6 Kg. and that of Coffee falls to 1Kg. The elasticity of substitution between Tea and Coffee is
- (a) 1
  - (b) 4
  - (c) 5
  - (d) 3
205. Select the odd one

- (a) Consumer taste
  - (b) Price of the goods
  - (c) Change in population
  - (d) Increase in price of product
- 206. Select the odd one**
- (a) Price of the product
  - (b) Cost of production
  - (c) No. of suppliers
  - (d) St. duties
- 207. X a consumer spends his entire income on two commodities A and B. if price of A increases by 10% and his expenditure on item B remains same, then the price elasticity of item A is**
- (a) 1
  - (b)  $< 1$
  - (c)  $> 1$
  - (d)  $\geq$
- 208. In question No. 207. If the price of item No. A instead of increasing falls by 25% and still his total expenditure as well expenditure on item B remains same, the price elasticity of A will be**
- (a) 1
  - (b)  $< 1$
  - (c)  $> 1$
  - (d)  $\geq$
- 209. An individual is spending his entire income on two items A and B equally. If income elasticity of A is 4 what is income elasticity of B**
- (a) 4
  - (b) 2
  - (c) 3
  - (d) 1
- 210. If an individual is spending his entire income on two items A and B in the ratio of 60:40. If income elasticity of A is 5 what is income elasticity of B**
- (a) 4
  - (b) 2
  - (c) 5
  - (d) 1
- 211. If prices of petrol rises from ₹40. To ₹48 per lt., the demand for cars falls from 60 per month to 45 per month, the cross elasticity of petrol and Car is**
- (a) 1.5
  - (b) 1.25
  - (c) 1.0
  - (d) 1.59
- 212. If prices of Eggs rises from ₹25 per dozen to ₹30 per dozen, the demand for vegetable burger increases from 30 per day to 40 per day, then the cross elasticity of eggs and vegetable burger is**
- (a) 1.5
  - (b) 1.25
  - (c) 1.65
  - (d) 1.86
- 213. Cross elasticity of a nearly perfect substitute products will be**
- (a) Infinite
  - (b) Zero
  - (c)  $> 1$
  - (d)  $< 1$
- 214. Cross elasticity of unrelated products will be**
- (a) Infinite
  - (b) Zero
  - (c)  $> 1$

- (d)  $< 1$
- 215. Cross elasticity of complementary products will be**  
(a) Infinite  
(b) Zero  
(c)  $> 1$   
(d)  $< 0$
- 216. If two goods are perfect substitutes for one another, the elasticity of substitution will be**  
(a) Infinite  
(b) Zero  
(c)  $> 1$   
(d)  $< 0$
- 217. If two goods are not substitutes at all for one another, the elasticity of substitution will be**  
(a) Infinite  
(b) Zero  
(c)  $> 1$   
(d)  $< 0$
- 218. If the disposal income of a household increases by 10% and the demand for bread falls by 5%. The income elasticity of bread is**  
(a) 0.5  
(b) -0.5  
(c) 1.0  
(d) -1.0
- 219. In question No. 218 bread can be considered as**  
(a) Essential goods  
(b) Luxury goods  
(c) Inferior goods  
(d) Normal goods
- 220. If the disposal income of a household increases by 10% and the demand for X commodity increased by 25%. The income elasticity of X is**  
(a) 1.5  
(b) -0.5  
(c) 2.5  
(d) -2.5
- 221. In question No. 220 X can be considered as**  
(a) Essential goods  
(b) Luxury goods  
(c) Inferior goods  
(d) Normal goods
- 222. If the disposal income of a household increases by 10% and the demand for X commodity increased by 10% the income elasticity of X is**  
(a) 1.5  
(b) 0.5  
(c) 1.5  
(d) 1.0
- 223. In question No. 222 X can be considered as**  
(a) Essential goods  
(b) Luxury goods  
(c) Inferior goods  
(d) Normal goods
- 224. If the disposal income of a household decreases by 10% and the demand for X commodity remains same. The income elasticity of X is**  
(a) 0

- (b) 0.5
- (c) 0.5
- (d) 2.5

**225. In question No. 224 X can be considered as**

- (a) An essential goods
- (b) Luxury goods
- (c) Inferior goods
- (d) Normal goods

**226. Which of these would lead to increase in quantity supplied at a given price**

- (a) Increase in VAT
- (b) Increase in excise duty
- (c) Increase in import duty
- (d) Reduction in levies

**227. Which of these would lead to decrease in quantity supplied at a given price**

- (a) Decrease in VAT
- (b) Decrease in excise duty
- (c) Decrease in import duty
- (d) Imposition of higher levies

**228. The income elasticity of demand of inferior goods is generally**

- (a)  $> 1$
- (b)  $< 1$
- (c)  $< 0$
- (d)  $= 0$

**229. The income elasticity of demand of normal goods is generally**

- (a)  $> 1$
- (b)  $< 1$
- (c)  $< 0$
- (d)  $> 0$

**230. The cross elasticity of complementary goods is generally**

- (a)  $> 1$
- (b)  $< 1$
- (c)  $< 0$
- (d)  $= 0$

**231. The cross elasticity of substitute goods is generally**

- (a)  $> 1$
- (b)  $< 1$
- (c)  $< 0$
- (d)  $> 0$

**232. The elasticity of a demand curve with a constant slope**

- (a) Increases at higher price
- (b) Decreases at higher price
- (c) Increases at lower price
- (d) Remains constant

**233. A perfect inelastic supply curve will be**

- (a) Parallel to Y axis or a vertical line
- (b) Parallel to X axis
- (c) U shaped
- (d) Downward sloping

**234. A perfectly elastic supply curve will be**

- (a) Parallel to Y axis or a vertical line
- (b) Parallel to X axis
- (c) U shaped



- (d) Downward sloping
- 235. Which of the following is not a factor in market supply of a product**
- (a) Cost of production
  - (b) Number of buyers
  - (c) Market price of the product
  - (d) Price of related products
- 236. The minimum price that a supplier expect to make available a specific quantity for sale is called**
- (a) Demand price
  - (b) Administered price
  - (c) Cost price
  - (d) Supply price
- 237. The maximum quantity that a supplier is prepared to supply in the market at a given price is called**
- (a) Economic order quantity
  - (b) Optimum quantity
  - (c) Supply quantity
  - (d) Both or quantity
- 238. Change in cost of production of the concerned goods causes**
- (a) The demand curve to shift
  - (b) The supply curve to shift
  - (c) Increase in quantity demanded
  - (d) Decrease in quantity supplied
- 239. Shift in supply curve is cause by**
- (a) Change in citrus paribus conditions
  - (b) Increase in price
  - (c) Decrease in price
  - (d) Change in consumer income
- 240. At a given price increase in quantity supplied can be possible if .....**
- (a) There is apprehension of sharp fall in prices in future
  - (b) Refund or subsidy of statutory levy in cash is given by the Government
  - (c) Improvement in technology led to cost saving
  - (d) All the three
- 241. Which of these is not a determinant of aggregate supply**
- (a) Quantity demanded
  - (b) Price of the product under consideration
  - (c) Relative price of other goods
  - (d) Future expectations about prices
- 242. A positive sloped supply curve for a product represents**
- (a) Supply will move with movement in the price in the opposite direction
  - (b) Supply will move with the movement in the price in the same direction
  - (c) Both
  - (d) None
- 243. Which of the following will have a relatively flat supply curve**
- (a) Land
  - (b) Labour
  - (c) Capital

(d) Raw material

**244. A supply curve parallel to X axis means the product supply is**

- (a) Limited
- (b) Unlimited
- (c) Not available
- (d) None

**245. Which of these will have highly inelastic supply curve**

- (a) Perishable goods
- (b) Consumer durables goods
- (c) Items of elite class consumption
- (d) All the three

**246. Which of these is not a factor of quantity supplied**

- (a) Price of the goods
- (b) Price of the related other goods
- (c) Cost of production
- (d) Consumers disposal income

**247. The supply of goods means .....**

- (a) Quantity offered for sale at a given price and time
- (b) Quantity produced by the manufacturer
- (c) Quantity available with the supplier
- (d) Consumers disposal income

**248. Under law of supply, ceteris paribus is**

- (a) Cost of production
- (b) Production technology
- (c) None
- (d) Both

**249. According to law of supply .....**

- (a) Higher the price higher the production of the product
- (b) Higher the price lower the cost of production
- (c) Lower the price lower the demand for the product
- (d) Higher the price higher the quantity the seller is prepared to supply in market

**250. The quantity that an individual supplier is prepared to supply over a period of time is a function of**

- (a) Price of the product
- (b) Cost of production of the product
- (c) Both
- (d) None

**251. A desire culminates into demand or effective desire only when it is backed by**

- (a) Purchasing power
- (b) Willingness of spend money
- (c) Both
- (d) None

**252. The ..... price that a customer is willing to pay for a given quantity is called demand price**

- (a) Maximum
- (b) Minimum
- (c) Bargained
- (d) Floor

- 253. Goods or services that are not necessary for living are**  
(a) Needs  
(b) Desires  
(c) Wants  
(d) Essentials
- 254. Complementary goods are those which are .....**  
(a) Consumed simultaneously  
(b) Close competitive  
(c) Both  
(d) Unrelated
- 255. Sugar and tea are ..... goods**  
(a) Complementary  
(b) Perfect substitute of each other  
(c) Both  
(d) Unrelated
- 256. If price of sugar increase, the demand for tea will .....**  
(a) Fall  
(b) Increase  
(c) Not affected  
(d) No relation
- 257. Increase in price of a product reduces the purchasing power as a result of which demand for a product goes up. This effect is known as**  
(a) Substitution effect  
(b) Income effect  
(c) Diminishing marginal utility concept  
(d) Law of diminishing returns
- 258. Decreases in price of a product results in increased consumption of the product as the product becomes cheaper compared to other products. This effect is known as**  
(a) Substitution effect  
(b) Income effect  
(c) Diminishing marginal utility concept  
(d) Law of diminishing returns
- 259. Traditional approach to law of Demand was propounded by**  
(a) Giffen  
(b) A Samulson  
(c) Alfred Marshall  
(d) Pique
- 260. According to traditional approach the factor responsible for operation of downward slope of demand curve are**  
(a) Change in number of consumers  
(b) Law of decreasing marginal utility  
(c) Alternative uses of goods  
(d) All the three
- 261. According to Modern approach, law of demand is caused by**  
(a) Income effect  
(b) Substitution effect

- (c) Both
- (d) None

**262. Which of these are exception to law of Demand**

- (a) Giffen effect/goods
- (b) Future change in prices
- (c) Change in fashion
- (d) All the three

**263. Shift in Demand curve or change in Demand curve occurs due to**

- (a) Increase in price
- (b) Decrease in cost of production
- (c) Change in Ceteris paribus conditions
- (d) All the three

**264. Change in quantity demanded or Movement along demand curve occurs due**

- (a) Due to change in price only
- (b) Change in Ceteris paribus conditions only
- (c) Change in cost of production
- (d) Change in technology

**265. Increase in Demand is also known as – in economics**

- (a) Expansion in demand
- (b) Compression in demand
- (c) Extension in demand
- (d) Extraction in demand

**266. Decrease in Demand is also known as**

- (a) Expansion in demand
- (b) Compression in demand
- (c) Extension in demand
- (d) Extraction in demand

**267. Tea and coffee are**

- (a) Complementary goods
- (b) Alternative goods
- (c) Unrelated goods
- (d) None of these

**268. If price of Tea increases the demand of coffee will**

- (a) Increase
- (b) Decrease
- (c) Remain same
- (d) Cannot say

**269. The demand function of a product x is as  $dx = 12 - 2P_x$ , where  $P_x$  stand for price. The quantity demanded corresponding to price of ₹2 will be .....**

- (a) 8
- (b) 6
- (c) 5
- (d) 10

**270. In question No. 269 the quantity demanded if the price is 5 will be .....**

- (a) 8
- (b) 2

- (c) 5  
(d) 10
271. If an Individual Y has a demand of 6 units of the product of market price of the product will be ..... (Ref. Q. No. 269)  
(a) ₹4  
(b) ₹5  
(c) ₹3  
(d) ₹4.5
272. If there are 5000 customers for the product, the aggregate market demand for the product at market price ₹2 in the question No. 269 will be .....  
(a) 40,000  
(b) 30,000  
(c) 20,000  
(d) 16,000
273. Aggregate market demand in question No. 270 If there are 5000 customers will be .....  
(a) 40,000  
(b) 30,000  
(c) 20,000  
(d) 16,000
274. The Supply function of a product x is as  $S_x = 5p_x + 3$ . Where  $P_x$  stand for price. The quantity supplied corresponding to price of ₹2 will be .....  
(a) 18  
(b) 13  
(c) 15  
(d) 23
275. In question No. 274 if the price is ₹4 the supply available in the market will be .....  
(a) 18  
(b) 13  
(c) 15  
(d) 23
276. At what price the firm will be willing to supply 28 pieces in the market (Ref. Q. No. 274)  
(a) ₹4  
(b) ₹5  
(c) ₹3  
(d) ₹4.5
277. If there are 1000 firms in the market dealing the product under question what would be the aggregate supply if the price is ₹4 (Ref. Q. No. 274)  
(a) 20,000  
(b) 23,000  
(c) 25,000  
(d) 21,000
278. The individual demand and supply curve of a product are  $D_x = 12 - 2p_x$ ,  $S_x = 3 + 5p_x$ , where  $P_x$  stand for price and  $D_x$  and  $S_x$  respectively stands for quantity demanded and quantity supplied. If there are 5000 consumers and 1000 suppliers for the product under question. What will be the equilibrium price  
(a) ₹4

- (b) ₹5
  - (c) ₹3
  - (d) ₹4.5
- 279. What is the quantity demanded and supplied at the equilibrium price (Ref. Q. No. 278)**
- (a) 20,000
  - (b) 22,000
  - (c) 21,000
  - (d) 19,000
- 280. What is the aggregate demand if the market price is ₹4.20 per unit (Ref. Q. No. 278)**
- (a) 20,000
  - (b) 22,000
  - (c) 19,000
  - (d) 18,000
- 281. What is the aggregate supply if the market price is ₹4.20 per unit (Ref. Q. No. 278)**
- (a) 20,000
  - (b) 24,000
  - (c) 25,000
  - (d) 28,000
- 282. The quantity of a commodity which an individual is willing to purchase over a specific period of time is a function of**
- (a) Price of the product
  - (b) Disposal income
  - (c) Taste and price of other commodities
  - (d) All the three
- 283. Market demand curve for a commodity is**
- (a) Horizontal summation of the individual demand curve for the commodity
  - (b) Summation of individual demand curve for 3 years
  - (c) Demand curve of complementary goods
  - (d) Demand curve of supplementary goods
- 284. Equilibrium state is achieved at**
- (a) The peak point of supply curve
  - (b) The bottom point of demand curve
  - (c) The inflection point of demand curve
  - (d) The intersection of demand and supply curve
- 285. Under the law of demand ceteris paribus is/are**
- (a) Price of other goods
  - (b) Disposal income
  - (c) Tastes and preferences
  - (d) All the three
- 286. The demand for a product is 25 units when the price is ₹10, however the demand rises to 26 when the price is reduced to ₹9.9 per unit. The marginal revenue from production and sale of additional unit from 25 to 26 is**
- (a) ₹7.4
  - (b) ₹(16)
  - (c) ₹10
  - (d) ₹257.6

287. If in question No. 286 the price is reduced to ₹9 But the demand goes to 26 units what is the marginal revenue from sale of 26<sup>th</sup> unit
- (a) ₹7.4
  - (b) ₹(-16)
  - (c) ₹16
  - (d) ₹257.4
288. In question No. 286 what is the total revenue from sale of 26 units
- (a) ₹7.4
  - (b) ₹9
  - (c) ₹10
  - (d) ₹257.40
289. In question No. 286 what is the total revenue from sale of 26 units
- (a) ₹16
  - (b) ₹9
  - (c) ₹234
  - (d) ₹257.4
290. In question No. 286 what is the average revenue from sale of 26 units
- (a) ₹10
  - (b) ₹9.9
  - (c) ₹9
  - (d) ₹16
291. If the question No. 286 despite reduction in price to ₹9.9 the demand for the product remains at 25 units we can say that the demand for the product is
- (a) Elastic
  - (b) Less elastic
  - (c) Perfectly inelastic
  - (d) Unity elastic
292. In question No. 286 if the price is reduced to ₹9 per unit the demand for the product instead of increasing fall down to 24 units, the goods can be .....
- (a) Essential goods
  - (b) Luxury goods
  - (c) Inferior goods
  - (d) None of these
293. In question No. 286 if the price is increased to ₹11 per unit and the demand sharply falls to 20 unit, we can say that the goods are .....
- (a) Essential goods
  - (b) Luxury goods
  - (c) Inferior goods
  - (d) None of these
294. A levy of excise duty on consumption of an item consumed will .....
- (a) Induce suppliers to pump in more quantity in the market
  - (b) Result in fall in the consumption of the commodity and lower total expenditure on it by the consumer
  - (c) Lead to inflationary conditions
  - (d) Place the consumer on lower indifference curve

- 295. An imposition of excise duty would effect the demand of a product due to .....**
- (a) Income effect
  - (b) Substitution effect
  - (c) Both
  - (d) None
- 296. Two commodities X and Y goods can be inferred as close substitute of each other if –**
- (a) Increase in price of one leads to increase in demand of other and vice versa
  - (b) Increase in price of one leads to decrease in demand of other and vice versa
  - (c) Fall in price of one lead to fall in demand of other one
  - (d) Increase in price of one leads to increase in demand of other one
- 297. Two Commodities X and UY can be inferred as complementary to each other if**
- (a) Increase in price of one leads to increase in demand of other and vice versa
  - (b) Increase in price of one leads to decrease in demand of other and vice versa
  - (c) Fall in price of one lead to fall in demand of other one
  - (d) Increase in price of one leads to increase in demand of other one
- 298. Goods or services that are necessary for living are**
- (a) Needs
  - (b) Desires
  - (c) Wants
  - (d) Essentials
- 299. A goods can be considered inferior goods in economics if increase in disposal income of the consumer causes**
- (a) An increase in demand
  - (b) No change in demand
  - (c) Decrease in demand
  - (d) Less than proportionate change in demand
- 300. A goods can be considered a normal goods in economics if increase in disposal income of the consumer causes**
- (a) An increase in demand
  - (b) No change in demand
  - (c) Decrease in demand
  - (d) Less than proportionate change in demand
- 301. Change in consumers tastes and preference causes – of the particular goods**
- (a) Change in quantity demanded
  - (b) Shift in demand curve
  - (c) Change in price
  - (d) No effect on quantity demanded
- 302. Change in price of the goods cause**
- (a) Change in quantity demanded
  - (b) Shift in demand curve
  - (c) Change in price
  - (d) No effect on quantity demanded
- 303. If price of Choco bar decreases we except**
- (a) The quantity demanded to increase
  - (b) Quantity demanded to decrease
  - (c) Demand curve to shift left



- (d) No change in quantity demanded
- 304. According to law of demand**
- (a) Higher the price higher the production of the product
  - (b) Higher the price lower the cost of production
  - (c) Lower the price higher the demand for the product
  - (d) Higher price higher the quantity the more the consumer demand
- 305. The quantity of a commodity that an individual is willing to purchase over a specified period of time is a function of except .....**
- (a) Price of the commodity
  - (b) Price of the competitive products
  - (c) His disposal income
  - (d) Price of factor of production
- 306. Market demand curve for a commodity is a**
- (a) Horizontal summation of all the individual demand curve for that product
  - (b) Summation of demand curve of competitive products
  - (c) Demand curve of average demand and price of previous six months
  - (d) Projected demand schedule for next three months
- 307. If the supply of a product remain same with the increase in price, the possible reasons can be**
- (a) Apprehension of further price hike
  - (b) Limited production facility
  - (c) Commodity being a rare commodity
  - (d) All the three
- 308. In a market economy equilibrium price is reached at**
- (a) Point of interaction of aggregate demand and aggregate supply curve
  - (b) At the top of demand curve
  - (c) Midpoint of demand curve
  - (d) Midpoint of supply curve
- 309. Which of the following is/are an essential feature of the market**
- (a) Buyers
  - (b) Sellers
  - (c) Price
  - (d) All the three
- 310. Which of these is not an essential feature of a market**
- (a) Buyers
  - (b) Sellers
  - (c) Commodity
  - (d) Building with loading and unloading facilities
- 311. Which of the following is/are the characteristic of a monopolistically competitive market**
- (a) No restriction on exit and entry
  - (b) Many sellers
  - (c) Product differentiation
  - (d) All the three
- 312. If there is simultaneous fall in consumers disposal income as well number of suppliers of a product in the market, the**
- (a) Equilibrium quantity will decrease
  - (b) Equilibrium price will decrease

- (c) Equilibrium price will go up
  - (d) Equilibrium quantity will increase
- 313. Very short period is the market condition where the supply remain perfectly**
- (a) Elastic
  - (b) Inelastic
  - (c) Unity elastic
  - (d) Elasticity less than 1
- 314. In the long run price is governed by .....**
- (a) Cost of Production
  - (b) Demand supply forces
  - (c) Marginal utility
  - (d) None
- 315. Adam Smith called price mechanism as**
- (a) Invisible hands
  - (b) Consumer sovereignty
  - (c) Consumer liberty
  - (d) Price regulation
- 316. In the long run a firm in perfect competition earns**
- (a) Normal profit only
  - (b) Abnormal profit
  - (c) Average profit of past five years
  - (d) 12.33% profit on capital employed
- 317. The practice of selling same product to different persons at different price is called**
- (a) Price discrimination
  - (b) Price rigging
  - (c) Price manipulation
  - (d) Price Justification
- 318. Which of these is not a cause of price discrimination**
- (a) Ignorance of consumer
  - (b) Place differentiation
  - (c) Variation in quality
  - (d) Tax differentiation
- 319. If both the disposal income as well as number of suppliers of a product rises, the equilibrium**
- (a) Price remain same
  - (b) Price will go up
  - (c) Quantity will go up
  - (d) Quantity will go down
- 320. Simultaneous increase in demand and quantity supplied will**
- (a) Increase in equilibrium price and quantity
  - (b) Decrease equilibrium price and quantity
  - (c) Increase equilibrium price but decrease quantity
  - (d) Decrease equilibrium price but increase quantity
- 321. A firm faces the shut down situation when**
- (a) Price is less than average variable cost
  - (b) Price is more than the average variable cost
  - (c) Price is equal to fixed cost

- (d) Price is more than the average fixed cost
- 322. If a firm shut down at a level when  $AVC > \text{Price}$ , the firm restricts its losses to**
- (a) Total fixed cost
  - (b) Average fixed cost
  - (c) Variable cost
  - (d) Average variable cost
- 323. Fixed costs are**
- (a) Avoidable in the short run
  - (b) Sunk cost in the short run
  - (c) Sunk cost in the long run
  - (d) Unavoidable in the long run
- 324. When the price is less than the average variable cost, the firm should .....**
- (a) Continue to operate till the market recover
  - (b) Shut down its operation for the time being
  - (c) Retrench workers and pay them compensation
  - (d) Clear the existing stock at a price less than the prevailing price to beat the competitors
- 325. Breakeven point refers to the situation when**
- (a) Total revenue is equal to total cost
  - (b) Total revenue is more than total cost
  - (c) Total revenue is less than total cost
  - (d) Total revenue is equal to total variable cost
- 326. A firm that break even after all the economic costs are paid is earning**
- (a) Economic profit
  - (b) Accounting profit
  - (c) Normal profit
  - (d) Super normal profit
- 327. A firm that makes profit in excess of normal profit is earning**
- (a) Economic profit
  - (b) Costing profit
  - (c) Normal profit
  - (d) Super normal profit
- 328. A natural monopoly has declining – over large range of output**
- (a) Long run average cost
  - (b) Short run average cost
  - (c) Long run total cost
  - (d) Long run marginal cost
- 329. A monopoly based on sole state ownership of production and distribution network is known as**
- (a) Natural monopoly
  - (b) Technological monopoly
  - (c) Government monopoly
  - (d) Geographical monopoly
- 330. The market state that satisfy all the essential features of a perfect competitive market except identity of product is known as**
- (a) Oligopoly
  - (b) Duopoly
  - (c) Monopoly

- (d) Monopolistic competition
- 331. .... may start a price war in order to grab a larger share of market**
- (a) Oligopoly
  - (b) Duopolies
  - (c) Monopolist
  - (d) Monopolistic competition
- 332. In the short run if the price is above the average total cost in a monopolistic competitive market, the firm makes**
- (a) Profits and new firms join the market
  - (b) Profit and bar entry to new firms
  - (c) Makes losses and exit the market
  - (d) Quick profit and disappears
- 333. Which of these is associated with a monopolistic competitive market –**
- (a) Product differentiation
  - (b) Homogeneous Product
  - (c) Normal in short run
  - (d) Single buyer
- 334. The ideal level of operation for a pure monopoly firm is the level where**
- (a) TR and STC curve are parallel to each other
  - (b)  $TR = TC$
  - (c)  $TR = \text{Total variable cost}$
  - (d)  $TR$  is less than  $STC$
- 335. When the Demand curve of a pure monopoly firm is elastic, MR will be**
- (a) Negative
  - (b) Positive
  - (c) Zero
  - (d) Any of these
- 336. In short run a monopolistic competition firm will be in equilibrium where**
- (a)  $MR = \text{curve intersect SMC curve from above}$
  - (b)  $MR$  curve intersect  $SMC$  curve from below
  - (c)  $MC = AR$
  - (d)  $MR$  curve intersect  $SMC$  from below and  $P$  is equal to or more than  $AVC$
- 337. In a pure monopoly firm a firm can make abnormal profit at the long run equilibrium level due to**
- (a) Price discrimination
  - (b) Cost effectiveness
  - (c) Banned entry of new firms
  - (d) Sales promotion
- 338. In the short run an oligopolistic firm will**
- (a) Make profits
  - (b) Incur losses
  - (c) Just break even
  - (d) Any of these three are possible
- 339. A monopoly firm makes more profit because**
- (a) It has ability to choose among price and output combination
  - (b) It can discriminate price
  - (c) It leave the consumer with no consumer surplus

- (d) it acts as a market leader
- 340. Super normal profits occurs when**
- Average revenue is more than average cost
  - Total revenue is maximum
  - Total cost is minimum
  - MC is equal to MR
- 341. .... has excess production capacity in the long run**
- Perfect competition market
  - Monopolistic competition market
  - Oligopolistic market
  - None
- 342. Oligopoly market is known for .....**
- Price flexibility
  - Price rigidity
  - Price discrimination
  - All the three
- 343. In a competitive market ..... is the price maker**
- Firm
  - Industry
  - Consumer
  - Trade association
- 344. In a competitive market ..... is the price taker**
- Firm
  - Industry
  - Consumer
  - Trade association
- 345. A competitive firm maximizes its total profit when .....**
- Average cost equal average realization
  - Marginal cost equals Price
  - Total revenue is the maximum
  - MR = AR
- 346. A Monopoly's demand curve is**
- Same as its average revenue curve
  - Same as its supply curve
  - Same as its cost curve
  - Same as that of the factor inputs
- 347. Which of them is a characteristic of a price taker**
- MR = Price
  - AR = MR
  - TR = PXQ
  - All the three
- 348. The table given below shows the demand and supply position of eggs at various prices**

Price (₹Per dozen)	Daily Demand	Daily supply
16	3000	2300
17	2950	2350
18	2850	2475

19	2750	2525
20	2600	2600
21	2500	2650
22	2450	2700
23	2400	2750
24	2350	2800

What will be the equilibrium price

- (a) ₹19
- (b) ₹20
- (c) ₹21
- (d) ₹23

349. In question No. 348. What is the equilibrium quantity of demand and supply

- (a) 2525
- (b) 2600
- (c) 2650
- (d) 2725

350. Under perfect market conditions an Industry is said to be in equilibrium where

- (a) Total output is equal to total demand
- (b) Profit is maximum
- (c) Where the total revenue is maximum
- (d) Where total average cost is the minimum

351. Under perfect market conditions a firm is said to be in equilibrium where

- (a) Total output is equal to total demand
- (b) Profit is the maximum
- (c) Where the total revenue is maximum
- (d) Where total average cost is the minimum

352. Under perfect market conditions the supply curve of a firm is represented by

- (a) MC curve
- (b) MR curve
- (c) AR curve
- (d) AC curve

353. Long-term equilibrium of an Industry under a perfectly market conditions is achieved when

- (a) All the firms are earning normal profit
- (b) All the firms are in equilibrium
- (c) There is no further entry or exit of firms from the industry
- (d) All the three

354. Which of the following statement is true

- (a) In perfect competition Average and Marginal revenue are identical
- (b) In perfect competition Average and Marginal cost are identical
- (c) In perfect competition Average price and Marginal cost are identical
- (d) In perfect competition only normal profit can be earned by a firm

355. For a monopoly firm market demand curve is

- (a) Marginal revenue curve itself
- (b) Average Revenue curve itself
- (c) Marginal cost curve
- (d) None

356. Which of the following statement is true

- (a) For a monopoly firm AR can be zero
  - (b) For a monopoly firm MR can be zero or even negative
  - (c) For monopoly firm MR and AR are identical
  - (d) For a monopoly firm MR and AR are positive sloped
- 357. For a monopoly firm the MR Curve**
- (a) Overlaps AR curve
  - (b) Is above the AR curve
  - (c) Lies half way between AR curve and the Y axis
  - (d) Is same as AR curve
- 358. A monopoly is characterized by**
- (a) Limited entry and exit opportunity
  - (b) Single supplier
  - (c) Few customers
  - (d) All the three
- 359. Which of the following faces a downward sloping demand curve**
- (a) Firm in a competitive market
  - (b) Firm in a monopoly market
  - (c) Both
  - (d) None
- 360. Average Revenue of a monopolist firm is**
- (a) Always more than the Marginal revenue
  - (b) Always less than the Marginal revenue
  - (c) Equal to marginal revenue
  - (d) Any of the above three possible
- 361. Demand curve of an Oligopoly firm is characterized by**
- (a) Horizontal to X axis
  - (b) Kink at the price
  - (c) U shaped curve
  - (d) A liner line
- 362. Which of the following statement is true**
- (a) Monopolist are price takers
  - (b) Monopoly firm earn abnormal profits
  - (c) A Monopoly firm faces straight demand line
  - (d) Supply curve of a monopoly firm is positive sloped
- 363. What will happen if a firm in perfect competitive market, increase its output by 50%**
- (a) Total sales revenue will also increase by 50%
  - (b) Selling price will come down by 50%
  - (c) Total sales revenue will decrease by 50%
  - (d) Profit will increase by 25%
- 364. .... it is the form of the market in which the only seller of a commodity has fully control over the prices**
- (a) Monopoly
  - (b) Pure monopoly
  - (c) Simple monopoly
  - (d) All the three
- 365. Stock of both man made goods as well as natural resources like capital is called –**
- (a) National wealth

- (b) National stock
  - (c) No less no gain level
  - (d) All the three
366. .... is a situation in which it is not possible to make someone better off without making someone worse off
- (a) Social efficiency
  - (b) Production efficiency
  - (c) Distribution efficiency
  - (d) Pareto efficiency**
367. .... is the price at which demand for a commodity is equal to its supply
- (a) Normal price
  - (b) Equilibrium price
  - (c) Short run price
  - (d) Secular price
368. When a monopolist charges different prices to each customer it is called price discrimination of –
- (a) First order
  - (b) Second order
  - (c) Third order
  - (d) Fourth order
369. The demand curve of a Monopoly firm is –
- (a) Same that of a firm in a perfect competition
  - (b) Same as that of the total market demand
  - (c) Non-exist
  - (d) Perfectly elastic
370. In a perfect competitive market price determines –
- (a) What to buy
  - (b) What to produce
  - (c) Both
  - (d) None
371. Total profit of a firm in a perfect competitive market is –
- (a) Total revenue less total cost
  - (b) Marginal revenue less marginal cost
  - (c) Total revenue less marginal cost
  - (d) Total revenue less variable cost
372. National income is the ..... Of all the goods and services produced by a country during a period of year
- (a) Physical quantity
  - (b) Money value
  - (c) ₹Value
  - (d) All the three
373. GPD is the money value of final goods and serviced produced in the..... Of a country during an accounting year
- (a) Domestic territory
  - (b) Political territory
  - (c) Specific area
  - (d) FTZ area



- 374. Which of these is/ are included in the domestic territory of a country?**
- (a) Territory lying within the political frontier including territorial water of the country.
  - (b) Ships and aircrafts operated by the residents of the country between two or more countries.
  - (c) Fishing vessels, oil and natural gas rigs and floating platforms.
  - (d) All the three
- 375. Choose the correct statement**
- (a)  $GPD\ at\ fc = GPD\ mp - IT + S$
  - (b)  $GPD\ at\ fc = GDP\ mp - IT - S$
  - (c)  $GDP\ at\ fc = GDP\ mp + IT + S$
  - (d)  $GDP\ at\ fc = GDP\ mp + IT - S$
- 376. Which of the following equation is correct**
- (a)  $NDP = GDP - \text{Depreciation}$
  - (b)  $NDP = GDP + \text{Depreciation}$
  - (c)  $NDP = GDP - \text{Depreciation} - \text{subsidy}$
  - (d)  $NDP = GDP - \text{Depreciation} + \text{subsidy}$
- 377. Which of the following equation is correct?**
- (a)  $GNP = GDP + \text{Net factor income from abroad}$
  - (b)  $GNP = GDP + \text{Gross factor income from abroad}$
  - (c)  $GNP = GDP - \text{Net factor income from abroad}$
  - (d)  $GNP = GDP - \text{Gross factor income from abroad}$
- 378. Which of these items are excluded in the computation of National Income under value added method?**
- (a) Own acquired fixed assets by the Government enterprises, Govt. and household
  - (b) Production for self-consumption
  - (c) Imputed rent for own occupied house
  - (d) All the three
- 379. Which of these is / are a transfer payments(s)?**
- (a) Pension
  - (b) Scholarship
  - (c) Unemployment allowance
  - (d) All the three
- 380. In agricultural sector net value added is estimated by**
- (a) Income method
  - (b) Expenditure method
  - (c) Production method
  - (d) All the three
- 381. Which of these are not included in territory sector?**
- (a) Banking
  - (b) Insurance
  - (c) Agriculture
  - (d) Transport
- 382. Which of these indicates increase in welfare of the people?**
- (a) Increase in production of war time equipments
  - (b) Increase in production of food grains
  - (c) Spurt in smuggling activities
  - (d) Increase in production of Heroine, smack etc.

- 383. Which of the following is an example of an intermediate goods.**  
(a) A Tata Indica sold by a dealer of second hand car  
(b) Steel and cement used to construct a flyover  
(c) Farming crop purchased by FCI  
(d) All the three
- 384. GDP is defined as**  
(a) The market value of all goods and services produced in the domestic economy during the year  
(b) Current value of all the capital goods produced in the country.  
(c) Sum of goods and services exported during the year.  
(d) All the capital goods and consumable goods produced and sold during the year
- 385. If in 2000 nominal GDP is = ₹70000 Crore and the prices in 2000 were 40% more than the real GDP in 2000 using 1996 as a base year is**  
(a) ₹45,000 Crore  
(b) ₹50,000 Crore  
(c) ₹42,000 Crore  
(d) ₹98000 Crore
- 386. Assuming consumption C= ₹45000, Investment I= ₹1000, Government Purchase G= ₹1200, Exports=₹450, Depreciation = ₹600, and Indirect Tax= ₹500, then GDP will be**  
(a) ₹5900  
(b) ₹6600  
(c) ₹6000  
(d) ₹5100
- 387. In question No. 386, the National Income will be**  
(a) ₹5000  
(b) ₹6600  
(c) ₹6000  
(d) ₹5500
- 388. If the cost of production of a cake in bakery is ₹20 per cake which is ultimately sold to the customer after packing and transporting to the retail shops at ₹25 per cake. The value added is**  
(a) ₹5  
(b) ₹20  
(c) ₹25  
(d) ₹4
- 389. In a closed economy**  
(a) GDP=GNP  
(b) GDP>GNP  
(c) GDP<GNP  
(d) All the three are possible
- 390. In an open economy**  
(a) GDP=GNP  
(b) GDP>GNP  
(c) GDP<GNP  
(d) All the three are possible

- 391. Which of these is an example of a transfer payment?**  
(a) Profit  
(b) Retirement pension  
(c) Rent  
(d) Transportation and freight charges
- 392. GDP can be defined as sum of the market value of the.....**  
(a) Final manufactured goods and services  
(b) Intermediate goods  
(c) Goods and services exported  
(d) Sub-standard goods and discarded services
- 393. A read garment factory pays ₹100 for suit length and ₹5 for cotton thread purchased and ₹50 to the labour for stitching the suit which he sells in the market for ₹750. His contribution to GDP is**  
(a) ₹595  
(b) ₹750  
(c) ₹600  
(d) ₹400
- 394. Which of these would not be part of GDP?**  
(a) Sale of Intermediate goods  
(b) Income from illegal betting  
(c) Household services rendered by a house wife in her family  
(d) All the three
- 395. Real GDP is measured in.....prices**  
(a) Base year  
(b) Current year  
(c) 1980  
(d) 2000
- 396. Nominal GDP is measured in .....prices**  
(a) Base year  
(b) Current year  
(c) 1980  
(d) 2000
- 397. Which of these is not a part of GDP for the year 2006?**  
(a) Earning of an International fashion show organized in Delhi  
(b) Sale of ticket for Republic day parade.  
(c) Fee of a practicing Chartered Accountant  
(d) A house built in 2000 and first sold in 2006
- 398. If GDP exceeds GNP the possible reasons could be**  
(a) Foreigners are earning more in India than Indians are earning in foreign countries  
(b) High incidence of plant and machinery wear out  
(c) Indian are earning more in foreign countries than foreigners earnings in India  
(d) None
- 399. .... is an index of price change for goods and services included in GDP**  
(a) Price index  
(b) Sensex  
(c) GDP deflator  
(d) None

400. From the following equation estimated consumption when disposal income is ₹1000 is  $C = ₹200 + 0.80Y_d$
- (a) ₹1000
  - (b) ₹1100
  - (c) ₹900
  - (d) ₹800
401. The vital data of a country are given below:  
GNP at MP = ₹99,000, Net factor income abroad = (-) 560 Capital consumption allowance = ₹6,100, Net indirect tax = ₹8,470  
From the above, estimate of GNP at factor cost =
- (a) ₹90,530
  - (b) ₹91,000
  - (c) ₹89,990
  - (d) ₹93,100
402. Based on the data given in question No. 401. NNP at factor cost
- (a) 84,430
  - (b) 87000
  - (c) 86540
  - (d) 88000
403. Based on the data given in question No. 401. NDP at FC
- (a) 86,430
  - (b) 87000
  - (c) 84990
  - (d) 88000
404. Based on the data given in question No. 401. NDP at MP
- (a) 88,430
  - (b) 93460
  - (c) 86540
  - (d) 88000
405. Which of the following statement is true?
- (a) Value added = total sales + closing stock of finished goods – opening stock of finished goods – total expenditure on raw material – intermediate goods
  - (b) Value added = total sales + closing stock of finished goods and semi finished goods – total expenditure on raw material – intermediate goods
  - (c) Value added = total sales + closing stock of finished goods and semi-finished goods-opening stock of finished goods and semi finished goods-total expenditure on raw material
  - (d) Value added = total sales + closing stock of finished goods and semi finished goods – opening stock of finished goods and semi finished goods – total expenditure on raw material – intermediate goods.
406. True value added
- (a) value added-depreciation
  - (b) Value added – depreciation – tax
  - (c) Value added – interest – tax
  - (d) Value added – depreciation-interest
407. If Nominal GDP is 11% and Real GDP is 6%, then the difference of 5% represent
- (a) Depreciation

- (b) Rate of inflation
  - (c) Rate of interest
  - (d) Tax burden
- 408. Given Real GDP of 6.5% and rate of inflation of 5.5% nominal GDP will be.....**
- (a) 12%
  - (b) 10%
  - (c) 10.5%
  - (d) 9.5%
- 409. Given Real GDP 8.25%, Nominal GDP 11.25%, Rate of inflation will be**
- (a) 2.5%
  - (b) 3%
  - (c) 4.25%
  - (d) 3.5%
- 410. If we add..... to net domestic production we get GDP**
- (a) Depreciation
  - (b) Direct tax
  - (c) Indirect tax
  - (d) Interest payment
- 411. If we add..... to national income we get NDP**
- (a) Depreciation
  - (b) Net foreign factor income
  - (c) Indirect-tax
  - (d) Transfer payment
- 412. .... is the personal income minus personal income tax and miscellaneous receipts of Government administrative departments.**
- (a) Surplus income
  - (b) Disposal income
  - (c) Expendable income
  - (d) Residual income
- 413. Which of these is/are not included in net domestic product at factor cost.**
- (a) Wages or compensation of employees
  - (b) Rent, interest, profits or operating surplus
  - (c) Mixed income
  - (d) None
- 414. Which is the apex bank for agricultural credit in India?**
- (a) RBI
  - (b) SIDBI
  - (c) NABARD
  - (d) IDBI
- 415. SIDBI is a subsidiary bank of**
- (a) IDBI
  - (b) SBI
  - (c) HDFC
  - (d) ICICI
- 416. RBI check inflation by**
- (a) Increasing bank rate

- (b) Increasing CRR
  - (c) Both
  - (d) None
- 417. Which of the following is near money?**
- (a) Bill of exchange
  - (b) Saving bonds
  - (c) Gilt edged securities
  - (d) All the three
- 418. Which of the following is the oldest system of money?**
- (a) Barter
  - (b) Plastic money
  - (c) Credit money
  - (d) Gold
- 419. Optional money is a**
- (a) Legal tender money
  - (b) Non-legal tender money
  - (c) Limited legal tender money
  - (d) Full bodied money
- 420. Which of these is not a function of money?**
- (a) Means of exchange
  - (b) Store value
  - (c) Power indicator
  - (d) Measurement of value
- 421. Which of the following function does money serve when used to measure the prices of different goods and services?**
- (a) Store of value
  - (b) Medium of exchange
  - (c) Standard of value
  - (d) Display of power
- 422. Which of the following function does money serve when used to purchase or sell different goods and services?**
- (a) Store of value
  - (b) Medium of exchange
  - (c) Standard of value
  - (d) Display of power
- 423. If RBI wants to decrease the money supply in order to check inflation it will**
- (a) Sell bonds
  - (b) Increase CRR
  - (c) Hike bank rate
  - (d) All or any of the above three
- 424. If the country is passing through recession, the RBI would**
- (a) Buy bonds
  - (b) Reduce CRR
  - (c) Ease out bank rate
  - (d) All or any of the above three
- 425. If RBI sucks excess money into circulation this will effect**

- (a) M1
  - (b) M2
  - (c) Both
  - (d) None
- 426. Manipulation in CRR enables the RBI to .....**
- (a) Influence the lending ability of the commercial banks
  - (b) Check unemployment growth
  - (c) Check poverty
  - (d) Increase GDP
- 427. How does a commercial bank create money**
- (a) By printing money
  - (b) By lending a part of its deposits
  - (c) By issuing ATM cards
  - (d) Accepting deposits
- 428. Which of these affects the demand for money?**
- (a) Real income
  - (b) Price level
  - (c) Rate of interest
  - (d) All the three
- 429. If someone keeps some money for bad days, this demand for money is known by ..... motive of money**
- (a) Speculative
  - (b) Transaction
  - (c) Precautionary
  - (d) Store
- 430. Which of these would lead to fall in demand for money?**
- (a) Inflation
  - (b) Increase in real income
  - (c) Increase in real rate of interest
  - (d) Increase in wealth
- 431. EXIM Bank was established in**
- (a) Jan. 1982
  - (b) March 1984
  - (c) Feb. 2001
  - (d) August 1975
- 432. EXIM Bank is authorized to raise loan from**
- (a) RBI
  - (b) Government of India
  - (c) International market
  - (d) Trading activities
- 433. Which of these are not the duties of EXIM Bank?**
- (a) Lending/Guarantee
  - (b) Advisory
  - (c) Promotional
  - (d) Trading activities
- 434. RBI was nationalized in**

- (a) June 1947
  - (b) Jan. 1949
  - (c) March 1954
  - (d) April 1936
- 435. Which of these terms are/is appropriate for RBI?**
- (a) Banker's Bank
  - (b) Banker's to the Government
  - (c) Both
  - (d) None
- 436. Exchange Control and Management is done by**
- (a) RBI
  - (b) As per Defence of India Act
  - (c) SBI
  - (d) IDBI
- 437. FERA has been replaced by**
- (a) FINA
  - (b) FEMA
  - (c) FENA
  - (d) MRTP
- 438. CRR means**
- (a) Cash Reserve Ratio
  - (b) Current rate of return
  - (c) Cumulative rate of return
  - (d) Current rate of Rupee
- 439. CRR is used to**
- (a) Combat inflation
  - (b) Check black money
  - (c) Check tax evasion
  - (d) All the three
- 440. SLR stands for**
- (a) Short liquid rupee
  - (b) Statutory liquid ratio
  - (c) Statutory liquid Rupee
  - (d) Shorter long rung
- 441. Nationalization of Banks took place in**
- (a) July 1969
  - (b) February 1977
  - (c) Jan. 1960
  - (d) April 1989
- 442. Repo Market means**
- (a) A money market instrument which helps in collateral short term borrowing and lending through sale and purchase operation in debt instrument
  - (b) A money market instrument which helps in collateral long term borrowing and lending through sale and purchase operation in debt instrument
  - (c) A money market instrument which helps in collateral short term lending through sale and purchase operation in debt instrument



- (d) A money market instrument which helps in collateral short term borrowing through sale and purchase operation in debt instrument

**443. Repo transaction means**

- (a) Sale of securities by the bolder to the investor with the agreement to purchase them at a predetermined rate and date.
- (b) Sale of securities by the holder to the investor with the agreement to resell them at a predetermined rate and date.
- (c) Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date
- (d) Sale of securities by the holder to the investor with the agreement to purchase them at market driven rate.

**444. Reverse Repo transaction means**

- (a) Sale of securities by the holder to the investor with the agreement to purchase them at a predetermined rate and date
- (b) Sale or purchase of securities by the holder to the investor with the commitment to sell or purchase them at a predetermined rate and date
- (c) Sale and purchase of securities by the holder to the investor with the agreement to purchase them at the prevailing rate and date
- (d) Sale of securities by the holder to the investor with the agreement to purchase them at market driven rate

**445. Repo transactions are allowed in**

- (a) Government securities / Treasury bills of all maturity
- (b) State Government securities
- (c) PSU bonds/Private corporate bonds
- (d) All the three

**446. India is a recipient of loan from which of these agencies**

- (a) World Bank
- (b) IMF
- (c) IDA
- (d) All the three

**447. Demand pull inflation rises due to**

- (a) Persistent rise in factor cost
- (b) Mismatch between demand and supply of commodities
- (c) Combine phenomena of demand pull and cost-push inflation.
- (d) Increase in Price of precious metal

**448. Cost push inflation arises due to**

- (a) Persistent rise in factor cost
- (b) Mismatch between demand and supply of commodities
- (c) Combine phenomena of demand pull and cost-push inflation.
- (d) Increase in price of precious metal

**449. Deflation is a state when**

- (a) Prices are falling
- (b) Consistent increase in prices
- (c) Fall in GDP
- (d) Collapse of sensenx

**450. Which of these is one of the causes of inflation?**

- (a) Increase in public expenditure

- (b) Deficit financing
  - (c) Increase in administrative prices
  - (d) All the three
- 451. Deficit financing means**
- (a) Financing budgetary deficit by borrowing
  - (b) Financing budgetary deficit by printing money
  - (c) Both
  - (d) None
- 452. Inflationary conditions may co-exist with which of the following situation**
- (a) Increase in factor cost
  - (b) Increase in employment opportunities
  - (c) Growth in GDP and imports
  - (d) All the three
- 453. Given the supply quantity which is fixed an increase in aggregate demand will have direct impact on**
- (a) Increase in GDP
  - (b) Inflationary pressure
  - (c) Greater employment opportunity
  - (d) More equitable distribution of income and wealth
- 454. Supply of money refers to**
- (a) Total money held by the public
  - (b) Total money held by RBI
  - (c) Total money with all the commercial banks and RBI
  - (d) Total money in Government account
- 455. Given a reserve ratio of 20% in initial deposit of ₹1000 in a banking system would create secondary deposit of ₹.....**
- (a) ₹3,000
  - (b) ₹5,000
  - (c) ₹4,000
  - (d) ₹6,000
- 456. Given a reserve ratio of 20% for an initial deposit of ₹1000 create total supply of money**
- (a) ₹4,000
  - (b) ₹5,000
  - (c) ₹800
  - (d) ₹160
- 457. Which of these is not the function of IMF?**
- (a) It provides mechanism for orderly adjustment of exchange rate
  - (b) It provides mechanism for international consultation
  - (c) It provides forum for settlement of international trade disputes
  - (d) It is a reservoir of the currencies of all the member countries
- 458. Which of these is not the function of World Bank?**
- (a) To arbitrate on international trade disputes.
  - (b) To help the member countries in the reconstruction and development of their countries.
  - (c) To encourage private foreign investment and credit by guaranteeing repayment.
  - (d) To promote long term balanced growth of international trade.

- 459. Which of the following is not the function of World Trade Organization?**
- (a) To settle border disputes of member countries.
  - (b) To handle trade disputes.
  - (c) To provide technical assistance and training to developing countries.
  - (d) To provide forum for trade negotiation between the member countries.
- 460. At a given time and in a given marketplace, the entire market demand curve indicates the**
- (a) quantity of a good consumers would be willing and able to purchase at a given price.
  - (b) quantity of a good consumers would be able to purchase at a series of prices.
  - (c) quantity of a good consumers want to purchase at a given price
  - (d) quantity of a good consumers have purchased at a series of prices over the year.
- 461. Assume Samantha likes hot dogs and hamburgers equally, and the price of hamburgers (a normal good) declines. She will most likely purchase more hamburgers; this is**
- (a) a reflection of the income effect
  - (b) a reflection the substitution effect
  - (c) a reflection of the income and substitution effects
  - (d) None of above
- 462. Which of the following would not be considered a normal good?**
- (a) steaks
  - (b) flour
  - (c) c.. oranges
  - (d) meals at restaurants
- 463. A typical demand curve will normally have a**
- (a) positive slope
  - (b) horizontal slope
  - (c) vertical slope
  - (d) negative slope
- 464. Which of the following would not be considered compliments?**
- (a) shoes and socks
  - (b) tennis racquet and tennis balls
  - (c) Coke and Pepsi
  - (d) automobiles and gasoline
- 465. Which of the following would not be considered substitutes?**
- (a) butter and margarine
  - (b) Coke and Pepsi
  - (c) Fords and Chevrolets
  - (d) Hamburgers and french fries
- 466. The price of Ford automobiles increases and the price of Chevrolets remains constant, the demand for Chevrolets will**
- (a) increase
  - (b) decrease
  - (c) decrease then increase
  - (d) increase then decrease
- 467. An improvement in technology would shift**
- (a) the demand curve inward
  - (b) the demand curve outward
  - (c) the supply curve inward
  - (d) the supply curve outward
- 468. A shift outward in supply curve will result in equilibrium price**
- (a) increasing and quantity increasing
  - (b) increasing and quantity decreasing
  - (c) decreasing and quantity increasing
  - (d) decreasing and quantity decreasing

- 469. A reduction in the number of producers will result in equilibrium price**  
(a) increasing and quantity increasing  
(b) increasing and quantity decreasing  
(c) decreasing and quantity increasing  
(d) decreasing and quantity decreasing
- 470. As a certain type of clothing becomes more fashionable, we would expect its equilibrium price**  
(a) to decrease and quantity will remain constant  
(b) and quantity will decrease  
(c) to increase and quantity to decrease  
(d) and quantity to increase
- 471. If supply and demand both shift outward, but demand shifts outward more than supply, the equilibrium price**  
(a) will increase and quantity will increase  
(b) will increase and quantity will decrease  
(c) will decrease and quantity will decrease  
(d) will decrease and quantity will increase
- 472. At Christmas time often a certain toy or doll becomes increasingly popular; this is primarily due to a(n)**  
(a) surplus  
(b) increase in demand  
(c) increase in supply  
(d) decrease in supply
- 473. Which of the following is correct for a price floor set above the equilibrium price?**  
(a) quantity supplied is less than quantity demanded at the set price.  
(b) at the set price there will be a shortage  
(c) quantity supplied exceeds quantity demanded at the set price  
(d) None of above
- 474. Which of the following is correct for the price ceiling which is set below the market's equilibrium price?**  
(a) quantity demanded exceeds quantity supplied at the set price  
(b) quantity demanded is less than quantity supplied at the set price  
(c) at the set price there is a surplus  
(d) None of above
- 475. What will happen to the equilibrium price and quantity of peanut butter if peanuts increase in price and the price of jelly decreases?**  
(a) the equilibrium price and quantity increase  
(b) the equilibrium price will fall and the equilibrium quantity will be indeterminate  
(c) the equilibrium price will rise and the equilibrium quantity will be indeterminate  
(d) None of above
- 476. Which of the following would not reduce the transaction cost in a market?**  
(a) a real estate agent, when buying a house  
(b) a stock broker, when purchasing stock  
(c) a full page newspaper ad to sell your used lawn mower  
(d) a farmer's market for fresh produce
- 477. Which Indian State has favourable sex ratio?**  
(a) Kerala  
(b) Uttar Pradesh  
(c) Haryana  
(d) Bihar
- 478. Green revolution is also known as**  
(a) Wheat revolution  
(b) Milk revolution  
(c) Grain revolution  
(d) Chipko movement

- 479. Green revolution was successful because of use of ..... Seeds**  
(a) HYV  
(b) Imported  
(c) Australian  
(d) Local seeds
- 480. BSNL stands for**  
(a) British Sanchar Nigam Ltd.  
(b) Bidesh Sanchar Nigam Ltd.  
(d) Bharat Sanchar Nigam Ltd.  
(d) Bhartiya Swadeshi Nigam Ltd.
- 481. Regulatory framework for Telecom sector is provided by**  
(a) MTNL  
(b) VANL  
(c) BSNL  
(d) TRAI
- 482. TRAI stands for**  
(a) Trans Communication Regulatory Authority of India  
(b) Telecom Regulatory Authority of India  
(c) Telegraphic Regulatory Authority of India  
(d) Traffic Regulatory Authority of India.
- 483. NTPC stands for**  
(a) National Thermal Power Corporation  
(b) Naturopathy treatment project commission.  
(c) Natural thermal project company  
(d) National Thermal power commission
- 484. Sarva Siksha Abhiyan policy was declared in**  
(a) 2004  
(b) 2001  
(c) 1999  
(d) 2003
- 485. Disguised unemployment is mainly due to**  
(a) Under employment  
(b) Seasonal nature of work  
(c) Strike and lock-out  
(d) Structural changes in the economy
- 486. Disguised unemployment is mainly found in**  
(a) Urban areas  
(b) Rural areas  
(c) Small scale sector  
(d) Highly qualified work force
- 487. Disguised unemployment refers to the situation when**  
(a) Marginal Productivity of the surplus workers is zero  
(b) Marginal productivity of the surplus workers is less than average productivity  
(c) Marginal productivity of the surplus workers is falling sharply  
(d) Marginal productivity of the surplus workers is falling sharply
- 488. Structural unemployment is mainly due to**  
(a) Structural changes in the economy  
(b) Technological development  
(c) Growth in GDP  
(d) Population explosion.
- 489. Which of the following is a cause of frictional unemployment?**  
(a) Non-availability of work due to strike and lock-out.

- (b) Temporary unemployment due to change over in job.
  - (c) Both
  - (d) None
- 490. Which of the following is not a cause of unemployment in India?**
- (a) Growing population
  - (b) Lack of employment opportunity
  - (c) Inappropriate education system
  - (d) Liberalization
- 491. Labour cost consists of**
- (a) All people officially employed or unemployed
  - (b) All people over the age of 18 but less than 58 years of age
  - (c) All youth having passed matriculate examination
  - (d) All the three
- 492. The type of unemployment that includes those persons who are unemployed for an intervening period of change over in job for better job is known as**
- (a) Seasonal unemployment
  - (b) Voluntary unemployment
  - (c) Frictional unemployment
  - (d) Technical unemployment
- 493. Which of these measures would not reduce natural rate of unemployment?**
- (a) Creation of more jobs
  - (b) Reducing the age of superannuation
  - (c) Hike in unemployment allowance
  - (d) Employment oriented education system
- 494. Unemployment due to mismatch between skill possessed and present available jobs**
- (a) Cyclical unemployment
  - (b) Structural unemployment
  - (c) Frictional unemployment
  - (d) Seasonal unemployment
- 495. In an agricultural family all the family members are working the farmland of the family. Due to addition of two more person in the family they are also working in the farmland of the family with no additional increase in farm output. This type of unemployment is known as**
- (a) Cyclical unemployment
  - (b) Disguised unemployment
  - (c) Frictional unemployment
  - (d) Seasonal unemployment
- 496. Which of these is/are the feature of an underdeveloped economy?**
- (a) Greater inequalities
  - (b) High incidence of unemployment
  - (c) Orthodox means of production
  - (d) All the three
- 497. Which of these is primary sector.**
- (a) Communication
  - (b) Banking
  - (c) Construction
  - (d) Poultry farming
- 498. Which of these is a secondary sector**
- (a) Manufacturing sector
  - (b) Transport
  - (c) Forestry
  - (d) Animal husbandry
- 499. Which of the following is not an economic activity?**
- (a) Painting for self use

- (b) Maintenance of Public Park by Local administration
- (c) Painting for commercial use
- (d) Running an Academic school

500. .... States that rapid growth of per capita income will be associated with a reduction in poverty.

- (a) The trickle down theory
- (b) Multiplier theory
- (c) Malthus population theory
- (d) None

### Answer

1	a	2	b	3	d	4	b	5	b	6	d	7	a
8	a	9	d	10	c	11	d	12	d	13	d	14	d
15	a	16	d	17	a	18	c	19	a	20	d	21	c
22	d	23	d	24	c	25	c	26	a	27	a	28	a
29	b	30	d	31	d	32	b	33	b	34	b	35	d
36	a	37	a	38	a	39	d	40	d	41	c	42	a
43	b	44	a	45	a	46	a	47	c	48	a	49	a
50	a	51	c	52	a	53	a	54	d	55	b	56	c
57	d	58	b	59	c	60	a	61	b	62	a	63	a
64	b	65	d	66	a	67	d	68	a	69	c	70	c
71	b	72	d	73	b	74	c	75	d	76	c	77	b
78	c	79	d	80	c	81	a	82	d	83	b	84	c
85	d	86	b	87	c	88	a	89	c	90	c	91	d
92	d	93	b	94	c	95	b	96	d	97	a	98	c
99	b	100	b	101	c	102	a	103	c	104	c	105	d
106	b	107	a	108	a	109	a	110	c	111	a	112	a
113	d	114	a	115	c	116	a	117	a	118	b	119	a
120	b	121	a	122	d	123	a	124	b	125	c	126	d
127	a	128	b	129	d	130	c	131	c	132	b	133	c
134	c	135	d	136	a	137	a	138	a	139	b	140	b
141	d	142	a	143	b	144	b	145	a	146	d	147	a
148	b	149	a	150	a	151	b	152	a	153	b	154	a
155	a	156	c	157	a	158	c	159	b	160	c	161	b
162	a	163	b	164	a	165	a	166	a	167	a	168	b
169	a	170	b	171	b	172	b	173	a	174	b	175	c
176	b	177	a	178	c	179	b	180	a	181	d	182	b
183	a	184	d	185	a	186	a	187	b	188	a	189	a
190	a	191	b	192	b	193	a	194	d	195	c	196	a
197	b	198	a	199	d	200	d	201	b	202	a	203	c
204	c	205	d	206	a	207	a	208	a	209	c	210	c
211	b	212	c	213	a	214	b	215	d	216	a	217	b
218	b	219	c	220	c	221	b	222	d	223	d	224	a
225	a	226	d	227	d	228	c	229	d	230	c	231	d
232	a	233	a	234	b	235	b	236	d	237	c	238	b
239	a	240	d	241	a	242	b	243	a	244	b	245	a
246	d	247	a	248	d	249	d	250	c	251	c	252	a
253	c	254	a	255	a	256	a	257	b	258	a	259	c
260	d	261	c	262	d	263	c	264	a	265	a	266	d

267	b	268	a	269	a	270	b	271	c	272	a	273	d
274	b	275	d	276	b	277	b	278	c	279	b	280	d
281	b	282	d	283	a	284	d	285	d	286	a	287	b
288	d	289	c	290	b	291	c	292	c	293	b	294	d
295	c	296	a	297	b	298	a	299	c	300	a	301	b
302	a	303	a	304	c	305	d	306	a	307	d	308	a
309	d	310	d	311	d	312	a	313	b	314	a	315	a
316	a	317	a	318	d	319	c	320	a	321	a	322	a
323	b	324	b	325	a	326	c	327	d	328	a	329	c
330	d	331	a	332	a	333	c	334	a	335	b	336	d
337	c	338	d	339	a	340	a	341	b	342	b	343	b
344	a	345	c	346	a	347	d	348	b	349	b	350	a
351	b	352	a	353	d	354	a	355	b	356	b	357	c
358	a	359	b	360	a	361	b	362	a	363	a	364	b
365	b	366	d	367	b	368	a	369	b	370	c	371	a
372	b	373	a	374	b	375	a	376	a	377	a	378	d
379	d	380	c	381	c	382	a	383	b	384	a	385	b
386	b	387	d	388	a	389	a	390	d	391	b	392	a
393	b	394	d	395	a	396	b	397	d	398	a	399	c
400	a	401	a	402	a	403	c	404	b	405	d	406	a
407	b	408	a	409	b	410	a	411	b	412	b	413	d
414	c	415	a	416	c	417	d	418	a	419	b	420	c
421	c	422	b	423	d	424	d	425	c	426	a	427	b
428	d	429	c	430	c	431	a	432	d	433	d	434	b
435	c	436	a	437	b	438	a	439	a	440	b	441	a
442	a	443	a	444	b	445	d	446	d	447	b	448	a
449	a	450	d	451	c	452	d	453	b	454	a	455	c
456	b	457	c	458	a	459	a	460	b	461	b	462	b
463	d	464	c	465	d	466	a	467	d	468	c	469	b
470	d	471	a	472	b	473	c	474	a	475	c	476	c
477	a	478	a	479	a	480	d	481	d	482	b	183	a
484	b	485	a	486	b	487	a	488	a	489	c	490	d
491	a	492	c	493	c	494	b	495	b	496	d	497	d
498	a	499	a	500	a								

### Paper 1 – Fundamentals of Economics and Management

- If no one is aware of conflict, it is generally agreed that:**
  - employee-employer relations will be good.
  - conflict is subversive.
  - no conflict exists.
  - conflict is inevitable.
- Which of the following is not a requirement in your text's definition of conflict?**



- a. must be perceived
  - b. overt acts only
  - c. incompatibility
  - d. opposition
3. \_\_\_\_\_ is a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about.
- a. Politics
  - b. Consideration
  - c. Power
  - d. Conflict
4. Which of the following is not one of the views of conflict?
- a. the traditional view
  - b. the human relations view
  - c. the interactionist view
  - d. the inevitability view
5. The traditional view of conflict argues that conflict:
- a. cannot be avoided.
  - b. indicates a malfunctioning within the group.
  - c. is good for a group.
  - d. improves productivity.
6. The traditional view of conflict is:
- a. the belief that all conflict is harmful and must be avoided.
  - b. the belief that conflict is a natural and inevitable outcome in any group.
  - c. the belief that conflict is not only a positive force in a group but that it is absolutely necessary for a group to perform effectively.
  - d. no generalization about conflict is appropriate.
7. Which one of the following is not part of the traditional view of conflict?
- a. inevitable
  - b. must be avoided
  - c. indicates malfunctioning
  - d. harmful
8. Which one of the following views on conflict dominates in most actual groups and organizations?
- a. human relations
  - b. interactionist
  - c. traditional
  - d. functional
9. The \_\_\_\_\_ view of conflict argues that conflict is a natural and inevitable outcome in any group.
- a. human relations
  - b. interactionist
  - c. traditional
  - d. functional
10. The \_\_\_\_\_ view of conflict argues that some conflict is absolutely necessary for a group to perform effectively.
- a. human relations
  - b. interactionist
  - c. traditional
  - d. functional
11. The \_\_\_\_\_ view of conflict argues that conflict indicates a malfunctioning within the group.
- a. human relations
  - b. interactionist
  - c. traditional
  - d. functional
12. The human relations view of conflict argues that conflict is:

- a. an inevitable outcome in any group.
  - b. always a positive force in determining group performance.
  - c. always a negative force in determining group performance.
  - d. necessary for effective group performance.
13. **The human relations view of conflict advocates:**
- a. encouraging conflict.
  - b. open communication for resolving conflict.
  - c. group therapy for resolving conflict.
  - d. acceptance of conflict.
14. **The interactionist view of conflict proposes that conflict is:**
- a. an indication of the group maturity level.
  - b. necessary for effective group performance.
  - c. a necessary evil.
  - d. always evident in groups.
15. **According to the interactionist's perspective, a group that functions without conflict is:**
- a. the ideal situation but is rarely achieved.
  - b. prone to becoming static and apathetic.
  - c. likely to be responsive to the need for change and innovation.
  - d. the most productive.
16. **Encouraging group leaders to maintain an ongoing minimum level of conflict is part of the \_\_\_\_\_ view of conflict.**
- a. functional
  - b. traditional
  - c. human relations
  - d. interactionist
17. \_\_\_\_\_ conflict supports the goals of the group and improves its performance.
- a. Formal
  - b. Informal
  - c. Functional
  - d. Dysfunctional
18. \_\_\_\_\_ conflict hinders group performance.
- a. Formal
  - b. Informal
  - c. Functional
  - d. Dysfunctional
19. **Conflict is functional if it:**
- a. supports the goals of the group.
  - b. is satisfying to the individual members of the group.
  - c. causes group members to argue.
  - d. causes turnover.
20. **Conflict that relates to the content and goals of the work is termed \_\_\_\_\_ conflict.**
- a. explicit
  - b. task
  - c. relationship
  - d. process
21. **Which is not one of the three types of conflict?**
- a. task
  - b. job
  - c. relationship
  - d. process
22. \_\_\_\_\_ conflict focuses on interpersonal relationships.
- a. Task
  - b. Job

- c. Relationship
  - d. Process
23. \_\_\_\_\_ conflict relates to how the work gets done.
- a. Task
  - b. Job
  - c. Relationship
  - d. Process
24. \_\_\_\_\_ conflicts are almost always dysfunctional.
- a. Task
  - b. Job
  - c. Relationship
  - d. Process
25. The most important criterion in determining whether conflict is functional or dysfunctional is:
- a. overall morale.
  - b. turnover rates.
  - c. absenteeism levels.
  - d. group performance.
26. The first stage of the conflict process is called:
- a. cognition and personalization.
  - b. behavior.
  - c. potential opposition or incompatibility.
  - d. outcomes.
27. Which of the following is a stage in the conflict process?
- a. functional conflict
  - b. dysfunctional conflict
  - c. hindering conflict
  - d. incompatibility
28. Which of the following is not a stage in the conflict process?
- a. potential opposition
  - b. cognition
  - c. vision
  - d. intentions
29. The presence of conditions that create opportunities for conflict to arise is the \_\_\_\_\_ stage of the conflict process.
- a. potential opposition
  - b. cognition
  - c. vision
  - d. intentions
30. Stage II of the conflict process deals with:
- a. cognition and personalization of conflict.
  - b. group development.
  - c. conflict avoidance.
  - d. interaction between group members.
31. According to the text, the categories of antecedent conditions for conflict include all of the following except:
- a. communication.
  - b. structure.
  - c. group interaction.
  - d. personal variables.
32. High job specialization causes \_\_\_\_\_ conflict.
- a. communicative
  - b. structural
  - c. personal-variable

- d. antecedent
33. **Research confirms that participation and conflict are:**
- positively correlated.
  - counterproductive.
  - negatively correlated.
  - always present together.
34. **In which stage are conflict issues defined?**
- Stage I, Potential opposition
  - Stage II, Cognition and personalization
  - Stage III, Intuitions
  - Stage IV, Behavior
35. \_\_\_\_\_ **intervene(s) between people's perceptions and emotions and their overt behavior.**
- Intuition
  - Intention
  - Cognition
  - Attributions
36. **There are two dimensions to conflict-handling intentions, cooperativeness, and assertiveness. Cooperativeness is the degree to which:**
- one party attempts to satisfy the other party's concerns.
  - one party attempts to satisfy his or her own concerns.
  - both parties work toward a common goal.
  - there is an absence of conflict.
37. **The dimension of the conflict-handling intention labeled assertiveness is:**
- the degree to which one party attempts to satisfy his/her own concerns.
  - the degree to which one party attempts to satisfy the other party's concerns.
  - the degree to which one party attempts to satisfy everyone's concerns.
  - the degree to which one party is competitive.
38. **Which is not one of the five conflict-handling intentions?**
- cooperating
  - competing
  - accommodating
  - avoiding
39. **The conflict-handling orientation that combines assertiveness and cooperation is:**
- collaborating.
  - competing.
  - avoiding.
  - accommodating.
40. **The unassertive and uncooperative conflict-handling orientation is:**
- collaborating.
  - accommodating.
  - avoiding.
  - competing.
41. **Attempting to find a win-win solution that allows both parties' goals to be completely achieved and seeking a conclusion that incorporates the valid insights of both parties is an example of which conflict-handling intention?**
- collaborating
  - accommodating
  - avoiding
  - competing
42. **Which type of conflict-handling intention results in a person's withdrawing from conflict?**
- competing
  - avoiding
  - accommodating

- d. compromising
43. **Conflict-handling behaviors are initiated in \_\_\_\_\_, in which there is a dynamic process of interaction.**
- Stage II of the conflict process
  - Stage III of the conflict process
  - Stage IV of the conflict process
  - Stage V of the conflict process
44. **The two dimensions of conflict-handling orientations are:**
- awareness and assertiveness.
  - reliability and awareness.
  - cooperativeness and assertiveness.
  - independence and interdependence.
45. **Trying to make someone else accept blame for a problem is an example of which conflict-handling orientation?**
- competing
  - avoiding
  - accommodating
  - compromising
46. **Which one of the following conflict-handling orientations represents an attempt to find a win-win solution?**
- avoiding
  - collaborating
  - accommodating
  - compromising
47. **Collaborating is the preferred conflict-handling orientation:**
- to build social credits for later issues.
  - in emergencies.
  - to gain consensus and commitment.
  - when an issue is trivial.
48. **\_\_\_\_\_ is when one party is willing to be self-sacrificing in order that the relationship can be maintained.**
- Competing
  - Accommodating
  - Collaborating
  - Compromising
49. **The conflict-handling orientation that is based on a process of give-and-take and an emphasis on "splitting the difference" is:**
- avoiding.
  - collaborating.
  - accommodating.
  - compromising.
50. **To achieve a compromising approach one needs to:**
- avoid overt disagreement.
  - value openness and trust.
  - dominate the other conflicting party.
  - give up something of value.
51. **A willingness to accept a raise of \$2 an hour rather than \$3, to acknowledge partial agreement with a specific viewpoint, and to take a partial blame for an infraction are examples of:**
- avoiding.
  - collaborating.
  - accommodating.
  - compromising.
52. **In which stage of the conflict process does conflict become visible?**

- a. potential opposition or incompatibility (Stage I)
  - b. cognition and personalization (Stage II)
  - c. intentions (Stage III)
  - d. behavior (Stage IV)
53. Which of the following is not a conflict resolution technique?
- a. superordinate goals
  - b. appointing a devil's advocate
  - c. avoidance
  - d. authoritative command
54. Conflict management techniques can:
- a. resolve conflict.
  - b. stimulate conflict.
  - c. both resolve and stimulate conflict.
  - d. none of the above
55. Which of the following is a conflict stimulation technique?
- a. expansion of resources
  - b. compromise
  - c. bringing in outsiders
  - d. authoritative command
56. What is conflict management?
- a. achieving the desired conflict level
  - b. stopping all conflict
  - c. stimulating conflict
  - d. avoiding conflict
57. Conflict is constructive when:
- a. it improves the quality of decisions.
  - b. it stimulates creativity and innovation.
  - c. it fosters an environment of self-evaluation and change.
  - d. all of the above
58. Which one of the following might not be a functional outcome of the conflict process?
- a. stimulates creativity
  - b. avoids risk
  - c. fosters environment of self-evaluation
  - d. relieves tensions
59. Conflict is dysfunctional when it:
- a. provides a medium to release tension.
  - b. reduces group cohesiveness.
  - c. fosters an environment of self-evaluation and change.
  - d. provides a means for releasing tensions.
60. A common ingredient in organizations that successfully create functional conflict is that they:
- a. reward dissent and punish conflict avoiders.
  - b. shoot the messenger.
  - c. formally assign devil's advocates.
  - d. avoid risky situations.
61. If you support the idea that conflict is bad and should be eliminated, you are supporting:
- a. the traditional view.
  - b. the human relations view.
  - c. the interactionist view.
  - d. the moderated acceptance view.
62. You have decided to accept conflict as a natural occurrence and deal with it. You are supporting:
- a. the traditional view.
  - b. the human relations view.
  - c. the interactionist view.

- d. the behavior modification view.
63. **You decide to do more research on the view that conflict should be encouraged as a means to achieve change and innovation. This view is termed:**
- the traditional view.
  - the human relations view.
  - the interactionist view.
  - the acceptance view.
64. **When the group disagrees, it is usually over how the work should get done. The type of conflict experienced by your group is:**
- task conflict.
  - relationship conflict.
  - process conflict.
  - traditional conflict.
65. **You have decided to allow the conflict to exist so long as it doesn't hinder group performance. You will try to eliminate \_\_\_\_\_ conflict.**
- functional
  - dysfunctional
  - task
  - individualized
66. **Last month, Jennifer's department experienced constructive conflict during a meeting. Which of the following is not an outcome of this functional conflict?**
- improved quality of decisions
  - creativity and innovation are stimulated
  - tensions are released
  - communication is retarded
67. **When "yes" people are hired and promoted, \_\_\_\_\_ outcomes are likely to result.**
- improved organizational
  - functional
  - dysfunctional
  - better decisions
68. **Conflict:**
- can be positively related to productivity.
  - is always dysfunctional.
  - can arise from diversity.
  - all of the above
69. **Which of the following is a characteristic of distributive bargaining?**
- I win, you win
  - long-term focus
  - convergent or congruent interests
  - opposed to each other
70. **You have decided to try to find a win-win situation. You have decided to find a way to engage in:**
- integrative bargaining.
  - distributive bargaining.
  - mediation.
  - BATNA.
71. **Which of the following is/are pre-judgement(s) of the 'Hawthorne Studies?'**
- Perceived meaning and importance of the work determine the output.
  - Job performance depends on the individual worker.
  - Workplace culture sets its own production standards.
- Only (I) above
  - Only (II) above
  - Only (III) above
  - Both (II) and (III) above

72. If a manager develops a new idea and gives a plan for development of a new product in his workplace, then he is carrying out which of the following roles?
- Liaison
  - Entrepreneur
  - Disseminator
  - Disturbance handler
73. Which of the following is the employer-employee authority relationship that follows the chain of command?
- Staff authority
  - Referent power
  - Line authority
  - Functional authority
74. Which of the following steps in the planning process should be completed before the others can be addressed?
- Putting plans into action
  - Stating organizational objectives
  - Listing alternative ways of reaching objectives
  - Developing premises on which to base each alternative
75. Which of the following is a factor that affects delegation of authority from the delegant's aspect?
- Love for authority
  - Fear of exposure
  - Experiences of the superior
  - Fear of criticism
76. Standing plans that furnish broad guidelines for channeling management thinking in specified direction are called
- Single-use plans
  - Programs
  - Procedures
  - Policies
77. Which of the following is/are advantage(s) of a functional structure?
- Permits growth and diversity of products and services.
  - Power and prestige.
  - Clarity about career paths.
  - Furnishes measurable training ground for general managers.
- Only (I) above
  - Both (I) and (IV) above
  - Both (II) and (III) above
  - (I), (II) and (III) above
78. Various moderating variables determine whether a manager will act in an ethical or unethical manner. Which of the following individual characteristics indicates the degree to which people believe they are masters of their own fate?
- Perception
  - Value
  - Attitude
  - Locus of Control
79. Power based upon identification with a person who has desirable resources or personal traits is known as
- Coercive power
  - Legitimate power
  - Expert power
  - Referent power
80. Departmentation by 'time' is one of the oldest forms of departmentation, generally used at lower levels of the organization. Which of the following is not an advantage of departmentation by 'time'?



- a. It aids efficient utilization of manpower
  - b. Round-the-clock services can be rendered
  - c. It mostly results in improved coordination and communication
  - d. It results in a continuous cycle without interruption
81. If Coca-Cola wished to examine its general environment before constructing its business strategy, the company would explore all of the following environments except
- a. Sociocultural
  - b. Knowledge
  - c. Global
  - d. Economic
82. Many sophisticated techniques or tools are useful in decision-making. Which of the following is a tool that helps managers figure out how much to produce and points out the relationship between revenues, costs, and profits?
- a. Marginal analysis
  - b. Breakeven analysis
  - c. Ratio analysis
  - d. Financial analysis
83. With respect to factors that affect reorganization, when a single change triggers off a sequence of related changes, it is called the
- a. Halo effect
  - b. Hawthorne effect
  - c. Domino effect
  - d. Sensitivity effect
84. Which of the following is a method that can be used to overcome the tendency toward conformity in group decision-making?
- a. Brainstorming
  - b. Nominal group technique
  - c. Groupthink
  - d. Electronic meetings
85. Which of the following is a strength of the divisional structure?
- a. It focuses on results
  - b. It gains advantages due to work specialization
  - c. Employees have more than one boss
  - d. It is based solely on teams
86. Douglas McGregor's view that suggests that employees will exercise self-direction and self-control when they are committed to the objectives of the work is called:
- a. Theory X
  - b. Theory Z
  - c. Theory Y
  - d. Theory A
87. Which step in Maslow's Hierarchy of Needs Theory deals with achieving one's potential?
- a. Self-actualization
  - b. Safety
  - c. Esteem
  - d. Physiological
88. Which of the following would be classified by Herzberg as a hygiene factor?
- a. Responsibility
  - b. Company policy
  - c. Personal growth
  - d. Achievement
89. Who proposed that achievement, affiliation and power are three important needs that help explain motivation in workplace situations?
- a. McClelland

- b. Maslow
  - c. Alderfer
  - d. Herzberg
90. **Company policy, administration, supervision, interpersonal relations, working conditions, and salary are characterized as:**
- a. Growth factors
  - b. Achievement factors
  - c. Hygiene factors
  - d. Motivating factors
91. **An individual's perception of whether performing at a particular level will lead to attainment of a desired outcome is termed:**
- a. Relevance
  - b. Expectancy
  - c. Expectation
  - d. Instrumentality
92. **Expectancy theory is an example of a:**
- a. Process Theory
  - b. Goal-setting Theory
  - c. Needs Theory
  - d. Cognitive Evaluation Theory
93. **Which of the following steps is important to improving expectancy?**
- a. Create the belief that effort is related to performance.
  - b. Ask employees what rewards they value.
  - c. Deliver rewards as promised.
  - d. Make the rewards meaningful.
94. **Management by objectives emphasizes participatively setting goals that are:**
- a. General in nature.
  - b. Easy to attain.
  - c. Easy to create and develop.
  - d. Tangible, verifiable, and measurable.
95. **For the individual employee, MBO provides:**
- a. Specific personal performance objectives.
  - b. Communication between co-workers.
  - c. A means to an end.
  - d. A way to keep the company accountable.
96. **Research indicates that financial incentives \_\_\_\_\_ commitment to difficult goals.**
- a. do not impact
  - b. significantly increase
  - c. decrease
  - d. increase
97. **An individual's belief that he or she is capable of performing a task is called:**
- a. Self-actualization
  - b. Self-worth
  - c. Self-efficacy
  - d. Self-importance
98. **The major benefit of having employees participate in goal setting is:**
- a. That it provides the company with greater financial stability.
  - b. That it appears to induce employees to accomplish more difficult goals and tasks.
  - c. That it takes less time and resources to implement this type of system.
  - d. That it provides more time for management to pursue other activities.
99. **Employee recognition can:**
- a. Be a strong motivator.
  - b. Lead to unrealistic expectations.

- c. Help with MBO program implementation.
  - d. Assist with goal setting.
100. **The theory that an employee will compare his or her job inputs and outcomes relative to others is called:**
- a. Employee Theory
  - b. Comparative Theory
  - c. Performance Theory
  - d. Equity Theory
101. **Allocating extrinsic rewards for behaviour that has been previously intrinsically rewarded tends to decrease the overall level of motivation, and is called:**
- a. Reward Evaluation Theory
  - b. Extrinsic Evaluation Theory
  - c. Cognitive Evaluation Theory
  - d. Intrinsic Evaluation Theory
102. **Alfie Kohn suggests that for people to be motivated it is only necessary to provide the right :**
- a. Incentives
  - b. Rewards
  - c. Environment
  - d. Compensation
103. **An employee's experience in a situation or position outside his or her current organization is a referent comparison called:**
- a. Other-inside
  - b. Self-outside
  - c. Self-inside
  - d. Other-outside
104. **What are the most common hours for a "professional" to work in a week?**
- a. Whenever they feel
  - b. Part-Time
  - c. Until the job is done
  - d. Self-within
105. **Theory X suggests that employees:**
- a. Dislike work
  - b. Dislike their manager
  - c. Like work
  - d. None of the above
106. **What three words define motivation?**
- a. Persistence, fairness, ambition
  - b. Ambition, direction, intensity
  - c. Desire, persistence, fairness
  - d. Intensity, direction, persistence
107. **What does ERG stand for?**
- a. Excellent, relationship, growth
  - b. Expectancy, real, exist
  - c. Employee, related, greatness
  - d. Existence, relatedness, growth
108. **The theory that individuals act depending upon their evaluation of whether their effort will lead to good performance, whether good performance will be followed by a reward, and whether that reward is attractive to them, is called:**
- a. Equity Theory
  - b. Expectancy Theory
  - c. Empirical Theory
  - d. Outcome Theory

109. Which answer corresponds to a person's internal desire to do something, due to such things as interest, challenge and personal satisfaction?
- a. Theory X
  - b. Extrinsic motivators
  - c. Intrinsic motivators
  - d. Theory Y
110. What is valence?
- a. The value or importance an individual places on a reward
  - b. The importance of doing something well
  - c. The value of an object to a person
  - d. The knowledge and effort put into something
111. Transformational leadership is about change, \_\_\_\_\_, and entrepreneurship.
- a. motivation
  - b. innovation
  - c. loyalty
  - d. enthusiasm
112. While considering the seven leadership styles described by the leadership continuum, all of the following are variables that need to be considered for a manager, EXCEPT,
- a. manager's preferred style based on experience.
  - b. manager's preferred style based on expectation.
  - c. manager's preferred style based on knowledge.
  - d. manager's preferred style based on confidence in upper management.
113. This is a supervisory style which involves high-directive–high-supportive behavior (HD–HS) and is appropriate when interacting with moderate-capability employees.
- a. autocratic style
  - b. participative style
  - c. consultative style
  - d. laissez-faire style
114. Which of the following management substitutes is characterized by formalization, inflexibility, and closely knit work groups?
- a. Characteristics of subordinates.
  - b. Characteristics of managers.
  - c. Characteristics of the organization.
  - d. Characteristics of task.
115. Being conscientious, admitting mistakes, and knowing one's strengths and limitations are the skills associated with \_\_\_\_\_.
- a. competence
  - b. consistency
  - c. loyalty
  - d. integrity
116. The leader's behavior actually makes the leader's style.
- a. True
  - b. False
117. Only managers can be true leaders, because they have the ability to influence others.
- a. True
  - b. False
118. Transformational leadership focuses on middle and first line managers.
- a. True
  - b. False
119. To determine whether one's leadership style is task- or relationship-oriented, the leader must fill in the Least Coworker Participation (LCP) scale.
- a. True
  - b. False

120. The supportive style is largely absent in the autocratic supervisory style.

- a. True
- b. False

121. Which of the following statements about leadership is false?

- a. Leadership does not necessarily take place within a hierarchical structure of an organisation.
- b. Not every leader is a manager.
- c. When people operate as leaders their role is always clearly established and defined.
- d. All the above.

[hint: It is true to say that not every leader is a manager, nor does leadership necessarily take place within a hierarchical structure of an organisation, but it is not true to say that when people operate as leaders their role is always clearly established and defined. Many people operate as leaders without their role ever being clearly established.]

122. Within an organisation, leadership influence will be dependent upon the type of \_\_\_\_\_ that the leader can exercise over the followers.

- a. power
- b. friendship
- c. knowledge
- d. delegation

[hint: Within an organisation, leadership influence will be dependent upon the type of power that a leader can exercise over followers. The exercise of power is a social process which helps to explain how different people can influence the behaviour/actions of others.]

123. Which of the following sources of power are among those identified by French and Raven?

- a. Reward power
- b. Referent power
- c. Expert power
- d. All the above

[hint: There are five main sources of power as identified by French and Raven: (1) Reward Power based on the subordinate's perception that the leader has the ability and resources to obtain rewards for those who comply; (2) Coercive Power based on fear and the subordinate's perception that the leader has the ability to punish or bring about undesirable outcomes for those who do not comply; (3) Legitimate Power based on the subordinate's perception that the leader has the right to influence because of their role or position; (4) Referent Power based on the subordinate's identification with the leader and; (5) Expert Power based on the subordinate's perception of the leader as someone who is competent and who has some special knowledge or expertise.]

124. Legitimate power is based on the subordinate's perception that the leader has a right to exercise influence because of the leader's

- a. role or position within the organisation
- b. ability to punish or reward
- c. personal characteristics and personality
- d. expertise and knowledge

[hint: Legitimate Power is based on the subordinate's perception that the leader has the right to influence because of their role or position within the organisation. The other forms of power, as identified by French and Raven are: Reward Power based on the subordinate's perception that the leader has the ability and resources to obtain rewards for those who comply; Coercive Power based on fear and the subordinate's perception that the leader has the ability to punish or bring about undesirable outcomes for those who do not comply Referent Power based on the subordinate's identification with the leader and; Expert Power based on the subordinate's perception of the leader as someone who is competent and who has some special knowledge or expertise.]

125. The functional approach to leadership emphasises that

- a. the various functions of leadership cannot be shared among members of a group
- b. leadership resides in a particular person and not in the functions
- c. both of the above
- d. neither of the above

[**hint:** The functional approach to leadership emphasises neither a nor b but that leadership resides in the functions and not in a particular person and that the various functions of leadership can be shared amongst members of a group.]

126. **Adair claims that the effectiveness of a leader is dependent upon meeting \_\_\_\_\_ areas of need within the work group.**

a. three  
b. four  
c. two  
d. none of the above

[**hint:** Adair claims that the effectiveness of a leader is dependent upon meeting three areas of need within the work group: the need to achieve the common task, the need for team maintenance and the individual needs of group members.]

127. **Needs such as training the group, setting standards and maintaining discipline, and appointing sub- leaders may be called**

a. individual functions  
b. task functions  
c. team functions  
d. work functions

[**hint:** According to Adair, needs such as training the group, setting standards and maintaining discipline and appointing sub-leaders are Team Functions. Task Functions involve, amongst other things, defining group tasks, planning the work and reviewing progress and Individual Functions include such functions as attending to personal problems, giving praise and status and training the individual.]

128. **Results of the Ohio State Leadership studies indicated that there are two major dimensions of leadership behaviour. What are they?**

a. Achievement and structure  
b. Consideration and structure  
c. Consideration and power  
d. Achievement and power

129. **Which of the following qualities did the University of Michigan Institute for Social Research find in effective supervisors?**

a. Participative problem solving.  
b. Delegation of authority.  
c. An interest and concern for subordinates.  
d. All the above.

[**hint:** A major research study was carried out at the University of Michigan Institute for Social Research where effective supervisors, measured along dimensions of group morale, productivity and cost reduction appeared to display all of those qualities mentioned above, together with high standards of performance.]

130. **The \_\_\_\_\_ style of leadership is where the focus of power is with the manager. The manager alone exercises decision-making, authority and the control of rewards or punishments.**

a. democratic  
b. laissez-faire  
c. authoritarian  
d. None of the above

[**hint:** The authoritarian style of leadership is where the focus of power is with the manager and he/she alone exercises decision-making, authority and the control of rewards or punishment. A democratic style is where the focus of power is more with the group as a whole and there is a greater interaction with the group. A genuine laissez-faire style is where the manager observes that members of the group are working well on their own and consciously makes a decision to pass the focus of power to members but is readily available if needed.]

131. **Tannenbaum and Schmidt's continuum of possible leadership behaviour identifies four main styles of leadership by the manager. What are they?**

a. Commands, helps, joins and leads  
b. Tells, sells, consults and joins  
c. Tells, helps, joins and leads  
d. Commands, sells, consults and resists

**132. Contingency theories of leadership are based on the belief that**

- a. there is no single style of leadership appropriate to all situations
- b. there is a single style of leadership appropriate to all managers
- c. there is a single style of leadership appropriate to all situations
- d. none of the above

[**hint:** Contingency theories of leadership are based on the belief that there is no single style of leadership appropriate to all situations as it will be dependent upon the interactions between the variables involved in a leadership situation and patterns of leadership behaviour.]

**133. Vroom and Yetton's contingency model of leadership is based on certain aspects of a leader's decision, they are**

- a. decision quality
- b. decision acceptance
- c. both of the above
- d. neither of the above

[**hint:** Vroom and Yetton's contingency model of leadership is based on two aspects of a leader's decision: decision quality and decision acceptance. Decision quality, or rationality, is the effect that the decision has on group performance and decision acceptance refers to the motivation and commitment of group members in implementing the decision.]

**134. Another contingency model of leadership is the path-goal theory. This suggests that subordinates will see leadership behaviour as a motivating influence if**

- a. their effective performance will satisfy their needs
- b. the necessary direction, guidance, training and support is provided
- c. path-goal relationships are clarified
- d. all the above

**135. Hersey and Blanchard present a form of situational leadership based on the \_\_\_\_\_ of the people the leader is attempting to influence.**

- a.readiness
- b.personality
- c.intelligence
- d.motivation

**136. When determining the most appropriate form of leadership, which of the following should be considered?**

- a. The manager
- b. The group
- c. The work environment
- d. All the above

[**hint:** Clearly there is no one 'best' form of leadership which will result in the maintenance of morale among group members and high work performance. The three main aspects to be considered in determining the most appropriate style of leadership are: the manager, the group and the work environment. It is not enough to simply consider one of these aspects.]

**137. The following four different approaches to management thinking were developed in the first half of the 20th century:**

- a. Scientific management, general administrative, quantitative, and contingency approach.
- b. Scientific management, general administrative, quantitative, and organizational behavior.
- c. General administrative, globalization, organizational behavior, and quantitative.
- d. Systems approach, scientific management, general administrative, and organizational behaviour.

**138. When we classify managers according to their level in the organization they are described as \_\_\_\_\_.**

- a. Functional, staff and line managers
- b. Top managers, middle managers and supervisors
- c. High level and lower level managers
- d. General managers and administrative managers

139. **Frederick Taylor and Frank and Lillian Gilbreth were advocates of an approach to management involving the use of scientific method, known as:**
- The quantitative approach.
  - Management science.
  - Scientific management.
  - The contingency approach.
140. **Authority, discipline, unity of command, and unity of direction are:**
- Taylor's four principles of management.
  - Principles of the human relations movement.
  - Elements of Weber's ideal bureaucratic structure.
  - Four of Fayol's fourteen principles of management.
141. **Some of the other fields of study that affect management theory or practice include:**
- Political science, philosophy, anthropology and sociology
  - Zoology, psychology, sociology and philosophy.
  - Anthropology, astrology, political science and psychology.
  - Political science, sociology, typography and economics.
142. **The philosophy of management known as total quality management developed primarily out of the work of:**
- Henri Fayol
  - Frederick Taylor
  - Robert McNamara
  - W. Edwards Deming
143. **Possibly the most important pre-20th century influence on management was:**
- Therbligs
  - The industrial revolution.
  - Scientific management.
  - The division of labor.
144. \_\_\_\_\_ **need involves the desire to affiliate with and be accepted by others.**
- Esteem
  - Belongingness
  - Safety
  - Self Actualization
145. **Needs that impel creativity and innovation, along with the desire to have a productive impact on our surroundings are \_\_\_\_\_ needs.**
- Existence
  - Relatedness
  - Growth
  - None of the Above
146. **Division of labor, authority hierarchy, formal selection, formal rules and regulations, impersonality, and career orientation are all features of:**
- Weber's ideal type bureaucracy.
  - General administrative theory.
  - Fayol's principles of management.
  - Taylor's principles of management.
147. **The decision-making model consists of four styles: directive, analytic, behavioral and \_\_\_\_\_.**
- Conceptual
  - Intuitive
  - Group interaction
  - Laggard
148. \_\_\_\_\_ **is characteristic of liquidity ratios.**
- Organization's ability to meet its current debt obligations
  - Organization's use of debt to finance its assets and whether it's able to meet the interest payments on the debt



- c. How efficiently the firm is using its assets  
d. None of given options
149. \_\_\_\_\_ is a communication that flows from a higher level to one or more lower levels in the organization.  
a. Horizontal communication  
b. Upward communication  
c. Downward communication  
d. None of given options
150. 1<sup>st</sup> stage of group development is \_\_\_\_\_.  
a. Storming  
b. Norming  
c. Forming  
d. Performing
151. \_\_\_\_\_ is an individual's capacity to influence decisions  
a) Span of control  
b) Line authority  
c) Staff authority  
d) Power
152. An organizational design with low departmentalization, wide spans of control, authority centralized in a single person and little formalization are characteristics of \_\_\_\_\_.  
a. Simple structure  
b. Functional structure  
c. Divisional structure  
d. None of given option
153. \_\_\_\_\_ is the form of departmentalization that groups similar jobs and activities into departments.  
a) A product structure  
b) A divisional structure  
c) A matrix structure  
d) A functional structure
154. The main influence on the behavioral science theories were:  
a. Psychology and sociology.  
b. Sociology and bureaucracy.  
c. Sociology and science.  
d. Bureaucracy and psychology.
155. ERG theory was introduced by \_\_\_\_\_.  
a. Clayton Alderfer  
b. McClelland  
c. Douglas McGregor  
d. J. Stacey Adams
156. \_\_\_\_\_ is counter to goal-setting theory.  
a. Expectancy Theory  
b. Reinforcement Theory  
c. ERG Theory  
d. None of given option
157. Autocratic, Democratic and Laissez-faire leader behavior styles were introduced by \_\_\_\_\_.  
a. University of Iowa researcher  
b. Michigan Studies  
c. Ohio State Studies  
d. None of given option
158. The difference between an e-business enhanced organization and an e-business enabled organization is:  
a. Only an e-business enhanced organization uses the Internet.

- b. Only an e-business enhanced organization relies on an intranet.
  - c. Only e-business enhanced organizations use e-business tools and applications.
  - d. Only e-business enhanced organizations have e-business units within their organization.
159. \_\_\_\_\_ is not one of the eight steps in the decision making process.
- a. Identifying the problem
  - b. Analyzing alternative solutions
  - c. Implementing the decision
  - d. Delegating the decision making
160. \_\_\_\_\_ is the capacity to affect the behaviors of others.
- a. Leadership
  - b. Power
  - c. Trait
  - d. Aggression
161. Which of the following is NOT associated with learning organizations or knowledge management?
- a. COIN
  - b. A recommended response to a rapidly changing world.
  - c. Systematic gathering and sharing of useful information.
  - d. PSTN
162. Surroundings are \_\_\_\_\_ needs.
- a. Existence
  - b. Relatedness
  - c. Growth
  - d. None of the Above
163. The vertical flow of communication from lower level to one or more higher levels is \_\_\_\_\_.
- a. Upward communication
  - b. Downward communication
  - c. Formal Communication
  - d. Horizontal communication
164. Inputs necessary for the group to operate are \_\_\_\_\_ inputs.
- a. Group Size
  - b. Work Group
  - c. Group Task
  - d. None of the Above
165. A \_\_\_\_\_ is the combining of two or more companies into one organization.
- a. Merger
  - b. Acquisition
  - c. Diversification
  - d. None of the given options
166. The General Manager's meeting was most likely a result of the following management function:
- a. Organizing
  - b. Planning
  - c. Decision-Making
  - d. Controlling
167. Managers today realize that long-term success can be achieved primarily by satisfying the customer. Customers are demanding quicker service, higher quality, and more \_\_\_\_.
- a. Value for their money
  - b. Personal attention
  - c. Variety in services
  - d. Online choices
168. The belief that a firm's obligation goes beyond that required by law and economics, and includes a pursuit of long-term goals that are good for society is known as:
- a. Social responsiveness
  - b. Ethical responsibility

- c. Social responsibility
  - d. Social obligation
169. Challenging goals usually lead to \_\_\_\_\_ performance from individuals and groups.
- a. Higher
  - b. Lower
  - c. Excellent
  - d. None of the Above
170. Which of the following is not a basic function of the management process?
- a. Controlling
  - b. Organizing
  - c. Working
  - d. Leading
171. One of the greatest effects of e-commerce is that:
- a. Costs will be reduced
  - b. Customers will be empowered
  - c. Employees become more powerful
  - d. Computers will
172. Which of the following has been the main driver to the globalization of business?
- a. The higher standards of living in the U.S. and Europe
  - b. Technology
  - c. The NAFTA trade agreement
  - d. The increasing ethnic diversity within countries
173. Operations management is applicable
- a. mostly to the service sector
  - b. mostly to the manufacturing sector
  - c. to manufacturing and service sectors
  - d. to the manufacturing sector exclusively
174. Walter Shewhart is listed among the important people of operations management because of his contributions to
- a. assembly line production
  - b. measuring the productivity in the service sector
  - c. statistical quality control
  - d. all of the above
175. Henry Ford is noted for his contributions to
- a. standardization of parts
  - b. statistical quality control
  - c. assembly line operations
  - d. scientific management
176. Taylor and Deming would have both agreed that
- a. Whirlpool's global strategy is a good one
  - b. Eli Whitney was an important contributor to statistical theory
  - c. Management must do more to improve the work environment and its processes so that quality can be improved
  - d. The era of Operations Management will be succeeded by the era of scientific management
177. Who among the following is associated with contributions to quality control in operations management?
- a. Charles Babbage
  - b. Frank Gilbreth
  - c. W. Edwards Deming
  - d. Henri Fayol
178. The field of operations management is shaped by advances in which of the following fields?
- a. chemistry and physics
  - b. industrial engineering and management science

- c. information sciences
  - d. all of the above
- 179. The five elements in the management process are**
- a. plan, direct, update, lead, and supervise
  - b. accounting/finance, marketing, operations, and management
  - c. organize, plan, control, staff, and manage
  - d. plan, lead, organize, manage, and control
- 180. The responsibilities of the operations manager include**
- a. planning, organizing, staffing, procuring, and reviewing
  - b. forecasting, designing, planning, organizing, and controlling
  - c. planning, organizing, staffing, leading, and controlling
  - d. designing and operating
- 181. Which of the following is not an element of the management process?**
- a. pricing
  - b. staffing
  - c. planning
  - d. leading
- 182. An operations manager is not likely to be involved in.....**
- a. the design of products and services to satisfy customers' wants and needs
  - b. the quality of products and services to satisfy customers' wants and needs
  - c. the identification of customers' wants and needs
  - d. forecasting sales
- 183. All of the following decisions fall within the scope of operations management except for.....**
- a. financial analysis
  - b. design of products and processes
  - c. location of facilities
  - d. all of the above fall within the scope of operations management
- 184. Which of the following are the primary functions of all organizations?**
- a. operations, marketing, and human resources
  - b. marketing, human resources, and finance/accounting
  - c. sales, quality control, and operations
  - d. research and development, finance/accounting, and purchasing
- 185. Budgeting, paying the bills, and collection of funds are activities associated with the**
- a. management function
  - b. finance/accounting function
  - c. production/operations function
  - d. staffing function
- 186. Which of the following would not be an operations function in a fast-food restaurant?**
- a. making hamburgers and fries
  - b. advertising and promotion
  - c. maintaining equipment
  - d. designing the layout of the facility
- 187. The three major functions of business organizations**
- a. are mutually exclusive
  - b. exist independently of each other
  - c. overlap
  - d. function independently of each other
- 188. The marketing function's main concern is with**
- a. producing goods or providing services
  - b. procuring materials, supplies, and equipment
  - c. building and maintaining a positive image
  - d. generating the demand for the organization's products or services

- 189. Current trends in operations management include all of the following except**
- a. Just-in-time performance
  - b. rapid product development
  - c. mass customization
  - d. mass production
- 190. The service industry makes up approximately what percentage of all jobs in the United States?**
- a. 20%
  - b. 40%
  - c. 74%
  - d. 90%
- 191. Typical differences between goods and services do not include**
- a. cost per unit
  - b. ability to inventory items
  - c. timing of production and consumption
  - d. knowledge content
- 192. Which is not true regarding differences between goods and services?**
- a. Services are generally produced and consumed simultaneously, tangible goods are not.
  - b. Services tend to have a more inconsistent product definition than goods.
  - c. Goods tend to have higher customer interaction than services.
  - d. None of the above are true.
- 193. Which of the following is not a typical attribute of goods?**
- a. output can be inventoried
  - b. aspects of quality difficult to measure
  - c. output can be resold
  - d. production and consumption are separate
- 194. Which of the following services is not unique, i.e., customized to a particular individual's needs?**
- a. hairdressing
  - b. elementary education
  - c. legal services
  - d. computer consulting
- 195. Which of the following is not a typical service attribute?**
- a. intangible product
  - b. customer interaction is high
  - c. simultaneous production and consumption
  - d. difficult to resell
- 196. Which of the following inputs has the greatest potential to increase productivity?**
- a. labor
  - b. management
  - c. capital
  - d. None of the above
- 197. Forecasts used for new product planning, capital expenditures, facility location or expansion, and R&D typically utilize a.....**
- a. short-range time horizon
  - b. long-range time horizon
  - c. naive method, because there is no data history
  - d. all of the above
- 198. The three major types of forecasts used by business organizations are**
- a. strategic, tactical, and operational
  - b. economic, technological, and demand
  - c. exponential smoothing, Delphi, and regression
  - d. departmental, organizational, and territorial
- 199. Which of the following is no step in the forecasting process?**
- a. determine the use of the forecast

- b. eliminate any assumptions
  - c. determine the time horizon
  - d. validate and implement the results
200. The two general approaches to forecasting are.....
- a. qualitative and quantitative
  - b. mathematical and statistical
  - c. judgmental and qualitative
  - d. judgmental and associative
201. Which of the following uses three types of participants: decision makers, staff personnel, and respondents?
- a. executive opinions
  - b. sales force composites
  - c. the Delphi method
  - d. time series analysis
202. Which of the following is not type of qualitative forecasting?
- a. executive opinions
  - b. sales force composites
  - c. the Delphi method
  - d. moving average
203. The forecasting model that pools the opinions of a group of experts or managers is known as the.....
- a. sales force composition model
  - b. jury of executive opinion model
  - c. consumer market survey model
  - d. management coefficients model
204. Which of the following techniques uses variables such as price and promotional expenditures, which are related to product demand, to predict demand?
- a. associative models
  - b. exponential smoothing
  - c. weighted moving average
  - d. time series
205. The fundamental difference between cycles and seasonality is the
- a. duration of the repeating patterns
  - b. magnitude of the variation
  - c. ability to attribute the pattern to a cause
  - d. all of the above
206. Increasing the number of periods in a moving average will accomplish greater smoothing, but at the expense of.....
- a. manager understanding
  - b. accuracy
  - c. stability
  - d. responsiveness to changes
207. Organizational structure is made up of key elements. Which of the following is not one of these elements?
- a. Span of control
  - b. Centralization
  - c. Decentralization
  - d. Co-ordination
208. Which of the following is one of the six key elements a manager needs to consider when designing an organization's structure?
- a. Job design
  - b. Work specialization
  - c. Feminine organization
  - d. Eliminating chain of command

209. One of the most popular ways to group activities is by.....
- Product
  - Function
  - Process
  - Geography
210. Sun Petroleum Products departmentalizes by fuels, lubricants, and waxes and chemicals. This is an example of departmentalization by.....
- Product
  - Functions
  - Job design
  - Customer
211. Which type of departmentalization achieves economies of scale by placing people with common skills and orientations into common units?
- Geographic
  - Product
  - Process
  - Functional
212. When jobs are grouped together based on a particular type of customer, this is known as.....
- Job structuring
  - Formalization
  - Centralization
  - Departmentalization
213. Which of the following trends is gaining momentum?
- Using less departmentalization
  - Geographical departmentalization
  - Using only one type of departmentalization
  - Using more customer departmentalization
214. The unbroken line of authority that extends from the top of the organization to the lowest echelon and clarifies who reports to whom is termed.....
- Unity of command
  - Authority
  - Power and authority structure
  - Chain of command
215. What is span of control?
- empowering lower-level employees
  - concentrating decision-making on one specific point in the organization
  - centralization
  - number of subordinates a manager can effectively direct
216. Centralization refers to.....
- The degree to which decision-making is concentrated at a single point in the organization
  - The development and maintenance of power in the organization
  - The decision-making process
  - The geographic dispersion of an organization
217. In an organization that has high centralization.....
- Problem can be quickly and efficiently solved
  - The corporate headquarters is located centrally to branch offices
  - Top managers make all the decisions-lower-level managers merely carry out directions
  - All top-level officials are located within the same geographic area
218. The degree to which jobs within an organization are standardized is referred to as.....
- job variation
  - routineness
  - formalization
  - centralization

219. In a highly formalized organization, job behaviours are relatively
- Non programmed
  - Non-existent
  - Programmed
  - Discretionary
220. Employee discretion is inversely related to.....
- Centralization
  - Standardization
  - Complexity
  - Decentralization
221. Which of the following structures is characterized by centralization, high formalization, extensive departmentalization, and a limited information network?
- Technology model
  - Mechanistic model
  - Job satisfaction model
  - Organic model
222. If there is low formalization, a comprehensive information network and high participation in decision-making, one would expect.....
- A mechanistic structure
  - A typical government organization
  - A stable structure
  - An organic structure
223. Which of the following is characterized by wide spans of control, little formalization, a low degree of departmentalization, and authority centralized in a single person.....
- Bureaucracy
  - Simple structure
  - Matrix organization
  - Mechanistic structure
224. Which organization is characterized by very formal rules, centralized authority, and narrow spans of control?
- Boundaryless
  - Matrix
  - Virtual
  - Bureaucracy
225. The matrix structure combines which two forms of departmentalization?
- Simple And functional
  - Functional and product
  - Virtual and team
  - Product and organic
226. Which of the following problems is most likely to occur in a matrix structure?
- Decreased employee motivation
  - Employees receiving conflicting directives
  - Decreased response to environmental change
  - Decreased coordination
227. Which structure breaks down departmental barriers and decentralizes decision-making to the level of the work team?
- Boudaryless
  - Feminine
  - Team
  - Virtual
228. Which type of organization outsources major business functions?
- Modular
  - Innovation



- c. Virtual
  - d. Feminine
229. The innovation strategy is characterized by.....
- a. A mixture of loose with tight properties
  - b. Looser controls for new undertakings
  - c. Low specialization and low formalization
  - d. Tight controls over current activity
230. A continually evolving network of independent companies, suppliers, customers, even competitors, linked together to share skills, costs, and access to one another's markets is called a/an.....
- a. Virtual organization
  - b. Boundaryless organization
  - c. Modular organization
  - d. Integrated organization
231. An organization that seeks to eliminate the chain of command, have limitless spans of control, and replace departments with empowered teams is called a/an.....
- a. Cooperative organization
  - b. Virtual organization
  - c. Boundaryless organization
  - d. Modular organization
232. Which dimension of an organization's environment refers to the degree to which it can support growth?
- a. Volatility
  - b. Technology
  - c. Capacity
  - d. Complexity
233. Neoclassical economics concerns itself with the determination of various prices. In the branch of Microeconomics, economists are concerned with \_\_\_\_\_, while in Macroeconomics they consider \_\_\_\_\_
- a. Price rises: price falls
  - b. Real prices: nominal prices
  - c. Individual product prices: the aggregate price level
  - d. Costs to consumers: costs to producer
234. The Keynesian productivity deal.....
- a. called for the active intervention of the state to stimulate growth in productivity and output
  - b. linked increases in wages to increases in productivity so that wages and profits could both rise
  - c. linked increases in wages to increases in productivity so that wages and profits could both rise
  - d. all of the above
235. The field of economics that is now called Macroeconomics grew out of the era of the Great Depression, which saw the economy experience a prolonged downturn and persistent high unemployment. Classical economics could not explain these problems because its models assumed all of the following EXCEPT
- a. prices are flexible
  - b. recessions were self correcting
  - c. wages would adjust in the labor market, thereby eliminating unemployment
  - d. the government should intervene in the economy
236. During the downturn portion of a business cycle, the economy is characterized by
- a. rising unemployment and rising investment
  - b. falling unemployment and falling output
  - c. rising profits and falling wages
  - d. falling output and rising unemployment

237. **Changes in behavior as a result of observation and manipulation of conditions in an environment are termed.....**
- a. The Hawthorne effect
  - b. Group dynamic
  - c. Social influence
  - d. Sociometry
238. **Members within a group that share similar experiences and feelings are known to have.....**
- a. Process
  - b. Universal
  - c. Content
  - d. Conflict
239. **An important factor of the preplanning stage in group dynamics is determining what the group is to accomplish; this is known as.....**
- a. Goal setting
  - b. Cohesion
  - c. Clarity of purpose
  - d. Group orientation
240. **.....Groups have members who have similar presenting problems or are similar in gender, ethnicity, or social background.**
- a. Heterogeneous
  - b. Ideal
  - c. Dynamic
  - d. Homogeneous
241. **Role \_\_\_\_\_ is a conflict between the role an individual has outside the group and the role he or she is expected to have in the group.**
- a. Collision
  - b. Transition
  - c. Confusion
  - d. Incompatibility
242. **Yalom's curative factors within a group often affect the interactions of members and the group as a whole in complex ways. As members begin experiencing and expressing feelings, Yalom would assert that \_\_\_\_\_ is the curative factor.**
- a. Catharsis
  - b. Altruism
  - c. Interpersonal learning
  - d. Existential factor
243. **In Glass and Benshoff's (1999) PARS model, which conceptualizes "processing" in group work, PARS is an acronym in which "S" stands for**
- a. System
  - b. Sociometry
  - c. Subgrouping
  - d. Self
244. **In setting up a group structure, \_\_\_\_\_ has a strong influence on how a group operates.**
- a. Membership
  - b. Group setting
  - c. Physical structure
  - d. Group content
245. **Which role in a group setting contributes to the social-emotional bonding of members and the group's overall success?**
- a. Facilitative/building role
  - b. Individualizing
  - c. Maintenance
  - d. Blocking

246. "To understand communication in a meeting, we need to investigate the roles, personalities and values of every participant, as well as review the minutes taken and actions resulting from previous meetings." Which of Trenholm's perspectives is described here?
- Socio-psychological
  - Cybernetic
  - Psychosocial
  - Pragmatic
247. What term did Lengel and Daft use for failure when face-to-face talking is used to convey routine messages?
- Data richness
  - Channel richness
  - Data processing
  - Data glut
248. What is redundancy in messages?
- Information that recipient has already receive
  - Extra information to persuade the receiver to accept and act upon the message
  - Parts of the message that have no meaning and could be eliminated
  - Message that have no purpose and need not be retained
249. According to the text, why should more attention be given to training in listening to oral communication?
- Responsibility for effective communication is usually assigned to the sender
  - Evaluating the speaker seems easier than evaluating the audience
  - Presentation is thought of as a one way process
  - All of the above
250. Which of the following was presented as a listening skill?
- Use open-ended question
  - Hold feedback until it is asked for
  - Concentrate on the whole message, not just the highlights
  - None of the these items
251. Which of the factors listed below is not a reason for decision making in organizations being a complex process?
- People have to make decisions in a historical context
  - Several stakeholders will have an interest in the decision
  - Modern information systems enable people to evaluate a range of possible outcomes
  - Factors in the current context of the organization affect the decision
252. The overall process of decision making in, for example, staff selection includes which of these stages?
- Deciding which candidate to appoint
  - Identifying the need for a new member of staff
  - Agreeing the job specification
  - All of the above
253. A manager who is helping a customer return some shoes they purchased last week is dealing with what type of decision?
- Non-programmed decision
  - Uncertainty
  - Bounded rationality
  - Programmed decision
254. A solution to a problem that is arrived at through an unstructured process of decision making is called a.....
- Bounded rationality
  - Non-programmed decision
  - Programmed decision
  - Uncertainty

255. As a manager moves to higher positions in an organisation the ability to make \_\_\_\_\_ becomes \_\_\_\_\_ important.
- Non-programmed; more
  - Programmed; more
  - Non-programmed; less
  - Programmed; much more
256. If a manager at Wipro wants to award a contract for printing the company's promotional literature and has obtained quotations from several printers, the manager can select a printer and know with \_\_\_\_\_ what the printing should cost.
- Ambiguity
  - Risk
  - Uncertainty
  - Certainty
257. In Herbert Simon's theory, a manager who accepts the first satisfactory solution to a problem has made a \_\_\_\_\_ decision, while a manager who continues to search for the best possible solution is seeking to find a \_\_\_\_\_ decision
- Maximising; satisficing
  - Minimising; maximizing
  - Satisficing; maximising
  - Maximising; minimizing
258. The decision making model which emphasises that organisations contain diverse interest groups who will bargain about goals and alternative actions, often with incomplete information is known as the.....
- Inspirational or garbage can model
  - Political model
  - Administrative or incremental model
  - Computational and rational model
259. Which of the following is not among the reasons for complexity of decisions?
- Individuals have different risk propensities.
  - There are many criteria for making choices.
  - Decisions have immediate, short-term impact.
  - Managers often share decisions.
260. In our model of decision making under different conditions, what is the difference between risk and uncertainty?
- Under risk, there is a well defined problem; under uncertainty, the definition is unclear
  - Under risk, choices are clear and the chances of different outcomes can be measured; under uncertainty, neither applies.
  - Under risk, probabilities can be measured; under uncertainty, they cannot.
  - Under risk, information is reliable; under uncertainty, it is not.
261. In the context of decision making, which of the following best describes a heuristic?
- A rule that a person relies upon to assess or categorise choices.
  - One of many personal learned rules that a person applies in the process of decision making.
  - A fixed set of internal rules that a person uses when making a decision.
  - An attitude that prefers to look at a question as a whole.
262. The company announcement: SUCCESSFUL SALE OF PLANT: 75 PER CENT OF 1,000 JOBS TO BE SAVED! The local newspaper headline: 250 JOBS TO GO AT PROCESSING PLANT  
What is illustrated here?
- Availability heuristic
  - Judgemental bias
  - Overconfidence
  - Framing error
263. The jackpot on a gaming machine has not 'dropped' for several weeks. Believing that the payout is imminent, a gambler feeds coins steadily to the machine. What does this behavior illustrate?
- Escalation of commitment

- b. A display of overconfidence
  - c. Decision making under uncertainty
  - d. Changing subjective probabilities
- 264. Which of the following best expresses the difference between programmed and non-programmed decisions?**
- a. Occur under certainty or risk; occur under uncertainty or ambiguity
  - b. Made by managers who prefer a thinking or technocratic style; made by managers who use judgement and follow intuition
  - c. Handled with decision rules; decision rules cannot be developed
  - d. Have computer routines developed for them; are not computerized
- 265. Select the incorrect statement. Harrison and Pelletier argued that managers should learn to avoid ...**
- a. Treating decisions with uncertain outcomes as though they had predictable results
  - b. Treating non-programmed decisions as routine
  - c. Mixing routine and non-routine decisions.
  - d. Treating *ad-hoc* decisions as though they were everyday occurrences
- 266. Which of the following is not an assumption of the classical decision model?**
- a. Problems are clearly defined.
  - b. Decision makers behave logically.
  - c. Evaluation criteria are drawn from objectives and the definition of the problem.
  - d. Choice is made once sufficient information on alternatives is available
- 267. Which of the following was not given by Janis as a symptom of groupthink?**
- a. Pressure to conform
  - b. An awareness of vulnerability
  - c. Negative stereotypes of outside opponents
  - d. An illusion of unanimity
- 268. Stoner and others have shown how groups can make decisions that are much less, or much more, cautious than any member would take alone. What are these changes called?**
- a. Diffusion of responsibility
  - b. Risky and cautious shift
  - c. Polarisation
  - d. Decision arrangement
- 269. On the difficulty of recognising creativity, de Bono said, "Any valuable creative idea is ..." What?**
- a. ... worth a thousand ordinary ideas."
  - b. "... always logical in hindsight."
  - c. "... the mark of a creative personality."
  - d. "... part of a stream of good ideas."
- 270. Which characteristic was found by Raudsepp among creative managers?**
- a. They had few hobbies or interests outside work.
  - b. They focused intensely on immediate needs.
  - c. They were irritated by the status quo.
  - d. They had little energy to spare.
- 271. Conceptual skills relate to a manager's ability to**
- a. Take a strategic view of how parts of the organization function
  - b. Solve detailed problems in groups
  - c. Correctly evaluate organizational problems
  - d. Understand and interact effectively with others in the organization
- 272. Which of the following functions or activities requires recruiting and placing qualified personnel needed for the organization so that it may achieve its objectives and goals?**
- a. Planning
  - b. Staffing
  - c. Organizing
  - d. Controlling

273. A variation of the electronic meeting that links together media from different locations is \_\_\_\_\_
- a. E-commerce
  - b. The Delphi technique
  - c. Video conference
  - d. E-conference
274. \_\_\_\_\_ plans have clearly defined objectives.
- a. Directional
  - b. Flexible
  - c. Specific
  - d. Standing
275. Who studied the nature of specific jobs, and broke the tasks into basic work units with the end result providing the one right way to perform the job?
- a. Douglas M. McGregor
  - b. Frederick W. Taylor
  - c. Henry L. Gantt
  - d. Henry L. Gantt
276. The recently emerged type of managerial job is \_\_\_\_\_
- a. Top Manager
  - b. Middle Manager
  - c. First Line Manager
  - d. Team Leader
277. The Hawthorne studies:
- a. Found that to increase worker efficiency, management must analyze and minimize the motions required to complete a task.
  - b. Found that when workers know they are being watched, their productivity increases.
  - c. Found that a worker is inherently lazy and will use any excuse not to perform their duties.
  - d. Found that workers accept a managerial directive only if it is acceptable in terms of their personal interests.
278. The Behavioral approach to management focused on:
- a. The worker
  - b. The manager
  - c. The owner
  - d. None of the above.
279. The external environment factor that states: The values and culture that affect the way people feel about the organization they are in and about work itself is:
- a. Sociological factors
  - b. Political factors
  - c. Economic factors
  - d. Psychological factors
280. The external environment factor that includes: Factors that have a less immediate effect on a business such as the nation's rate of inflation or recession, unemployment rate, or standard of living, is
- a. Political factors
  - b. Sociological factors
  - c. Indirect economic factors
  - d. Direct economic factors
281. The resources within an organization, used to achieve its goal, make up the \_\_\_\_\_ of a business.
- a. External environment
  - b. Internal environment
  - c. Social responsibility
  - d. Workers motivation
282. Strategic planning:

- a. Addresses the organization's basic mission or business, issuing broad statements of purpose or direction that have a long lead time.
  - b. Involves managers in each unit of an organization who are responsible for achieving the unit's objectives within a specified period of time.
  - c. Looks specifically at resources, finances, and market conditions to determine ways to accomplish the overall plans of the organization.
  - d. Determines the day-to-day operations within an organization.
- 283. GAP analysis:**
- a. Is a planning approach for determining where an organization is today.
  - b. Is a planning approach for determining how an organization will reach its goals.
  - c. Provides a diagram showing a company's present momentum and its potential.
  - d. All of the above.
- 284. The SWOT approach assesses an organization's**
- a. Speed, Wants, Order, Timing
  - b. Structure, Workforce, Organization, Types
  - c. Strengths, Weaknesses, Opportunities, Threats.
  - d. Signs, Worries, Objectives, Techniques
- 285. \_\_\_\_\_ is the process of using the resources and personnel of an organization in an orderly way to achieve the objectives and long-term goals of the organization.**
- a. Planning
  - b. Organizing
  - c. Leading
  - d. Controlling
- 286. Which of the following is the most common type of departmentalization?**
- a. Customer/Market Departmentalization
  - b. Function Departmentalization
  - c. Geography Departmentalization
  - d. Process Departmentalization
- 287. A manufacturing company has divided its departments into pattern making, fabric cutting, and fabric coloring. What type of departmentalization is this?**
- a. Geography Departmentalization
  - b. Process Departmentalization
  - c. Matrix/Project Departmentalization
  - d. Function Departmentalization
- 288. A \_\_\_\_\_ organizational structure is the simplest form and has clear lines of authority and ease of decision making.**
- a. Horizontal
  - b. Line
  - c. Vertical
  - d. Staff
- 289. The management of people/labor should be handled by what department in an organization?**
- a. Administration
  - b. Human Resources
  - c. Information Systems
  - d. Accounting
- 290. When a candidate for a position is asked general, open-ended job related questions, they are experiencing what type of interview?**
- a. Unstructured Interview
  - b. Relaxed Interview
  - c. Unorganized Interview
  - d. Structured Interview
- 291. Which of the following is NOT a major influence on the rate of compensation?**
- a. Competition
  - b. Voluntary retirement

- c. Laws
  - d. Unions
- 292. Which type of separation is most unpleasant for an employee?**
- a. Termination
  - b. Mandatory retirement
  - c. Voluntary retirement
  - d. Resignation
- 293. Leadership can \_\_\_\_\_ subordinates to help the organization achieve its goals.**
- a. Motivate
  - b. Communicate
  - c. Direct
  - d. All of the above
- 294. Which source of power is based on an individual's knowledge, special skills, abilities, or previous experience?**
- a. Referent power
  - b. Expert power
  - c. Referent power
  - d. Legitimate power
- 295. Which source of power is based on a manager's ability to punish a subordinate?**
- a. Coercive power
  - b. Referent power
  - c. Rewarded power
  - d. Legitimate power
- 296. A budget is what type of control?**
- a. Standard
  - b. Process
  - c. Division
  - d. Financial
- 297. The theory that an individual tends to act in a certain way, with the expectation that the act will be followed by a given outcome and according to the attractiveness of the outcome is \_\_\_\_.**
- a. Equity theory
  - b. Three-needs theory
  - c. Motivation-hygiene theory
  - d. Expectancy theory
- 298. Leaders who inspire followers to transcend their own self-interests for the good of the organization, and are capable of having a profound and extraordinary effect on followers are \_\_\_\_\_ leaders.**
- a. Transactional
  - b. Transformational
  - c. Democratic
  - d. Autocratic
- 299. A group of employees with expertise in a variety of specialty areas who are brought together to work on a project or specific activity is a:**
- a. Cross functional team
  - b. Self-managed team
  - c. Virtual team
  - d. Problem-solving team
- 300. \_\_\_\_\_ is the power to give positive benefits or rewards.**
- a. Expert power
  - b. Reward power
  - c. Legitimate power
  - d. Coercive power
- 301. The final step of the strategic management process is \_\_\_\_\_.**



- a. Doing an internal analysis
  - b. Formulating strategies
  - c. Implementing strategies
  - d. Evaluating results
302. A/An \_\_\_\_\_ is a formal evaluation of an organization's financial statements, performed either by an outside accounting firm or by an internal department.
- a. Revenue operating budget
  - b. Incident log
  - c. Financial audit
  - d. Balance sheet budget
303. In a PERT network, slack time is \_\_\_\_\_.
- a. The end point that represents the completion of a major activity
  - b. The time or resources required to progress from one event to another
  - c. The amount of time an individual activity can be delayed without delaying the whole Project
  - d. The longest or most time-consuming sequence of events and activities
304. Which type of decision making is carried out by lower level management and deals with specific day-to-day processes?
- a. Programmed decision making
  - b. Operational decision making
  - c. Administrative decision making
  - d. Mid-level decision making
305. \_\_\_\_\_ involves allocating resources by detailing what activities have to be done, the order in which they are to be completed, who is to do each, and when they are to be completed.
- a. Benchmarking
  - b. Budgeting
  - c. Scheduling
  - d. Competitor intelligence
306. A problem solver is a style of problem solving reflected by the manager
- a. Who confronts the problem, reacts to it, and makes those changes necessary solve it.
  - b. Who notices a problem and does not react.
  - c. Who actively looks at situations, searching for problems or anticipating possible problems so that corrective action can be taken before the problem grows.
  - d. None of the above
307. The process by which a sender transmits content is known as
- a. Encoding
  - b. Decoding
  - c. Feedback
  - d. Receiver
308. When a subordinate or lower level manager passes information or offers suggestions to higher level management, they're using which level of communication?
- a. Upward communication
  - b. Downward communication
  - c. Lateral communication
  - d. Diagonal communication
309. If a solution to a particular problem is not vital to the functioning of an organization and management is willing to overlook the causes of the conflict, managers may choose to use which type of conflict resolution?
- a. Confrontation
  - b. Avoidance
  - c. Dominance
  - d. Compromise
310. Which of the following statements would a Theory X manager consider to be true?
- a. The average person can learn to accept and even seek responsibility
  - b. Employees will shirk responsibility

- c. Employees will exercise self-direction if they are committed to the objectives
  - d. Employees view work as being as natural as play
311. **A short letter written to a potential employer with a resume attached is known as a**
- a. Introduction letter
  - b. Cover letter
  - c. Interview letter
  - d. Ice-breaker letter
312. \_\_\_\_\_ **is the process of getting results accomplished through others.**
- a. Ordering
  - b. Mandating
  - c. Delegating
  - d. Working
313. **What is the term used to define the number of subordinates directly controlled by a manager?**
- a. Division management
  - b. Departmentation
  - c. Investment span
  - d. Span of management
314. **Which management theorist is responsible for the motivation-hygiene theory?**
- a. Abraham Maslow
  - b. Dale Hawthorne
  - c. Peter Drucker
  - d. Frederick Herzberg
315. **What kind of organizational structure combines a vertical chain of command with horizontal reporting requirements?**
- a. Line authority
  - b. Matrix
  - c. Functional
  - d. Line-and-staff
316. **What kind of training program is most appropriate for a simple task?**
- a. On-the-job training
  - b. vestibule training
  - c. laboratory training
  - d. job rotation
317. **Which leadership theory suggests that management style should adapt itself to changing circumstances?**
- a. Contingency theory
  - b. Delegation theory
  - c. Autocratic theory
  - d. Participatory theory
318. **According to Abraham Maslow, the most elevated type of need is \_\_\_\_.**
- a. Self-actualization
  - b. Physiological
  - c. Esteem
  - d. Safety
319. **Mr. A. is a manager in a manufacturing company, he attempts to establish a culture of quality affecting the attitudes and actions of every employee and relies on a workforce that wants to improve quality. He focuses on establishing:**
- a. Total Quality Management
  - b. Knowledge management
  - c. Operations Management
  - d. Management of Information System
320. **Ali is working in XYZ Company; he desires to get himself secure from crimes, company layoffs and other adverse impacts. We can say that he fulfils the ----- need.**

- a. Self Actualization
  - b. Social need
  - c. Esteem
  - d. Safety
321. In ----- theory management assumes that employees may be ambitious, self-motivated, and anxious to accept greater responsibility, and exercise self-control, self-direction, autonomy and empowerment.
- a. Theory Y manager
  - b. Theory X manager
  - c. Theory Z manager
  - d. All of the above
322. ----- roles involve people and other duties that are ceremonial and symbolic in nature.
- a. Informational.
  - b. Interpersonal.
  - c. Decisional.
  - d. All of the given options.
323. ----- is the use of scientific method to define the “one best way” for a job to be done.
- a. Scientific management
  - b. Bureaucratic management
  - c. Administrative management
  - d. Management
324. The planning process can be used to promote \_\_\_\_\_ in organization
- a. Advancement
  - b. Technologies
  - c. Innovation
  - d. Discoveries
325. The study of people in relation to their fellow human beings is \_\_\_\_\_
- a. Psychology
  - b. Sociology
  - c. Anthropology
  - d. All of the given options
326. Which management concept suggests that low-importance decisions be handled by subordinates, so that managers can focus on high-importance decisions?
- a. management by objective
  - b. management by exception
  - c. Participatory management
  - d. inclusionary management
327. Getting work done with a minimum of effort, expense or waste is the definition of \_\_\_\_\_
- a. Effectiveness.
  - b. Management
  - c. Planning.
  - d. Efficiency
328. \_\_\_\_\_ are mathematical models that describe the operating characteristics of queuing situations.
- a. Waiting line models
  - b. Simulation models
  - c. Decision trees
  - d. All of the given options
329. Managers having the least authority and are at the lowest level in the hierarchy of the organization are called \_\_\_\_\_
- a. Middle level managers
  - b. Top level managers
  - c. First-line managers

- d. None of the given options
330. \_\_\_\_\_ reduces uncertainty
- Negotiating
  - Planning
  - Organizing
  - Leading
331. Decision makers face \_\_\_\_\_ types of problems.
- 2
  - 3
  - 4
  - 5
332. \_\_\_\_\_ are those plans that are extended beyond three years.
- Short Term Plans
  - Long Term Plans
  - Specific Plans
  - Strategic Plans
333. \_\_\_\_\_ need involves the desire to affiliate with and be accepted by others.
- Esteem
  - Belongingness
  - Safety
  - Self-Actualization
334. \_\_\_\_\_ is the recording system which enables sender to leave messages for receiver by telephone.
- E-Mail
  - Voice Mail
  - Videoconferencing
  - Teleconferencing
335. A motivational approach in which an organization's financial statements are opened to and shared with all of the employees is called \_\_\_\_\_
- Open Book Management
  - Pay for Performance Program
  - Reinforcement Theory
  - Feedback
336. A \_\_\_\_\_ refers to the authority and responsibility for achieving the major goals of the Organization.
- Line position
  - Staff position
  - Line authority
  - None of the given options
337. ----- maintains self developed network of outside contacts and informers who provide favors and information.
- Entrepreneur
  - Monitor
  - Liaison
  - Figurehead
338. ----- is the planning and implementing of organizational systems and practices that maximize the potential of employees to contribute to organizational goals and develop their capabilities unhindered by group identities such as race, gender, age, or ethnic group.
- Managing Diversity
  - Anthropology
  - Bureaucracy
  - Remuneration

339. Seema desires for friendship, love, and a sense of belonging, we can say that she fulfils the \_\_\_\_\_
- Physical need
  - Self Actualization
  - Social need
  - Esteem
340. ----- is a condition in which the decision maker chooses a course of action without complete knowledge of the consequences that will follow implementation.
- Risk
  - Uncertainty
  - Ambiguity
  - Accuracy
341. NAFTA stands for:
- North American Free Trade Agreement
  - North Asian Free Trade Agreement
  - North American Free Trade Association
  - None of the given options
342. Which one of the following is not the characteristic of Weber's ideal bureaucracy?
- Specialization of labor
  - Formalization of rules
  - Division of labour
  - Formalization of links authority into a hierarchical structure
343. \_\_\_\_\_ shows the management structure of an organization.
- Hierarchy
  - Decision Tree
  - Incremental Model
  - Satisfying model
344. If the average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition and wants security above all, the management attitude would be:
- Theory Y manager
  - Theory X manager
  - Theory Z manager
  - All of the given options
345. Getting work done with a minimum effort, expense, or waste is the definition of \_\_\_\_\_.
- Management
  - Planning
  - Efficiency
  - Effectiveness
346. Which of the following is not an argument for the assumption of social responsibility by business?
- Long-run profits
  - Stockholder interests
  - Ethical obligations
  - Costs
347. \_\_\_\_\_ concluded that managers perform 10 interrelated activities that relate to decision making, using information and interpersonal relationships.
- Mintzberg
  - Abraham Maslow
  - Robert Owen
  - Henri Fayol
348. Scientific Management approach is developed by
- Elton Mayo
  - Henry Fayol
  - F.W. Taylor
  - A. Maslow

- 349. Who proposed “bureaucratic structure” is suitable for all organization**
- a. Elton Mayo
  - b. Henry Fayol
  - c. F.W. Taylor
  - d. Max Weber
- 350. Whose concept states that interpersonal and human relations may lead to productivity**
- a. Elton Mayo
  - b. Henry Fayol
  - c. F.W. Taylor
  - d. Max Weber
- 351. Today’s organization are**
- a. Open system
  - b. Closed system
  - c. Open as well as closed
  - d. None of these
- 352. Which of the following methods is/are used to solve intergroup conflicts indirectly**
- a. Avoidance
  - b. Encouragement
  - c. Bargaining
  - d. All of these
- 353. Which of the following is / are not direct method to solve intergroup conflicts**
- a. Problem solving
  - b. Domination by the management
  - c. Removing key figures in conflict
  - d. Persuasion
- 354. A technique to bring changes in the entire organization, rather than focusing attention on individuals to bring changes easily.**
- a. Organizational development
  - b. Organizational change
  - c. Organizational culture
  - d. Organizational conflicts
- 355. Which of the following is/are OD intervention techniques**
- a. Sensitivity training
  - b. MBO
  - c. Quality of work life
  - d. All the above
- 356. Which of the following is NOT an important issue relating to goal-setting theory?**
- a. Goal specificity
  - b. Equity among workers
  - c. Feedback
  - d. Defining the goal
- 357. Behaviour, power, and conflict are central areas of study for \_\_\_\_\_.**
- a. Sociologist
  - b. Anthropologists
  - c. Social psychologists
  - d. Operations analysts
- 358. The managers of a multinational company are located in France, India, Brazil, and the United States. Which decision-making technique seems most reasonable for this organization?**
- a. A postal service interaction
  - b. A brainstorming session
  - c. A nominal discussion
  - d. An electronic meeting

- 359. According to Robert Katz, when managers have the mental ability to analyze and diagnose complex situations, they possess \_\_\_\_\_ skills.**
- a. Technical
  - b. Leadership
  - c. Problem-solving
  - d. Conceptual
- 360. What sort of goals does Management By Objectives (MBO) emphasize?**
- a. Tangible, verifiable and measurable
  - b. Achievable, controllable and profitable
  - c. Challenging, emotional and constructive
  - d. Hierarchical, attainable and effective
- 361. Today's managers understand that the success of any effort at improving quality and productivity must include \_\_\_\_.**
- a. Quality management programs
  - b. Customer service improvements
  - c. Employee's participation
  - d. Manufacturing simplification
- 362. Which of the following would be least likely to pose a barrier to cross-cultural communications?**
- a. Tone difference
  - b. Word connotations
  - c. Political correctness
  - d. Differences among perceptions
- 363. Concept of MBO was introduced by:**
- a. Peter. F.Drucker
  - b. Mary Parker
  - c. Henry Fayol
  - d. Philip Kotler
- 364. People with which type of personality trait commonly make poor decisions because they make them too fast?**
- a. Type As
  - b. Type Bs
  - c. Self-monitors
  - d. Extroverts
- 365. Which of the following is an environmental force that shapes personality?**
- a. Gender
  - b. Height
  - c. Experience
  - d. Brain size
- 366. Which of the following leadership behaviours are identified by the path-goal theory?**
- a. Supportive, employee-oriented, laissez-faire and participative
  - b. Achievement-oriented, supportive, humanistic, and directive
  - c. Participative, achievement-oriented, directive, and supportive
  - d. Directive, participative, supportive, and laissez-faire
- 367. In which stage of the conflict process does conflict become visible?**
- a. Illumination
  - b. Intentions
  - c. Behaviour
  - d. Cognition
- 368. \_\_\_\_\_ refers to the network of personal and social relations that is developed spontaneously between people associated with each other.**
- a. Formal organization
  - b. Informal organization
  - c. Business organization
  - d. Government organization

- 369. What sort of actions is most likely to be attributed to external causes?**
- a. Actions that have high distinctiveness, high consensus and high consistency
  - b. Actions that have high distinctiveness, high consensus and low consistency
  - c. Actions that have high distinctiveness, low consensus and low consistency
  - d. Actions that have low distinctiveness, low consistency and high consensus
- 370. A threatened strike action by a labour union to force the management to accept their demands is an example of which of the following power?**
- a. Referent power
  - b. legitimate power
  - c. Reward power
  - d. Coercive power
- 371. Which of the following departmentalization can be considered necessary in an organization where the Company's products fall into several categories with very different production methods for each category?**
- a. Customer
  - b. Production
  - c. Process
  - d. Matrix
- 372. Which of the following is most likely to be a belief held by a successful manager?**
- a. Technical knowledge is all that is needed for success.
  - b. It is not essential to have sound interpersonal skills.
  - c. Technical skills are necessary, but insufficient alone for success.
  - d. Effectiveness is not impacted by human behavior.
- 373. Which of the following is not one of the four primary management functions?**
- a. Controlling
  - b. Planning
  - c. Staffing
  - d. Organizing
- 374. Determining how tasks are to be grouped is part of which management function?**
- a. Planning
  - b. Leading
  - c. Controlling
  - d. Organizing
- 375. \_\_\_\_\_ is discretionary behaviour that is not part of an employee's formal job requirement, but that promotes the effective functioning of the organization.**
- a. Productivity
  - b. Motivation
  - c. Organizational citizenship
  - d. Organizational behavior
- 376. Individual-level independent variables include all of the following except.**
- a. Leadership
  - b. Learning
  - c. Perception
  - d. Motivation
- 377. Which of the following is not true of classical conditioning?**
- a. Classical conditioning is passive.
  - b. Classical conditioning can explain simple reflexive behaviors.
  - c. Learning a conditioned response involves building an association between a conditioned stimulus and an unconditioned stimulus.
  - d. A neutral stimulus takes on the properties of a conditioned stimulus.
- 378. What is the process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment?**
- a. Interpretation



- b. environmental analysis
  - c. Outlook
  - d. Perception
- 379. Two people see the same thing at the same time yet interpret it differently. Where do the factors that operate to shape their dissimilar perceptions reside?**
- a. the perceivers
  - b. the target
  - c. the timing
  - d. the context
- 380. ....is the dynamic organization within the individual that determine his unique adjustment to the environment**
- a. Perception
  - b. Attitude
  - c. Behavior
  - d. Personality
- 381. Which of the following is not an attribute of psychological individual difference?**
- a. Motivation
  - b. Learning
  - c. Personality
  - d. Complexion
- 382. Select the correct hierarchical order of qualities of an individual**
- a. Ability-Skills- Aptitude- Competency
  - b. Aptitude-Ability- Skills- Competency
  - c. Skills- Aptitude- Competency- Ability
  - d. Competency-Ability-Skills- Aptitude
- 383. Maslow's "basic needs" are also known as**
- a. Social needs
  - b. Esteem needs
  - c. Safety needs
  - d. Physiological needs
- 384. In Maslow's Need hierarchy which needs are shown between Esteem needs and Safety needs**
- a. Social needs
  - b. Esteem needs
  - c. Security needs
  - d. Basic need
- 385. ERG theory of motivation was proposed by**
- a. Maslow
  - b. F. Herzberg
  - c. Alderfer
  - d. Mc Gregor
- 386. Under ERG theory, "R" stands for-----**
- a. Rationality
  - b. Responsibility
  - c. Remuneration
  - d. Relatedness
- 387. Dual structure approach of motivation is developed by**
- a. Maslow
  - b. F. Herzberg
  - c. Alderfer
  - d. Mc Gregor
- 388. Under Herzberg's theory, factors causing dissatisfaction is called**
- a. Demotivators
  - b. Negative stimuli

- c. Hygiene factors
  - d. Defectors
- 389. Hygiene factors are**
- a. Satisfiers
  - b. Maintenance factors
  - c. Defectors
  - d. All of these
- 390. In Two Factor theory, "Salary" coming under -----**
- a. Satisfiers
  - b. Maintenance factors
  - c. Both of these
  - d. None of above a and b
- 391. Who propounded X and Y theory of motivation**
- a. Maslow
  - b. F. Herzberg
  - c. Alderfer
  - d. Mc Gregor
- 392. ----- theory believes that employees dislike work**
- a. X theory
  - b. Y theory
  - c. Z theory
  - d. None of these
- 393. According to -----employees love work as play or rest**
- a. X theory
  - b. Y theory
  - c. Z theory
  - d. None of these
- 394. Z theory is a Japanese approach of motivation developed by**
- a. Mc Clelland
  - b. William Ouchi
  - c. Alderfer
  - d. Mc Gregor
- 395. According to ----- the managers and workers should work together as partners and of equal importance for the organizations success**
- a. X theory
  - b. Y theory
  - c. Z theory
  - d. 2 Factor theory
- 396. Which one is not a Process Based Theory of motivation?**
- a. Porter Lawler theory
  - b. Mc Clelland's theory
  - c. Stacy Adams theory
  - d. Vroom's theory
- 397. Who developed Equity theory of motivation?**
- a. Porter Lawler
  - b. Mc Clelland
  - c. Stacy Adams
  - d. Vroom
- 398. Porter Lawler Model is an extension of**
- a. Maslow's theory
  - b. Mc Clelland's theory
  - c. Stacy Adams theory
  - d. Vroom's theory

399. -----is the attractiveness of the members towards the group or resistance to leave it
- Group norms
  - Group behavior
  - Group cohesiveness
  - Group structure
400. Believes, attitudes, traditions and expectations which are shared by group members is called
- Group norms
  - Group communication
  - Group cohesiveness
  - Group structure
401. -----is the ability of influencing people to strive willingly for mutual objectives
- Motivation
  - Control
  - Leadership
  - Supervision
402. In -----leadership, there is a complete centralization of authority in the leader
- Democratic
  - Autocratic
  - Free rein
  - Bureaucratic
403. In----- in fact "No leadership at all"
- Democratic
  - Autocratic
  - Free rein
  - Bureaucratic
404. Free rein leadership is also known as
- Democratic
  - Autocratic
  - Laissez-faire
  - Bureaucratic
405. -----leadership emphasize on rules and regulation in an organization
- Democratic
  - Autocratic
  - Laissez-faire
  - Bureaucratic
406. ----- leader is self confident and can attract followers by his great influence
- Charismatic
  - Autocratic
  - Laissez-faire
  - Bureaucratic
407. Which one of the following is/are leadership theories?
- Trait theory
  - Behavior theory
  - Contingency theory
  - All of these
408. Least Preferred Co-worker ( LPC) model of leadership was developed by
- Martin Evans
  - Robert House
  - Fred Fielder
  - Whetton
409. Path-goal model of Leadership was introduced by
- Martin Evans & Robert House

- b. Fred Fielder
  - c. Whetton
  - d. Cameron
- 410. Which of the following is not a contingency theory of leadership**
- a. LPC theory
  - b. Path Goal theory
  - c. Vroom-Yetton-Jago theory
  - d. Job centered Leadership
- 411. When a group gives some of its leadership positions to the members of other group, it is**
- a. Contracting
  - b. Co-opting
  - c. Co-alition
  - d. Competition
- 412. Which one of the following characteristics is part of the definition of a group?**
- a. unstable relationship
  - b. interdependent effort
  - c. personal accountability
  - d. independent behaviour
- 413. Sharon Moro, office manager at Willow Manufacturing stated, "We'd had manufacturing work cells in place for at least two years, but change didn't really happen until we added teamwork." To effectively integrate teamwork into their corporate strategy, all of the following actions were undertaken by Willow except:**
- a. Old ways were readily discarded.
  - b. Everyone's input was sought and valued
  - c. Individual employee success was recognized and celebrated.
  - d. Employees believed in what they were doing.
- 414. While business firms have traditionally been organized around \_\_\_\_\_, athletic groups have long recognized the importance of \_\_\_\_\_.**
- a. work groups; individuals
  - b. management; individuals
  - c. groups; teamwork
  - d. individuals; teamwork
- 415. All of the following statements help to explain the current popularity of teams except.....**
- a. Teams can quickly assemble, deploy, refocus and disband
  - b. Teams are more flexible and responsive to changing events
  - c. Teams typically outperform individuals when tasks require multiple skills, judgment, and experience
  - d. Teams expertly focus on individual performance.
- 416. You are a member of a work team whose goal is to improve the efficiency of the production process. Your team is best described as:**
- a. Production-oriented.
  - b. Goal-oriented.
  - c. Problem-solving.
  - d. Self-managed.
- 417. Work groups of employees and supervisors that meet regularly to discuss their quality problems and recommend solutions is a form of participative management called:**
- a. Goal-oriented teams.
  - b. Quality circles.
  - c. Department teams.
  - d. cooperative groups
- 418. Self-managed work teams are generally:**
- a. Groups of employees who take on the responsibilities of their former supervisors.
  - b. Those who meet weekly to discuss ways of improving quality, efficiency, and work environment.

- c. From different work areas, but at similar hierarchical levels, who work together to accomplish tasks.
  - d. Employees who take on responsibilities for other employees unable to make decisions.
419. \_\_\_\_\_ teams are employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task.
- a. Work-related
  - b. Self-managed
  - c. Cross-functional
  - d. Problem-solving
420. \_\_\_\_\_ teams are an effective way to allow people from diverse areas within an organization to exchange information, develop new ideas and solve problems, and coordinate complex project.
- a. Multifaceted
  - b. Problem-solving
  - c. Quality circle
  - d. Cross-functional
421. Virtual teams are characterized by:
- a. Employees who are given the authority to implement any of their suggested actions
  - b. Individuals from different work areas who come together to accomplish a task.
  - c. Groups of employees who take on the added responsibilities of their former managers
  - d. Use of computer technology to communicate with individuals at different worksites.
422. Virtual teams generally can perform the same functions and do the same things that other teams have traditionally accomplished. Many times, they can even be more efficient at tasks due to the establishment of systems and procedures, and acceptance of these by team members. Before this can happen, however, virtual teams must set the stage for effective interaction through all of the following except:
- a. Share some personal information about themselves.
  - b. Assign clear roles for their members.
  - c. Recognize that eagerness and enthusiasm has no impact on team function.
  - d. Be aware of any pessimists who may exist among them.
423. Which of the following is not useful in building trust?
- a. demonstrate that you're working for others' interests as well as your own
  - b. demonstrate competence
  - c. Maintain confidences.
  - d. Keep your feelings to yourself.
424. The stages of group development are:
- a. initiating, storming, norming, performing, adjourning
  - b. introduction, high productivity, decline
  - c. Initiation, evolution, maturation, and decline.
  - d. Forming, storming, norming, performing, adjourning.
425. In the second stage of group development:
- a. Close relationships are developed.
  - b. The job task is performed.
  - c. intragroup conflict often occurs.
  - d. Group objectives are clearly formulated.
426. After which stage of a group's development has the group formed a common set of expectations of member behaviours?
- a. Performing
  - b. planning
  - c. norming
  - d. stormin
427. According to the punctuated-equilibrium model, all of the following are true about groups except:
- a. The first meeting sets the group's direction

- b. A transition takes place at the end of the first phase which occurs exactly when the group has used up one third of its allotted time.
  - c. The group's last meeting is characterized by markedly accelerated activity.
  - d. *The first phase of group activity is one of inertia.*
- 428. In order to reinforce team effort and commitment, managers should consider the use of:**
- a. *fixed hourly wages.*
  - b. *flexible benefits*
  - c. *rate individual piece plans*
  - d. *recognition and small financial rewards*
- 429. Successful teams translate their \_\_\_\_\_ into specific, measurable, and realistic performance goals.**
- a. Roles
  - b. norms
  - c. common purpose
  - d. skills
- 430. \_\_\_\_\_ is reliability, predictability, and good judgment in handling situations.**
- a. Consistency
  - b. Openness
  - c. Loyalty
  - d. Integrity
- 431. \_\_\_\_\_ is a characteristic of high performance teams where members believe in the integrity, character, and ability of each other**
- a. Trust
  - b. Openness
  - c. Loyalty
  - d. Worthiness
- 432. All of the following are advantages of diversity except:**
- a. greater openness to new ideas.
  - b. increased cohesiveness
  - c. increased creativity.
  - d. increased flexibility.
- 433. The strongest case for diversity on work teams centres around:**
- a. the fact that miscommunication is unlikely to occur.
  - b. eliminating confusion and miscommunication.
  - c. quickly solving problems by eliminating ambiguity.
  - d. bringing multiple perspectives to discussion and thus increasing unique solutions.
- 434. When managing a diverse team, it is important to keep in mind that:**
- a. it will be easier to reach agreement on specific actions.
  - b. the lack of a common perspective means that more time is spent on discussing issues
  - c. communication should be easier because the group is diverse.
  - d. diverse groups are generally less creative
- 435. The challenge of creating team players will be greatest where the national culture is:**
- a. competitive
  - b. collectivist
  - c. individualistic
  - d. pluralistic
- 436. The challenge of creating teams is less demanding for management when teams are introduced where employees have strong \_\_\_\_\_ values**
- a. collectivist
  - b. competitive
  - c. pluralistic
  - d. cooperative

- 437. When designing reward systems for teams, it is best to encourage cooperative efforts rather than \_\_\_\_\_ ones.**
- a. Collectivist
  - b. competitive
  - c. cooperative
  - d. individualistic
- 438. If companies value teamwork, then promotions, pay raises, and other forms of recognition should be given to individuals for how effectively the work as:**
- a. individuals
  - b. team members
  - c. group members
  - d. leaders
- 439. In our model of decision making under different conditions, what is the difference between risk and uncertainty?**
- a. Under risk, there is a well defined problem; under uncertainty, the definition is unclear
  - b. Under risk, choices are clear and the chances of different outcomes can be measured; under uncertainty, neither applies.
  - c. Under risk, probabilities can be measured; under uncertainty, they cannot.
  - d. Under risk, information is reliable; under uncertainty, it is not.
- 440. When a manager knows little about the intended goals of a decision and the outcomes of the options are unclear, what type of situation are they in?**
- a. Uncertainty
  - b. Risk
  - c. Certainty
  - d. Ambiguity
- 441. Decision making situations can be categorized along a scale which ranges from.....**
- a. Uncertainty to certainty to risk
  - b. Certainty to uncertainty to risk
  - c. Certainty to risk to uncertainty to ambiguity
  - d. Certainty to risk to uncertainty
- 442. A firm that is involved in two or more distinct businesses is known as:**
- a) A diversified company
  - b) A ventured company
  - c) A restructured company
  - d) A multinational corporation
- 443. Which of the following describe(s) a global marketplace?**
- a) The entire world is a marketplace
  - b) National borders are irrelevant
  - c) The potential for organizations to grow expands dramatically
  - d) All of the given options
- 444. The \_\_ of a strategy specifies the range of markets in which an organization will compete**
- a) Scope
  - b) Distinctive Competency
  - c) Resource deployment
  - d) Effective strategy
- 445. When a manger made a decision and he is uncertain about the outcomes. His decision is likely to be:**
- a) Of Poor Quality
  - b) Unacceptable
  - c) Successful
  - d) Risky
- 446. Non-programmed decisions are typically made under a condition of which of the following?**
- a) Certainty
  - b) Low levels of risk

- c) Uncertainty
  - d) Reliability
- 447. Which of the following is part of the 14 principles of management identified by Henri Fayol?**
- a) Scalar chain
  - b) Innovation
  - c) Efficiency
  - d) Motivation
- 448. A well-designed goal should be:**
- a) Short and very specific about expected outcomes
  - b) Written in terms of outcomes rather than actions
  - c) Identifiable to even the first-line supervisors
  - d) Specific and within a manageable time frame
- 449. The threat of new entrants is the extent to which new competitors can easily enter a market. Thus the threat of new entrants for a local restaurant than a automobile company is**
- a) High
  - b) Low
  - c) Moderate
  - d) Equal
- 450. Which of the following BEST describes directional plans?**
- a) Flexible plans that set out general guidelines
  - b) Stringent plans that establish specific directions
  - c) Formal plans that provide the directions of how to assemble the product.
  - d) General plans that allow the workers to change the schedule of production
- 451. SWOT analysis divides organizational strengths into two categories; common strength and\_\_.**
- a) Strategic imitation
  - b) Competitive edge
  - c) Competitive parity
  - d) Distinctive competencies
- 452. Planning is often called the primary management function because it:**
- a) Offers some basis for future decision making
  - b) Creates the vision for the organizational members
  - c) Establishes the basis for all the other functions
  - d) Sets the tone for the organizational culture
- 453. The organization that has developed the capacity to continuously learn, adapt, and change is called:**
- a) Virtual organization
  - b) Learning organization
  - c) Traditional organization
  - d) Bureaucratic organization
- 454. Which of the following is important in effectively implementing the chosen alternative in the decision-making process?**
- a) Getting upper-management support
  - b) Double-checking your analysis for potential errors
  - c) Allowing those impacted by the outcome to participate in the process
  - d) Ignoring criticism concerning your chosen alternative
- 455. Cultivating a learning culture where organizational members systematically gather knowledge and share it with others in the organization so as to achieve better performance is called:**
- a) Knowledge management
  - b) Technical management
  - c) Software management
  - d) Systems management
- 456. Which one of the following individuals is most closely associated with scientific management?**
- a) Frederick Taylor



- b) Mary Parker Follett
  - c) Harold Koontz
  - d) Max Weber
- 457. All of the following are steps in objective setting, EXCEPT.**
- a) Specify deadlines
  - b) Allow the employee to actively participate
  - c) Link rewards to effort
  - d) Prioritize goals
- 458. Concern for employee motivation is most closely associated with which of the following management approach?**
- a) Bureaucracy
  - b) Organizational behavior
  - c) Scientific management
  - d) Systems
- 459. An appropriate managerial behavior in a given situation that depends on a wide variety of elements, is called:**
- a) Open system
  - b) Contingency perspective
  - c) Entropy
  - d) Quantitative perspective
- 460. A budget is an example of which of the following plan?**
- a) Strategic plan
  - b) Single use plan
  - c) Informal plan
  - d) Standing plan
- 461. Which of the following is best described as doing something differently and has been described as discontinuous or complementary change?**
- a) Entrepreneurship
  - b) Innovation
  - c) Variance
  - d) Enterprise
- 462. First-line managers are responsible to report to:**
- a) Top level managers
  - b) Middle-level managers
  - c) Supervisors
  - d) Operational managers
- 463. Associations of different nations like European Union & NAFTA have been established to:**
- a) Share the armies of each other
  - b) Stabilize the political systems
  - c) Promote open trade among nations
  - d) All of the given options
- 464. Discrepancy between existing and a desired state of affairs is called:**
- a) Opportunity
  - b) Solution
  - c) Weakness
  - d) Problem
- 465. Low level management has a complete authority to make decisions in case of:**
- a) Centralization
  - b) Decentralization
  - c) Scalar Chain
  - d) Order

- 466. Ali is a manager in a multinational organization. He believes that the employees of the company are lazy and do not have much ambition. Ali can be classed as \_\_\_\_\_ manager based on the perspectives of Douglas McGregor.**
- a) Theory Y
  - b) Bureaucratic
  - c) Theory X
  - d) Administrative
- 467. Which of the following is called an input to a system?**
- a) Materials
  - b) Products
  - c) Services
  - d) Employee behavior
- 468. When objectives are not written down or rarely verbalized, and the planning is general and lacks continuity, which of the following types of planning is used?**
- a) Environmental planning
  - b) Economic planning
  - c) Informal planning
  - d) Formal planning
- 469. Which one of the following is an example of organization?**
- a) Hospitals
  - b) Colleges
  - c) Factories
  - d) All of the given options
- 470. The principle of "Division of Labor" was given by:**
- a) Frederick Taylor
  - b) Joseph Juran
  - c) Adam Smith
  - d) W. Edwards Deming
- 471. Which of the following types of plans is highly interdependent and must take into account the resources and capabilities of the entire organization and its external environments?**
- a) Operational plans
  - b) Strategic plans
  - c) Tactical plans
  - d) Budgetary plans
- 472. In some countries, such as Venezuela, titles, rank, and status carry a lot of weight. These countries have a large:**
- a) Power distance
  - b) Uncertainty avoidance
  - c) Short- versus long-term orientation
  - d) Individualism versus collectivism
- 473. Plant managers come under which of following management levels?**
- a) First-line managers
  - b) Non-managerial employees
  - c) Middle managers
  - d) Top managers
- 474. At the very first stage of establishment, organizations are generally indulged in:**
- a) Planning
  - b) Organizing
  - c) Leading
  - d) Controlling
- 475. Feed Back of \_\_\_\_\_ is necessary to improve the quality of the product.**
- a) Customers
  - b) Employees
  - c) Investors

- d) All of the given options
- 476. The process of monitoring performance, comparing it with goals and correcting any significant deviations is known as:**
- a) Planning
  - b) Organizing
  - c) Leading
  - d) Controlling
- 477. Staffing is concerned with providing and maintaining.....resources.**
- a. Physical
  - b. Technical
  - c. Human
  - d. Financial
- 478. Kets de Vries (1996) identified that most successful leaders perform two roles. What are these roles?**
- a. Charismatic and architectural
  - b. Tough and supportive
  - c. Directive and mentoring
  - d. Intellectual and coaching
- 479. The Action Centred Leadership model was put forward and developed in 1973 by whom?**
- a. Beer
  - b. Taylor
  - c. Adair
  - d. Fiedler
- 480. It has been identified that there are 6 Pillars of Character that are important to adopting and ethical perspective in leadership development. Can you name four of the six?**
- a. Trustworthiness, Respect, Responsibility, Fairness, Caring and Citizenship
  - b. Ruthlessness, Drive, Determination, Toughness, Supportive, Action orientated
  - c. Supportive, intelligent, insightful, good communicator, toughness, Fair
  - d. Caring, softness, intelligent, decisive, team player, communicator
- 481. Berg and Chyung use an analogy to distinguish formal and informal learning. In this analogy, formal learning is represented as a journey by bus, whereas informal learning is characterized as what?**
- a. Like flying an aeroplane
  - b. Like riding a bicycle
  - c. Like driving a car
  - d. Like being on a train
- 482. Barner and Higgins identify four theory models of coaching to which all coaches will subscribe, consciously or otherwise, in varying degrees. Which of these models aims primarily to help the individual to gain insights into themselves (as a person and as a manager) and to effect changes based on those insights?**
- a. Systems model
  - b. Social constructionist model
  - c. Behavioural model
  - d. Clinical model
- 483. The authors suggest the idea of wrappers for a series of related and overlapping concepts that writers and organizations use to define and delineate practices in areas related to leadership and management development. Which three concepts make up these wrappers?**
- a. Alignment, human resource planning, and skills analysis
  - b. Career planning, talent pipeline, and retention strategies
  - c. Talent management, succession management, and career management
  - d. Career ladders, talent pools, and engagement practices
- 484. The authors take a broad view of leadership and management (L&M) development, including all activities aimed at building ongoing L&M capacity, enabling the organization to meet its objectives, to sustain itself and to what else?**
- a. Transform itself
  - b. Develop talent

- c. Agree strategy
  - d. Make money
- 485. Holton (1996) criticised Kirkpatrick's model of levels of evaluation in learning, stating that only three of these levels were causally related to learning and development. Which were the three levels Holton identified?**
- a. Reactions, learning, organizational results
  - b. Learning, individual performance, organizational results
  - c. Reactions, individual performance, learning
  - d. Learning, Reactions, organizational results
- 486. Stein et al (2008) found that top executives differed significantly from the remainder of the general population in terms of a certain personal characteristic. This difference was also found to be linked to effective leadership and organizational effectiveness. What was the identified personal characteristic?**
- a. Greater emotional intelligence
  - b. More ambition
  - c. Greater IQ
  - d. More personality
- 487. What is the Human Capital Perspective argument for diversity management in leadership and management?**
- a. Using human resource planning to identify leaders and managers
  - b. Assessing all employees in terms of the money they make
  - c. Taking advantage of the talents available in the whole of the workforce
  - d. Telling employees that their knowledge and skills will be assessed and used by managers
- 488. Research in the styles of leadership preferred by different generations was completed by Arsenault (2004). What was the style of leadership that Generation X was found to prefer?**
- a. Directive
  - b. Authoritarian
  - c. Participative
  - d. Egalitarian
- 489. Earley and Mosakowski (2004) developed the concept of cultural intelligence in the context of attitudes and skills. Which of the following did they identify which related to learning strategies whereby people acquire and develop coping strategies?**
- a. Mind
  - b. Knowledge
  - c. Heart
  - d. Body
- 490. Whilst there is no consensus as to what global leadership competencies are there is agreement as to what according to Neary and O'Grady?**
- a. Lead change
  - b. Internal and external networking
  - c. Management style
  - d. The need to develop managers through such an approach
- 491. Planning to learn from experience is in keeping with which of Mumford's four approaches to learning?**
- a. Prospective approach
  - b. Intuitive approach
  - c. Incidental approach
  - d. Retrospective approach
- 492. Which of Carnall's (2003) four core managerial components essential for the effective management of change involves team building?**
- a. Decision making
  - b. Coalition building
  - c. Achieving action
  - d. Maintaining momentum

- 493. Which type of decision making process in effect involves no decision per se?**  
a. simple decision making  
b. nominal decision making  
c. extended decision making  
d. automatic decision making
- 494. Nominal decision making is sometimes referred to as \_\_\_\_\_.**   
a. habitual decision making  
b. routine decision making  
c. simple decision making  
d. automatic decision making
- 495. A(n) \_\_\_\_\_ is the way an individual perceives his or her feelings and situation to be at the present time.**   
a. current state  
b. actual state  
c. desired state  
d. self-concept
- 496. The four main approaches to organisations and management are.....**   
a. contingency, social action, scientific management and classical  
b. classical, human relations, bureaucracy and social action  
c. human relations, social action, contingency and scientific management  
d. classical, human relations, systems and contingency
- 497. The approach to organisations, structure and management which emphasises the formal structure, hierarchy of management, the technical requirements and the assumption of rational behaviour is.....**   
a. the contingency theory  
b. the contingency theory  
c. the systems approach  
d. the classical approach
- 498. Scientific management focuses on a \_\_\_\_\_ approach to motivation**   
a. social-economic  
b. human  
c. rational-economic  
d. none of the above
- 499. Taylor's thoughts were based on studies at \_\_\_\_\_**   
a. The Arsenal  
b. The Watertown Steel Corporation  
c. The Bethlehem Steel Corporation  
d. The American Steel Arsenal
- 500. Taylor put forward the idea of \_\_\_\_\_**   
a. purposeful foremanship  
b. motivational foremanship  
c. functional foremanship  
d. social foremanship

## Answers

1	c	2	b	3	d	4	d	5	b	6	a	7	a
8	c	9	a	10	b	11	c	12	a	13	d	14	b
15	b	16	d	17	c	18	d	19	a	20	b	21	b
22	c	23	d	24	c	25	d	26	c	27	d	28	c
29	a	30	a	31	c	32	b	33	a	34	b	35	b
36	a	37	a	38	a	39	a	40	c	41	a	42	b
43	b	44	c	45	a	46	b	47	c	48	b	49	d
50	d	51	d	52	d	53	b	54	c	55	c	56	a
57	d	58	b	59	b	60	a	61	a	62	b	63	c
64	c	65	b	66	d	67	c	68	b	69	d	70	a
71	b	72	b	73	c	74	b	75	d	76	d	77	c
78	d	79	d	80	c	81	b	82	b	83	c	84	a
85	a	86	c	87	a	88	b	89	a	90	c	91	d
92	a	93	a	94	d	95	a	96	c	97	c	98	b
99	a	100	d	101	c	102	c	103	b	104	c	105	a
106	d	107	d	108	b	109	c	110	a	111	b	112	d
113	c	114	c	115	a	116	a	117	b	118	b	119	b
120	a	121	c	122	a	123	d	124	a	125	d	126	a
127	c	128	b	129	d	130	c	131	b	132	a	133	c
134	d	135	a	136	d	137	b	138	b	139	c	140	d
141	a	142	d	143	b	144	b	145	c	146	a	147	a
148	a	149	d	150	c	151	d	152	a	153	d	154	a
155	a	156	b	157	a	158	d	159	d	160	b	161	d
162	c	163	a	164	b	165	a	166	c	167	a	168	c
169	a	170	c	171	a	172	b	173	c	174	c	175	c
176	c	177	c	178	d	179	d	180	c	181	a	182	c
183	a	184	a	185	b	186	b	187	c	188	d	189	d
190	c	191	a	192	c	193	b	194	b	195	b	196	b
197	b	198	b	199	b	200	a	201	c	202	d	203	b
204	a	205	a	206	d	207	d	208	b	209	b	210	a
211	d	212	d	213	d	214	d	215	d	216	a	217	c
218	c	219	c	220	b	221	b	222	d	223	b	224	d
225	b	226	b	227	c	228	a	229	c	230	a	231	c
232	c	233	c	234	d	235	d	236	d	237	a	238	b
239	c	240	d	241	a	242	a	243	d	244	c	245	c
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253	d	254	c	255	a	256	d	257	b	258	b	259	c
260	c	261	b	262	d	263	a	264	c	265	c	266	d
267	b	268	a	269	b	270	c	271	a	272	b	273	c
274	c	275	b	276	d	277	b	278	a	279	a	280	c
281	b	282	a	283	d	284	c	285	b	286	b	287	b
288	b	289	b	290	a	291	b	292	a	293	d	294	b
295	a	296	d	297	a	298	b	299	a	300	b	301	d
302	c	303	c	304	b	305	b	306	a	307	a	308	a
309	b	310	b	311	b	312	c	313	d	314	d	315	b
316	a	317	a	318	a	319	c	320	d	321	d	322	b
323	a	324	c	325	b	326	b	327	d	328	a	329	c

330	b	331	b	332	b	333	b	334	b	335	a	336	a
337	c	338	a	339	c	340	b	341	a	342	c	343	a
344	b	345	c	346	b	347	a	348	c	349	d	350	a
351	a	352	a	353	d	354	a	355	d	356	b	357	a
358	d	359	d	360	a	361	c	362	c	363	a	364	a
365	c	366	c	367	c	368	b	369	d	370	d	371	c
372	c	373	c	374	d	375	c	376	a	377	d	378	d
379	a	380	d	381	d	382	b	383	d	384	a	385	c
386	d	387	b	388	c	389	b	390	b	391	d	392	a
393	b	394	b	395	c	396	b	397	c	398	d	399	c
400	a	401	c	402	b	403	c	404	c	405	d	406	a
407	d	408	c	409	a	410	d	411	b	412	b	413	c
414	d	415	d	416	c	417	b	418	a	419	c	420	d
421	d	422	c	423	d	424	d	425	c	426	c	427	b
428	d	429	c	430	a	431	a	432	b	433	d	434	b
435	c	436	a	437	b	438	b	439	b	440	d	441	c
442	a	443	a	444	a	445	d	446	c	447	a	448	b
449	d	450	a	451	d	452	c	453	b	454	c	455	a
456	a	457	d	458	b	459	b	460	b	461	b	462	b
463	c	464	d	465	c	466	c	467	d	468	c	469	d
470	c	471	b	472	a	473	c	474	a	475	d	476	d
477	c	478	a	479	c	480	a	481	b	482	d	183	c
484	a	485	b	486	a	487	c	488	d	489	a	490	d
491	a	492	d	493	b	494	a	495	b	496	d	497	d
498	c	499	c	500	c								