



FINAL TERM EXAMINATION
Spring 2010
MGT211- Introduction to Business (Session - 3)

Time: 90 min
Marks: 69

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Question No: 1 (Marks: 1) - Please choose one

Which of the following is/are the component/s of business?

- ▶ Industry
- ▶ Commerce
- ▶ Both industry and commerce
- ▶ Trade and aids to trade

Ans1) trade and aid to trade

Question No: 2 (Marks: 1) - Please choose one

The notice calling the annual general meeting must be given to all its members at least _____ days before the date of the meeting.

- ▶ 21 days
- ▶ 30 days
- ▶ 45 days
- ▶ 51 days

Ans 2) 21 days

Question No: 3 (Marks: 1) - Please choose one

The portion of capital kept at the winding up of a company for the payment of debts is known as:

- ▶ Reserve capital
- ▶ Issued capital
- ▶ Subscribed capital
- ▶ Authorized capital

Ans3)

Question No: 4 (Marks: 1) - Please choose one

Which of the following statements is false?

- ▶ Franchising is very common.
- ▶ A franchise enables one to use a larger company's trade name.
- ▶ A franchisee never has to pay the franchiser a percentage of sales revenues.
- ▶ A franchise may constrain the franchisee's independence.

Question No: 5 (Marks: 1) - Please choose one

Business success can be attributed to:

- ▶ Luck.
- ▶ Hard work, drive and dedication.
- ▶ A high demand for the good or service produced.
- ▶ **All of the given options**

Ans 5) All of the given options

Question No: 6 (Marks: 1) - Please choose one

A concept that implies that the firm should consider issues such as protecting the consumer, paying fair wages, maintaining fair hiring practices, supporting education, and considering environmental issues is:

- ▶ Financial management
- ▶ Profit maximization
- ▶ **Social responsibility**
- ▶ Agency theory

Question No: 7 (Marks: 1) - Please choose one

The MBTI is a personality test that has been used to select candidates who will more likely engage in organizational citizenship behaviors at work. However, critics of this test suggest that the results can change over time as a person's personality develops. Therefore the MBTI personality test may be:

- ▶ Legal but not valid
- ▶ Valid but not reliable
- ▶ Reliable but not valid
- ▶ **Reliable but not legal**

Question No: 8 (Marks: 1) - Please choose one

_____ is the process used by organizations to attract a qualified pool of job applicants.

- ▶ Socialization
- ▶ Human resource planning
- ▶ **Recruitment**
- ▶ Affirmation action

Question No: 9 (Marks: 1) - Please choose one

Profit sharing, gain sharing and pay-for-knowledge plans are examples of:

- ▶ Individual incentives
- ▶ **Company-wide incentives**
- ▶ Cafeteria benefit plans

- ▶ Merit salary systems

Question No: 10 (Marks: 1) - Please choose one

Which of the following statements is NOT true about services?

- ▶ They are experienced, used or consumed.
- ▶ They are often sold first, then consumed.
- ▶ They are perishable.
- ▶ They are tangible.

Question No: 11 (Marks: 1) - Please choose one

Possession utility is provided when:

- ▶ A good or service is obtained and there is a right to use or consume it.
- ▶ A product is available where someone wants it.
- ▶ Someone performs a task for someone else
- ▶ Someone produces something tangible

Question No: 12 (Marks: 1) - Please choose one

_____ includes all of the activities managers engage in to forecast their current and future human resource needs.

- ▶ Recruitment and selection
- ▶ Job analysis and job design
- ▶ Selection and job design
- ▶ Human resource planning

Question No: 13 (Marks: 1) - Please choose one

Specifications of a product relate to the:

- ▶ Physical characteristics and level of quality
- ▶ Types of service that are provided along with the product
- ▶ Financing available with the product
- ▶ Types of competitors offering a similar product

Question No: 14 (Marks: 1) - Please choose one

Communicating information between sellers and potential buyers or others in the channel to influence attitudes and behavior is called _____.

- ▶ Advertising
- ▶ Promotion
- ▶ Publicity
- ▶ Marketing

Question No: 15 (Marks: 1) - Please choose one

A product can be:

- ▶ Tangible
 - ▶ Intangible
 - ▶ Something that is offered for sale
 - ▶ All of the given options
- Ans) All of the given options

Question No: 16 (Marks: 1) - Please choose one

Consumer goods are classified as convenience, shopping, and:

- ▶ Durable.
- ▶ Nondurable.
- ▶ Consumer.
- ▶ Specialty.

Question No: 17 (Marks: 1) - Please choose one

The stage of the Product life cycle where competitors appear is:

- ▶ Introduction
- ▶ Decline
- ▶ Maturity
- ▶ Growth

Question No: 18 (Marks: 1) - Please choose one

Expectations that specify the role of price in a firm's marketing and strategic plans are:

- ▶ Pricing considerations
- ▶ Pricing guidelines
- ▶ pricing objectives
- ▶ Pricing policies

Question No: 19 (Marks: 1) - Please choose one

Setting the highest initial price is called price:

- ▶ Penetration
- ▶ Gouging
- ▶ Parity
- ▶ Skimming

Question No: 20 (Marks: 1) - Please choose one

Which type of sales promotion is used when a manufacturer places one small bottle of shampoo in a clear bag and hangs it from the door of each house in a neighborhood?

- ▶ A sample
- ▶ A deal

- ▶ A premium
- ▶ An introductory offer

Question No: 21 (Marks: 1) - Please choose one

The activities and processes used in making both tangible and intangible products is known as _____.

- ▶ **Operations.**
- ▶ None of the given options
- ▶ Making
- ▶ Production.

Question No: 22 (Marks: 1) - Please choose one

Under which cost flow assumption is the ending inventory composed of the earliest purchased merchandise?

- ▶ FIFO
- ▶ **LIFO**
- ▶ Average cost
- ▶ Specific identification

Question No: 23 (Marks: 1) - Please choose one

The preferred method for achieving total quality in process output is to:

- ▶ **Rely on a team of highly trained and dedicated inspectors.**
- ▶ Rely on operator self-inspection and self-correction.
- ▶ Build and install an error-proof process and maintain it.
- ▶ Perform inspection at the next process.

Question No: 24 (Marks: 1) - Please choose one

What is data?

- ▶ All of the facts that are collected, stored, and processed by an information system.
- ▶ All of the debit and credit information about each transaction.
- ▶ The same thing as information.
- ▶ **All of the given options.**

Question No: 25 (Marks: 1) - Please choose one

Which of the following is defined as large scale information system used for organizing and managing a firm's processes across product lines, departments and geographic locations?

- ▶ Expert System
- ▶ Decision Support System
- ▶ **Enterprise Resource Planning**
- ▶ Electronic Data Interchange

Question No: 26 (Marks: 1) - Please choose one

The financial statement which shows cash activity (receipts and disbursements) during the accounting period is called a(n):

- ▶ Bank statement.
- ▶ Income statement.
- ▶ **Statement of cash flows.**
- ▶ Bank reconciliation.

Question No: 27 (Marks: 1) - Please choose one

Which of the following regarding GAAP is true?

- ▶ GAAP is the body of accounting knowledge followed by all countries in the world.
- ▶ GAAP is the abbreviation for generally accepted auditing procedures.
- ▶ Changes to GAAP must be approved by the Senate Finance Commission.
- ▶ **All of the given options.**

Question No: 28 (Marks: 1) - Please choose one

The inventory cost flow assumption where the oldest cost of inventory items is likely to remain on the balance sheet is _____

- ▶ All of the given options.
- ▶ FIFO
- ▶ **LIFO**
- ▶ Average

Question No: 29 (Marks: 1) - Please choose one

Which of the following would generally have *unlimited* liability?

- ▶ A limited partner in a partnership
- ▶ A shareholder in a corporation
- ▶ **The owner of a sole proprietorship**
- ▶ A member in a limited liability company (LLC)

Question No: 30 (Marks: 1) - Please choose one

The situation when a country imports more than its exports is:

- ▶ **A trade surplus.**
- ▶ A recession.
- ▶ A trade deficit.
- ▶ An expansion.

Question No: 31 (Marks: 1) - Please choose one

The marketing environment is BEST described as being

- ▶ Composed of controllable variables.
- ▶ Composed of variables independent of one another.
- ▶ An indirect influence on marketing activity.
- ▶ **Dynamic and changing.**

Question No: 32 (Marks: 1) - Please choose one

Which one of the following statements by a company chairman best reflects the marketing concept?

- ▶ We believe that the marketing department must organise to sell what we produce.
- ▶ We try to produce only high quality, technically efficient products.
- ▶ We try to encourage company growth.
- ▶ **We have organised our business to make certain that we satisfy customer needs.**

Question No: 33 (Marks: 1) - Please choose one

When Nayer Carpets develops new carpets that are highly stain resistant and durable, it must educate consumers about the product's benefits. This calls for activity in which of the following marketing mix variables?

- ▶ Price
- ▶ **Promotion**
- ▶ Product
- ▶ Packaging

Question No: 34 (Marks: 1) - Please choose one

The three major categories of influences that are believed to influence the consumer buying decision process are personal, psychological, and:

- ▶ Person-specific
- ▶ **Social**
- ▶ Demographic

- ▶ Situational

Question No: 35 (Marks: 1) - Please choose one

Nestle yoghurt represents which type of product for most consumers?

- ▶ Convenience
- ▶ Shopping
- ▶ **Speciality**
- ▶ Unsought

Question No: 36 (Marks: 1) - Please choose one

As the production manager of an engineering firm, you went out and bought a metal cutting machine. What you have purchased can best be classified as

- ▶ a processed component.
- ▶ a component part.
- ▶ raw material.
- ▶ **an industrial product.**

Question No: 37 (Marks: 1) - Please choose one

Physical distribution functions influence

- ▶ primarily pricing and product decisions.
- ▶ primarily promotion and pricing decisions.
- ▶ **all elements of the marketing mix.**
- ▶ primarily pricing decisions.

Question No: 38 (Marks: 1) - Please choose one

All elements of the marketing mix are influenced by physical distribution functions. For this reason, it is important for marketers to remember that

- ▶ physical distribution decisions must be made prior to any other marketing strategy consideration.
- ▶ physical distribution costs often rise as customer service requirements decrease.
- ▶ over 75 percent of all marketing costs are associated with physical distribution expenditures.
- ▶ **no single distribution system is ideal for all situations and target markets.**

Question No: 39 (Marks: 1) - Please choose one

A fruit and vegetable wholesaler buys a loaded truck of strawberries from a local farmer and then divides them into 10 kg baskets to sell to grocery stores. This sorting function is called:

- ▶ Allocation.
- ▶ assorting.
- ▶ accumulation.
- ▶ sorting out.

Question No: 40 (Marks: 1) - Please choose one

A product's ability that it cannot be used for various purposes in different capacities and under different conditions is termed as _____.

- ▶ Flexibility of a product
- ▶ Inflexibility of a product
- ▶ Availability of a product
- ▶ All of the given options

Question No: 41 (Marks: 1) - Please choose one

Which of the following statements is most suitable for Quality assurance?

- ▶ It refers to the prevention of product defects
- ▶ It is an auditing function that provides feedback to the project team and client about the quality of output being produced
- ▶ It is the technical process that includes the construction of control charts
- ▶ None of the given options

Question No: 42 (Marks: 1) - Please choose one

Which of the following is considered as the pillar of quality?

- ▶ Quality is free.
- ▶ Doing it right the first time
- ▶ Process Improvement
- ▶ None of the given options

Question No: 43 (Marks: 1) - Please choose one

A person needs to buy a medicine in midnight and gets it from a pharmacy, the availability of medicine in the midnight represents following

- ▶ Time utility
- ▶ Form utility
- ▶ Place utility
- ▶ None of the given options

Question No: 44 (Marks: 1) - Please choose one

Flow of communication from top to bottom is known as _____.

- ▶ Downward communication

- ▶ Upward communication
- ▶ Combination of Downward and upward communication
- ▶ None of the given options

Question No: 45 (Marks: 1) - Please choose one

Auditors who are working within the organization are known as _____

- ▶ **Internal auditors**
- ▶ External auditors
- ▶ Both internal auditors and external auditors
- ▶ None of the given options

Question No: 46 (Marks: 1) - Please choose one

Assets which can not be physically touched are termed as _____

- ▶ **Intangible assets**
- ▶ Tangible assets
- ▶ Good will
- ▶ None of the given options

Ans 46) Intangible assets

Question No: 47 (Marks: 1) - Please choose one

Profit and loss account is also termed as _____

- ▶ **Income statement**
- ▶ Balance sheet
- ▶ Trial Balance
- ▶ None of the given options

Question No: 48 (Marks: 1) - Please choose one

A plan or an estimate for future expenses and revenues is termed as _____

- ▶ **Budgeting**
- ▶ Balance sheet
- ▶ Income statement
- ▶ None of the given options

Question No: 49 (Marks: 3)

Explain the nature and general purpose of financial statements.

Ans 49) statement prepared to meet the needs of all financial statement users as opposed to meeting the needs of only a particular group such as investors, creditors, management, or regulatory bodies. This is the purpose of financial statements based on GAAP. Financial statements are written records of business finances, including balance sheets and profit and loss statements. They stand as one of the most essential components of business information, and as the principal method of communicating financial information about an

entity to outside parties. In a technical sense, financial statements are a summation of the financial position of an entity at a given point in time. General purpose financial statements are designed to meet the needs of many diverse users, particularly present and potential owners and creditors. Financial statements result from simplifying, condensing, and aggregating masses of data obtained primarily from a company's (or individual's) accounting system

Question No: 50 (Marks: 3)

What is meant by the term 'Just-in-Time' Inventory system?

Ans 50) Pull driven inventory system in which materials, parts, sub-assemblies, and support items are delivered just when needed and neither sooner nor later. Its objective is to eliminate product inventories from the supply. As much a managerial philosophy as an inventory system, JIT encompasses all activities required to make a final product from design engineering onwards to the last manufacturing operation. JIT systems are fundamentals to time based competition and rely on waste reduction, process simplification, setup time and batch size reduction, parallel processing, and shop floor layout redesign. Under JIT management, shipments are made within rigidly enforced 'time windows' and all items must be within the specification with very little or no inspection. It was developed and perfected by Taiichi Ohno of Toyota corporation during 1960s.

Question No: 51 (Marks: 5)

Differentiate between push and pull strategies for promotion.

Ans 51) A push strategy is when a company proactively and aggressively markets or promotes a product or product line to the market place or a market segment. This can be through cold calling, direct mail, sending email blasts, advertising, etc. in which the company explicitly asks a prospective consumer to take action such as:

"Buy Now!" "Call Today" "Sign Up Now" "For More Info Visit..."

Some times push strategy is accompanied by a sense of urgency and limited

time offers and one-time incentives to prompt consumers' immediate action.

On the other hand a pull strategy is more passive than aggressive. In this case companies may have longer term strategy in mind. A company may look to instill top of mind awareness in the marketplace or build its Brand equity. Another twist to pull offers, is FREE Offers, this is when prospects are offered free trials, free information passively. The purpose behind this is to generate leads to which marketers can later promote back-end offers, in fact sometimes marketers will lose money upfront because they know they'll make up their money in the back-end. Good examples are: Coke Commercials (Enjoy Coca, Polar, Polar Bears) Lexus Commercials, Free Offers on the internet or ON TV. To summarize a push strategy is aggressive, direct and calls prospects to action. A pull strategy is passive, instills a message for top of mind awareness or to build Brand equity.

Question No: 52 (Marks: 5)

Define the term "Material Management". What are the problems faced by materials managers in today's world?

Ans 52) Material Management is concerned with control of materials in such a manner which ensures maximum return on working capital. Material management is concerned with the location & purchase of needed their storage & movement. It also arranges to keep an account for them. It is also responsible for planning their movement through manufacturing processes, store rooms and distribution channels. It is the branch of logistics that deals with the tangible components of a supply chain which covers the acquisition of spare parts/replacements, quality control of purchasing and ordering such parts/replacements, and the standards involved in ordering, shipping, and warehousing.

Question No: 53 (Marks: 5)

Define channel of communication, discuss different types of channels of business communication.

Ans 53) Various sources used by marketers to send marketing messages to potential consumers. Communication channels may be personal, involving two or more persons communicating directly with each other, such as a customer/salesperson relationship, or impersonal such as bill boards etc.

Types of communications:

- **Verbal Communication**

Verbal communication is further divided into written and oral communication. The oral communication refers to the spoken words in the communication process. Oral communication can either be face-to-face communication or a conversation over the phone or on the voice chat over the Internet. Spoken conversations or dialogs are influenced by voice

modulation, pitch, volume and even the speed and clarity of speaking. The other type of verbal communication is written communication. Written communication can be either via snail mail, or email. The effectiveness of written communication depends on the style of writing, vocabulary used, grammar, clarity and precision of language.

• **Nonverbal Communication**

Non-verbal communication includes the overall body language of the person who is speaking, which will include the body posture, the hand gestures, and overall body movements. The facial expressions also play a major role while communication since the expressions on a person's face say a lot about his/her mood. On the other hand gestures like a handshake, a smile or a hug can independently convey emotions. Non verbal communication can also be in the form of pictorial representations, signboards, or even photographs

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