

Test / Exam Name: Principles And Functions
Of Management

Subject: Business Studies

Instructions

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Q1. Give anyone reason why principles of management do not provide readymade solution to all managerial problems. **1 Mark**

Ans: Principles of management do not provide readymade solution to all managerial problems because principles provide general guidelines to managers whereas real business situations are very complex and dynamic.

Q2. Give the meaning of 'responsibility' as an element of delegation. **1 Mark**

Ans: Responsibility as an element of delegation means obligation of a subordinate to perform the assigned duty properly.

Q3. Kamal is working as a gang boss in the assembly unit of 'Sokia Ltd.', a laptop manufacturing company. He supervises the work of ten trained workers who perform the various activities related to the assembly of the laptops. One day when he was supervising the work of his workers, he told Ashok, a worker that his work could be improved. Ashok interpreted the comments of Kamal as that his work was not good.
Identify the type of barrier to effective communication in this case. **1 Mark**

Ans: Semantic barrier/ Unclarified assumptions

Q4. Give the meaning of 'accountability' as an element of delegation. **1 Mark**

Ans: Accountability as an element of delegation means the answerability for the final outcome of the assigned task.

Q5. 'Management is the process of getting things done.' State the meaning of the term 'process' used in this statement. **1 Mark**

Ans: 'Process' means series of primary functions or activities that management performs to get things done.

Q6. Why did Fayol introduce the concept of 'Gang Plank' in the principle of 'ScalarChain'? **1 Mark**

Ans: The concept of gang plank was developed to avoid delay in communication in case of emergency between two people working at the same level but in different departments.

Q7. What does the principle of 'Initiative' indicate? **1 Mark**

Ans: Principle of initiative indicates that the subordinates should be encouraged to make and execute plans within the prescribed limits of authority.

Q8. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are coordinated and interlinked, and authority responsibility relationship is established among various job positions. There is clarity on who is to report to whom.
Name the function of management discussed above. **1 Mark**

Ans: Organising is the process of defining and grouping activities and establishing authority relationships among them.

Q9. Give anyone reason why principles of management are not rigid prescriptions. **1 Mark**

Ans: Flexible: The principles of management are not rigid prescriptions, which have to be followed absolutely. They are flexible and can be modified by the manager when the situation so demands.

Q10. What is meant by 'Principles of Management'? **1 Mark**

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Ans: Principle of management are board and general guidelines for decision making and behavior of managers.

Q11. State how management principles are flexible.

1 Mark

Ans: Management principles are flexible because these can be modified according to the demand/needs of the situation.

Q12. 'Is Management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the cost benefit'? Give reason in support of your answer.

1 Mark

Ans: The statement given above is false.

Management is also concerned with cost benefit in organization. Management aims at maximum utilization of resources effectively and efficiently. Efficiency implies minimization of cost and time to achieve standard performance.

Q13. _____ refers to retention of decision-making authority by higher management levels.

1 Mark

A Decentralisation

B Departmentalisation

C Span of Control

D Centralisation

Ans: **D** Centralisation

Q14. Hina Sweets is a renowned name for quality sweets since 1935. Harsh the owner of Hina Sweets was worried as the sales had declined during the last three months. When he enquired from the Sales Manager, the Sales Manager reported that there were some complaints about the quality of sweets. Therefore Harsh ordered for sample checking of sweets. Identify the step taken by Harsh that is related to one of the functions of management.

1 Mark

Ans: Measurement of actual performance is one of the controlling function of management and hence the most important step taken by harsh.

Q15. Give the meaning of 'Delegation'.

1 Mark

Ans: Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance.

Q16. State the role of 'speed boss' in functional foremanship.

1 Mark

Ans: Peed boss: He is responsible for timely completion of job.

Q17. State the role of 'gang boss' in functional foremanship.

1 Mark

Ans: The key role of a gang boss is to provide for all inputs required by workers to initiate their tasks. He reports to the in charge of production under functional foremanship. Gang boss keeps the machines and tools ready for operation by workers.

Q18. List any two personal objectives of management.

1 Mark

Ans: Personal objectives of management:

1. Competitive salaries and perks.
2. Peer recognition.
3. Personal growth and development of employees.

Q19. List any two social objectives of management.

1 Mark

Ans: Social objectives:

1. Using environment friendly methods of production.
2. Giving employment opportunities to disadvantaged sections of the society.
3. Providing basic amenities like schools and crèches to employees.

Q20. 'Alfanzo Ltd.' is achieving all its objectives in an effective and efficient manner. It is earning enough revenue to cover costs and the risks of the business. Now the company wants to increase the sales volume, the capital investment, the number of employees and the number of products also.

1 Mark

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By doing this, the management wants to achieve its following objective:

A Survival

B Profit

C Personal

D Growth

Ans: D Growth

Q21. Why is 'employment interview' conducted in the process of selection?

1 Mark

Ans: **Employment Interview:** Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same.

Q22. _____ refers to the obligation of a subordinate to properly perform the assigned duty.

1 Mark

A Authority

B Responsibility

C Accountability

D Delegation

Ans: B Responsibility

Q23. What is meant by 'management of people'?

1 Mark

Ans: Management of people means dealing with employees as individuals with diverse needs and behaviour as well as dealing with individuals as a group of people.

Q24. 'Management has its own vocabulary of terms and concepts. Managers need to communicate with one another with the help of a common vocabulary for the better understanding of their work situation.'

1 Mark

Which characteristic of 'Management as a Science' is highlighted in the above statement?

A Principles based on experimentation

B Systematised body of knowledge

C Universal validity

D Personalised application

Ans: B Systematised body of knowledge

Q25. Principles of management equip the managers to foresee the cause and effect relationships of their decisions and actions so that the wastages associated with a trial and error approach can be overcome.

1 Mark

Identify the point of significance of principles of management highlighted here.

Ans: Optimum utilization of resources and effective administration.

Q26. What is meant by 'Motivation'?

1 Mark

Ans: Motivation means including people to perform to their ability for achievement of organisational goals.

Q27. Why are the principles of management called universally applicable?

1 Mark

Ans: Management principles are called universally applicable because they are applicable to all types of organisations, irrespective of the type or size.

Q28. Give one difference between policy and procedure.

1 Mark

Ans:

Basis	Policies	Procedures
Meaning	It is a guide to decision making.	It is a guide to action as it contains steps to be taken in a chronological order.
Origin	It is derived from objectives of the enterprise.	It is laid down to implement some policy.
Flexibility	It is flexible - leaves room for discretion.	It is more or less rigid.
Scope for discretion	It leaves some scope for manager's discretion.	It leaves no discretion to person concerned with its implementation.
Expression	It is expressed in the form of a general statement.	It is expressed in more specific terms.

Q29. The management principles can be applied to all types of activities'. Which characteristic of management is highlighted by this statement? **1 Mark**

Ans: Management is all pervasive/universal.

Q30. Koby Ltd. is an 87-year-old reputed consumer goods company. It is known for offering good quality electronic products at reasonable prices. It has branches all over India. It has a large shareholder base. The shareholders desire that some dividend is paid every year on their investments. Company's management understands that it is important to keep the shareholders happy and satisfied. As a matter of policy, they declare a certain amount of dividend every year out of profits rather than reinvesting the whole as retained earnings. **1 Mark**
Identify the factor affecting dividend decision being highlighted in the above situation.

Ans: Shareholders preference.

Q31. State any one principle of scientific management. **1 Mark**

Ans: Principles of scientific management:

1. Science, not rule of thumb advocates that there is only one best method to maximise efficiency and this method should substitute 'rule of thumb' throughout the organisation.
2. Harmony, not discord advocates that there should be complete harmony between management and the workers.
3. Co-operation, not individualism states that competition should be replaced by co-operation.
4. Development of each and every person to his or her greatest efficiency or prosperity states that each person should be scientifically selected, placed and trained to ensure the greatest efficiency and prosperity for both the company and the workers.

Q32. What is meant by 'Rule'? **1 Mark**

Ans: A Rule is a specific statement that informs what is to be done and not to be done. They do not allow for any flexibility or discretion.

Q33. Differentiate between 'Recruitment' and 'Selection'. **1 Mark**

Ans: Recruitment:

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.

Selection:

Selection is the process of identifying and choosing the best person(s) out of a number of prospective candidates for the job.

Q34. Differentiate between an 'Aptitude Test' and a 'Personality Test'. **1 Mark**

Ans: Aptitude Test:

Aptitude Test is a measure of individuals potential for learning new skills

Personality Test:

Personality Test provides clues to a person's emotions, reactions, maturity, value system etc.

Q35. Differentiate between 'Formal Communication' and 'Informal Communication' on the basis of 'Meaning'. **1 Mark**

Ans: Formal communication:

- Formal communication is the communication which flows through official channels designed in the organisation chart.

Informal communication:

- Informal communication is the communication that takes place without following the formal lines of communication.

Q36. What is meant by 'accountability'? **1 Mark**

Ans: Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability. It cannot be delegated and flows upward.

Q37. Give the meaning of 'Management by Exception'. **1 Mark**

Ans:

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Management by Exception is a technique of managerial control which involves identifying only significant deviations which go beyond the permissible limit and bringing them to the notice of the management.

Q38. Define 'efficiency'.

1 Mark

Ans: Efficiency means doing the task correctly and with minimum cost.

Q39. What is meant by 'Delegation'?

1 Mark

Ans: Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance.

Q40. State any two functions to be performed at supervisory level of management.

1 Mark

Ans: Functions to be performed at supervisory level of management:

1. To oversee the efforts of the workforce.
2. To interact with the actual workforce and pass on the instructions of the middle management to the workers.
3. To ensure that the quality of output is maintained and wastage of material is minimized.
4. To ensure that safety standards are maintained.

Q41. Hina and Harish are typists in a company having same educational qualifications. Hina is getting Rs. 3,000 per month and Harish Rs. 4,000 per month as salary for the same working hours.
Which principle of management is violated in this case? Name and explain the principle.

2 Marks

Ans: The principle of 'Equality' is violated in this case. According to this principle employees should be given kind, fair and just treatment and there should not be any discrimination.

Q42. 'Analysing deviations' and 'taking corrective actions' are the steps in the process of one of the significant functions of management. Identify the function and list the first three steps of the process of the function identified.

2 Marks

Ans: Function of management referred here is Controlling.

First three steps of the process of controlling are:

1. Setting performance standards.
2. Measurement of actual performance.
3. Comparing actual performance with standards.

Q43. Mohan, a manager, expects his subordinates to adapt to the new environs and working conditions without giving them time to settle down. Which principle of management is being overlooked and why?

2 Marks

Ans: The principle being overlooked is Stability of tenure.

Frequent changes of personnel may not be good for the organisation.

Q44. Give the meaning of 'Free Rein style of Leadership'.

2 Marks

Ans: In free-rein leadership, the leader does not believe in the use of power unless it is essential. He gives a high degree of independence to his followers to formulate their own objectives and ways to achieve.

Q45. Mohan, a manager, does not distribute the work amongst his subordinates, either according to capability or proportionately.
Which principle of management being overlooked and why?

2 Marks

Ans: The principle being overlooked is **Division of Work**. According to the principle of division of work, the entire work should be divided into small tasks and allocated among the employees according to their capabilities.

Alternate Answer

The principle being overlooked is **Equity**. According to the principle of equity, the entire work should be divided into small tasks and allocated among the employees proportionately to give them fair treatment.

Q46. The Production Manager of Bharat Ltd. instructs a salesman to go slow in selling the product, whereas the Marketing Manager is insisting on fast selling to achieve the target.
Which principle of management is being violated in this case? State any one of the consequences of violation of this principle.

2 Marks

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Ans: Principle: Unity of Command.

Consequences:

1. It leads to conflicts amongst superiors.
2. Confusion in the mind of subordinates.
3. Difficulty in fixing of responsibility.
4. Excuse for not doing work by subordinates.

Q47. State any three measures to overcome barriers to effective communication.

2 Marks

Ans: Measures to overcome barriers to effective communication:

1. Sender should communicate according to the needs, education and understanding levels of receivers.
2. He should take a proper feedback to improve the communication process and make it more responsive.
3. He should regularly follow up communication and review the instructions given to subordinates.
4. He should be aware of language, tone and content of the message to make it understandable to the receiver.
5. He should clarify the ideas before communication.
6. He should consult others before communicating.
7. He should convey things of help and value to listeners.
8. He should communicate for present as well as for future.
9. He should be a good listener.

Q48. Distinguish between 'Responsibility' and 'Accountability' on the basis of 'delegation'.

2 Marks

Ans: Responsibility cannot be entirely delegated while accountability cannot be delegated at all.

Q49. Differentiate between 'Authority' and 'Responsibility' on the basis of 'origin'.

2 Marks

Ans: Authority arises from formal position while responsibility arises from delegated authority.

Q50. What is meant by Motion Study?

2 Marks

OR

Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently. Mention this technique and also explain it.

Ans: Motion study is the study of movement of body/ machine required to perform a job. Its purpose is to eliminate unnecessary motions and to find out ways to perform a job with least movements. It increases the efficiency of workers by reducing fatigue and wasteful movements on a job.