

# **QUESTION BANK**

**MBA**

**SEMESTER 3**

**VOL. I**

**FOR PRIVATE CIRCULATION**

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# **QUESTION BANK**

## **MANAGEMENT OF INTERNATIONAL BUSINESS**

**MS – 203**

**QUESTION BANK**  
**MANAGEMENT OF INTERNATIONAL BUSINESS - MS - 203**  
**MBA -III**

**UNIT –I**

**(I) Multiple Choice Questions:**

- 1 Computer programs are protected as :
  - (a) Copyrights
  - (b) Trade marks
  - (c) Patents.
  
- 2 Geographical indication specifies:
  - (a) Place of origin of goods only
  - (b) Special characteristics of product associated with place of origin.
  - (c) Both (a) and (b)
  
- 3 Strategic alliance cannot be between:
  - (a) Manufacturer and supplier
  - (b) Competitors
  - (c) Non- competitors
  - (d) None of the above
  
- 4 The mode of entry into international business with least risk to the firm is :
  - (a) Indirect exports
  - (b) Direct exports
  - (c) Management contract
  - (d) Contract Manufacturing
  
- 5 The following is an export intermediary:
  - (a) Export house
  - (b) Trading house
  - (c) A manufacturing exporter
  - (d) Merchant exporter.
  
- 6 A global company can----- its experience to expand its global operations
  - (a) Contract

- (b) Expand
  - (c) Minimize
  - (d) Leverage
- 7 Governmental regulations can affect the viability & ----- of a company using the internet as a foreign market entry mode.
- (a) effectiveness
  - (b) association
  - (c) performance
  - (d) None of the above
- 8 \_\_\_\_\_ typically offer more flexibility in international markets
- (a) SMEs
  - (b) LSEs
  - (c) MNEs
  - (d) None of the above
- 9 From the point of view of marketing, an organization that enjoys competitive advantage in an industry has done so by:
- (a) Focusing on long-term profit.
  - (b) Charging lower prices than competition.
  - (c) Creating superior value for customers.
  - (d) Constantly enlarging its marketing activities.
- 10 Regionalism is:
- (a) An international management orientation and a protectionist policy created to exclude third world countries from certain forms of international trade.
  - (b) The grouping of countries into regional clusters based on geographic proximity.
  - (c) A protectionist policy created to exclude third world countries from certain forms of international trade.
  - (d) An international management orientation.
- 11 Within an international context, what are 'economies of scope' synonymous with?
- (a) Reusing a resource from one business/country in additional businesses/countries.
  - (b) Decreased cost per unit of output.
  - (c) Buying components in a bulk.
  - (d) Any of the above.
- 12 Globalization refers to:
- (a) A more integrated and interdependent world

- (b) Less foreign trade and investment
  - (c) Global warming
  - (d) Lower incomes worldwide
- 13 Which one of the following is a pull factor in emigration?
- (a) Political oppression
  - (b) Job opportunities
  - (c) Food shortages
  - (d) War
- 14 Which of the following do NOT facilitate globalization?
- (a) Improvements in communications
  - (b) Barriers to trade and investment
  - (c) Immigration controls
  - (d) Removal of controls on movement of capital across borders
- 15 Which of the following could be defined as a multinational company?
- (a) A firm that owns shares in a foreign company but does not participate in the company's decision making.
  - (b) A UK based internet package holiday firm specializing in selling tours to Turkey to German customers.
  - (c) A firm owning a chain of supermarket outlets outside its country of origin.
  - (d) A finance company transferring its HQ and all its activities from the UK to the US.
- 16 Which of the following is not a driver of globalization?
- (a) The fragmentation of consumer tastes between countries.
  - (b) The competitive process.
  - (c) Multinational companies successfully persuading governments to lower trading barriers.
  - (d) The need to gain economies of scale.
- 17 Globalization is beneficial for firms because:
- (a) It protects them against foreign competition.
  - (b) It cushions them from the effects of events in other countries.
  - (c) It opens up new market opportunities.
  - (d) It increases the risk and uncertainty of operating in a globalizing world economy.
- 18 The internet facilitates globalization by:
- (a) Making it more difficult to contact potential customers abroad.

- (b) Cutting the cost for firms of communicating across borders.
  - (c) Making it harder to send money from one country to another.
  - (d) Making it easier for governments to censor the information received by their citizens from abroad.
- 19 Why might MNCs in the past have focused their marketing activities on the triad?
- (a) That is where the most lucrative markets were located.
  - (b) Income per head in developing countries was relatively low.
  - (c) Transport and communication links were improving outside the triad.
  - (d) Technologically advanced goods and services do not appeal to consumers in developing economies.
- 20 Globalization can create problems for business because:
- (a) It can result in more competition.
  - (b) It increases vulnerability to political risk and uncertainty when operating abroad.
  - (c) It means that they can increase prices.
  - (d) All of the options given are correct.
- 21 Which of the following statements on civil law systems would be seen as an advantage by business?
- (a) Civil law systems operate in very few countries.
  - (b) Relevant areas of law are much easier to find than in common law systems.
  - (c) Relevant areas of law are more difficult to find than in common law systems.
  - (d) Lawyers act as oral advocates for their clients.
- 22 How does international law facilitate international trade and investment?
- (a) It makes it easier to resolve contract disputes for firms involved in international trade and investment.
  - (b) It allows business to choose the most favorable national legal system to institute proceedings.
  - (c) The terms used in international conventions are open to differing interpretations.
  - (d) The Uniform Commercial Code favors big US multinationals.
- 23 Laws relating to The Single Market Program allow EU-based companies to:
- (a) Move goods and services from any member state to another.
  - (b) Transfer managers to any member state.
  - (c) Invest anywhere in the EU.
  - (d) All of the options given.

- 24 Competition Law in the EU means that firms:
- (a) Are free to set up international cartels.
  - (b) May be refused permission to take over a US competitor.
  - (c) Can not be made to repay government financial assistance.
  - (d) Can cross-subsidise loss-making services from profitable activities.
- 25 The law relating to E-Commerce fits which of the following descriptions:
- (a) It comprises a single set of laws.
  - (b) The law lacks clarity.
  - (c) There is no problem applying contract law to the internet.
  - (d) The law makes it easy to deal with foreign computer hackers.
- 26 The existence of different currencies is beneficial to private financial institutions because:
- (a) Each country has its own currency.
  - (b) The exchange rate of each currency is fixed by the International Monetary Fund.
  - (c) A collapse in the exchange rate of a currency can cause economic disruption.
  - (d) Profits can be made from arbitrage.
- 27 The International Monetary Fund is important because:
- (a) It has sufficient financial resources to deal with a major global financial crisis.
  - (b) It has sufficient financial resources to help individual countries facing balance of payments problems.
  - (c) Emerging economies can exercise significant influence on it.
  - (d) It fixes exchange rates.
- 28 Which of the following are characteristic of the period when financial bubbles burst?
- (a) Excessive optimism about future asset prices.
  - (b) Excessive pessimism about future asset prices.
  - (c) Rising house prices.
  - (d) Rising share prices.
- 29 What functions do financial institutions traditionally perform?
- (a) They immobilise savings.
  - (b) They concentrate risk.
  - (c) They spread risk.
  - (d) They offer only short-term finance.



- 30 The balance of payments includes which of the following?
- (a) a country's balance of trade
  - (b) foreign investments
  - (c) foreign aid
  - (d) all of the above
- 31 Globalization refers to:
- (a) A more integrated and interdependent world
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- 32 Which one of the following is a pull factor in emigration?
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- 33 Which of the following do NOT facilitate globalization?
- (a) Improvements in communications
  - (b) Barriers to trade and investment
  - (c) Immigration controls
  - (d) Removal of controls on movement of capital across borders
- 34 Which of the following constitutes Foreign Direct Investment?
- (a) A speculator trying to make a profit by buying company shares on a foreign stock exchange.
  - (a) A UK energy company buying territory abroad where it expects to find oil reserves.
  - (b) A tourist purchasing foreign currency to spend on a holiday abroad.
  - (c) A company signing an agreement with a wholesaler to distribute its products in foreign markets.
- 35 Which of the following could be defined as a multinational company?
- (a) A firm that owns shares in a foreign company but does not participate in the company's decision making.
  - (b) A UK based internet package holiday firm specializing in selling tours to Turkey to German customers.
  - (c) A firm owning a chain of supermarket outlets outside its country of origin.

- (d) A finance company transferring its HQ and all its activities from the UK to the US.
- 36 Which of the following is a driver of globalization?
- (a) Trade barriers and controls on inflows of foreign direct investment.
  - (b) Weak competition.
  - (c) Technological advance.
  - (d) Economies of scale are being exploited to the maximum.
- 37 Globalization is beneficial for firms because:
- (a) It protects them against foreign competition.
  - (b) It cushions them from the effects of events in other countries.
  - (c) It opens up new market opportunities.
  - (d) It increases the risk and uncertainty of operating in a globalizing world economy.
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- (a) It can result in more competition.
  - (b) It reduced vulnerability to political risk and uncertainty when operating abroad.
  - (c) It means that they can increase prices.
  - (d) All of the options given are correct.
- 41 Ethnocentric views concentrate on their
- (a) home country
  - (b) host country
  - (c) world orientation
  - (d) Racial orientation

42. In a global market place
- (a) the entire world is a market place
  - (b) national borders are irrelevant
  - (c) the potential for organizations to grow expands dramatically
  - (d) All of the above
43. In a global market place Managers must
- (a) deals with economic, political and cultural differences
  - (b) expect competitors to suddenly appear at any time from any place
  - (c) not to take specific differences of local environment into consideration
  - (d) A and B
44. Trade Related Investment Measures (TRIMS) doesn't apply for
- (a) Measures that affect trade in goods.
  - (b) Measures that lead to restrictions in quantities.
  - (c) Discouraging measures that limit a company's imports.
  - (d) Discouraging measures that limit a company's exports.
45. General Agreement on Trade in Services will not be applicable to
- (a) Services supplied from one country to another – cross border supply
  - (b) Transaction of goods across the border – Export Import
  - (c) Individuals traveling from own country to supply services in another – presence of natural persons.
  - (d) Consumers/firms making use of a service in another country – consumption abroad.
  - (e) Foreign company setting up subsidiary or branches to provide services in another country –commercial presence.
46. As a part of WTO guidelines, Agreement on Agriculture (AOA) doesn't consider
- (a) Direct payments to farmers are permitted.
  - (b) Indirect assistance and support to farmers including R & D support by govt. are not permitted.
  - (c) Domestic policies which directly effect on production and trade have to be cut back.
  - (d) Least developed countries do not need to make any cuts.
47. Quantitative restrictions refer to limit set by countries to curb
- (a) Measures that affect trade in goods.
  - (b) Measures that lead to restrictions in quantities.
  - (c) Discouraging measures that limit a company's imports.
  - (d) Discouraging measures that limit a company's exports.

48. A Most Favored nation status doesn't necessarily refers to
- (a) Same and equal economic treatment
  - (b) Non-discriminatory treatment
  - (c) Same tariff rates applicable
  - (d) Uniform civil code
49. The world trade organization was formed in the year \_\_\_\_\_ with GATT as it basis.
- (a) 1993
  - (b) 1994
  - (c) 1995
  - (d) 1996
50. Specific cultural dimensions that does not have a significant impact on cross national business interactions is
- (a) Hofstede's five cultural dimensions
  - (b) Monochromatic vs polychromatic tune
  - (c) Communication
  - (d) Geography
51. NAFTA is an example of
- (a) Common Market
  - (b) Customers Union
  - (c) Economic Community
  - (d) Free Trade Area
52. Which one is not an international organization
- (a) SAARC
  - (b) ASEM
  - (c) ASEAN
  - (d) CBDT
53. Which of the following is not an International Financial Institution
- (a) ICICI
  - (b) IMF
  - (c) IDA
  - (d) World Bank
54. What one of the following is not the advantage of MNCs to the host country
- (a) Increase in social activities

- (b) increase in economic activities
  - (c) Utilisation of natural resource
  - (d) R&D efforts enhanced.
55. In terms of the PESTLE analysis, the liberalizing of international trade and tariff regimes could go in which section or sections?
- (a) Political
  - (b) Legal
  - (c) Political and economic and legal
  - (d) Political and environmental
56. An 'industry recipe' can be defined as:
- (a) An accepted pattern of operating and competing
  - (b) A tactic for anticipating a competitor's next move
  - (c) The hidden competences that are difficult to imitate
  - (d) A strategic group
57. Typically, profits are highest in which stage of the industry life-cycle?
- (a) Introduction
  - (b) Growth
  - (c) Maturity
  - (d) Decline
58. The corporate culture of a firm is more effectively carried to the managers who are
- (a) Host country nationals
  - (b) Home country nationals
  - (c) Third country nationals
59. Posting of home country nationals for all key management positions throughout the globe is supported by:
- (a) Geocentric staffing model.
  - (b) Polycentric staffing model.
  - (c) Ethnocentric staffing model.
60. Which of the following is NOT a business opportunity generated by globalization?
- (a) Access to low cost labour.
  - (b) Cheap International transport.
  - (c) Currency crises.
  - (d) Less stringent regulation of the business environment.

61. The interpersonal norms of a country may necessitate a company's alteration of \_\_\_?
- (a) Child Labor
  - (b) Operations
  - (c) Accounting
  - (d) None of the above
  - (e) All of the above
62. Which of the following terms are **not** synonymous with the others?
- (a) MNE
  - (b) MNC
  - (c) MNM
  - (d) TNC
63. Foreign sources may give companies?
- (a) Higher costs
  - (b) New and/or better products
  - (c) Conflicting operating knowledge
  - (d) Legal problems
64. A major operating objective that may induce companies to engage in international business is \_\_\_\_\_?
- (a) To expand sales
  - (b) To maximize risk
  - (c) To acquire competitors
  - (d) None of the above
65. Critics of globalization claim \_\_\_\_\_?
- (a) Countries lose sovereignty
  - (b) The resultant growth hurts the environment
  - (c) Some people lose in both aspects
  - (d) All of the above
66. All of the following are objectives of international business operations except for:
- (a) sales expansion
  - (b) resource acquisition
  - (c) locally expanding
  - (d) risk minimization
67. Globalization consists of the following processes except:
- (a) political process

- (b) environmental process
- (c) social process
- (d) economic process

68. Which of the following is a criticism of globalization?

- (a) going into someone's country uninvited
- (b) different climates in other countries get in the way
- (c) terrorist opportunities
- (d) threat to national sovereignty

69. To minimize your risk you can:

- (a) diversify suppliers across countries
- (b) take advantage of business cycle differences amongst countries
- (c) a & b
- (d) none of the above

70. Which of the following does not support globalization?

- (a) Improvements in communications
- (b) Barriers to trade and investment
- (c) Immigration controls
- (d) Removal of controls on movement of capital across borders

**71. The gains from two nations depend on**

- a) Domestic barter rates
- b) Different in the domestic barter rates of the two countries
- c) Terms of trade
- d) Degree of absolute advantage.

Answer: C

72.

**Ans.** (1)(a), (2)(c), (3)(d), (4)(a), (5)(c) (6)(d) (7)(a), (8)(a), (9)(c), (10)(b), (11)(a), (12)(a), (13)(b), (14)(b), (15)(c), (16)(a), (17)(c), (18)(b), (19)(a), (20)(a), (21) (b), (22)(a), (23)(d), (24)(b), (25)(b),(26)(d), (27)(b), (28)(b), (29)(b), (30)(d), (31)(a), (32)(d), (33)(c), (34)(b), (35)(c), (36)(b), (37)(a), (38)(d), (39)(d), (40)(d), (41)(a), (42)(d), (43)(d), (44)(b), (45)(b), (46)(b), (47)(c), (48)(d), (49)(c), (50)(d), (51)(d), (52)(d), (53)(a), (54)(a), (55)(d), (56)(c), (57)(b), (58)(b), (59)(c), (60)(c). (61)(b),(62)(c), (63)(b), (64)(a), (65)(d), (66)(c), (67)(b), (68)(d), (69)(c), (70)(c).

## II Short Answer Type Questions:

- 1 Define international business, clearly bringing out its features.
- 2 Distinguish among the terms: Multinational business. Global business Transnational business.
- 3 How is international business different from domestic?
- 4 What are the complexities in conducting international business?
- 5 What are the advantages of international trade?
- 6 What are the motivating factors for a firm to enter international business?
- 7 List the common methods of entry into international business.
- 8 Compare the various methods of executing the indirect exports.
- 9 Write a short note on piggyback exports.
- 10 Discuss the suitability of management contract as a method of doing international business.
- 11 What are the turnkey projects? What are their merits and demerits?
- 12 Differentiate between licensing and franchising. Evaluate each of them.
- 13 Examine the suitability of joint ventures as a method of entering into international business.
- 14 What do you understand by intellectual property right? Narrate its importance in international business.
- 15 What type of intellectual property rights are covered by WTO?
- 16 Write short notes on Japanese Group Behaviour and American Group Behaviour
- 17 Discuss the salient features of TRIPS agreement.
- 18 Analyze the disputes about the patent laws in India and state how it has been resolved.
- 19 Give the list of services which can be successfully outsourced.
- 20 Give a brief account on the role of WTO in environmental protection.
- 21 What do you mean by BPO? Why is it done?
- 22 Write a short note on BRIC and its significance in International Business.
- 23 Write a short note on “Entry barriers to international business”.
- 24 What are Chaebols?
- 25 Differentiate between Forward Market and Futures Market
- 26 What is the purpose of WTO? Explain the dispute settlement system of WTO.
- 27 State the different approaches to international business.
- 28 Describe in brief E.P.R.G.
- 29 Differentiate among the following:
  - (a) Ethnocentric and polycentric orientations
  - (b) Regiocentric and geocentric orientations
- 30 When does the organizational structure of a firm change from domestic organizational structure to international division structure?
- 31 How is international organizational structure different from export division structure?
- 32 What effect does a country’s economic development have on international business?



- 33 How do social & cultural differences create barriers to international business?
- 34 Discuss the nature of whole channel concept.
- 35 Define the terms Cultural Shock, Cross licensing, theocratic law.
- 36 How does globalization and international business affect each other?
- 37 Why international business growth has accelerated now days?
- 38 'National boundaries act as proxy for culture'. Discuss.
- 39 Discuss various factors affecting strategies for instituting cultural change
- 40 Discuss the relationship between international trade & factor mobility.
- 41 Critically evaluate the contributions of EPRG framework in understanding the transition from a domestic firm to a global integrated company.
- 42 General motos expat philosophy is "compensation should neitjer overly rewars nor unduly punish a person for accepting a foreign assignment". Discuss.
- 43 How International business is different from Domestic Business? What challenges are involved in managing international business? Discuss in brief.
- 44 Discuss in brief the controllible and uncontrollable environment of International Business, and how it affects the business.
- 45 Trace the evolution of International Business.
- 46 Bring out the effects of globalization on wages, women and on developing countries.
- 47 Outline the drivers of international business.
- 48 How are international trade disputes resolved?
- 49 What is international business environment?
- 50 What is licensing? Give recent examples.
- 51 How does turnkey project work in Metro in India?
- 52 Give recent examples of Greenfield projects in India.
- 53 Why International business a crucial venture?
- 54 Explain the stages of internationalization.
- 55 What are the competitive advantages of international business.
- 56 Describe how international business evolved.
- 57 International business environment is very uncertain, then why do companies want to engage in international business?
- 58 Describe the basic premise of Adam Smith's theory.
- 59 State the fallacies of Mercantilism.
- 60 "Though society and culture do not appear to be a part of business situations, yet they are actually key elements in showing how business activities will be conducted". Discuss.

### III Long Answer Type Questions:

- 1 Provide a brief account of the Indian BPO industry, bringing out its strengths and weaknesses?
- 2 Stress the important environmental issues? How far globalization?

- 3 Give an account of the trends in world trade.
- 4 What are the noticeable features of trends in world FDI?
- 5 Summarize the trends in India's foreign trade.
- 6 Evaluate the exporting as a method of entering into international business. Would you prefer direct exports or indirect exports?
- 7 How do companies globalize sources of finance?
- 8 What are the essential conditions for globalization?
- 9 Analyze the steps taken by the government to globalize the economy.
- 10 Is globalization desirable? What are the advantages and disadvantages of globalization?
- 11 What are the specific advantages that a firm can derive by going international?
  - a. Identify major non-tariff barriers to international business. Suggest alternative foreign market entry modes to overcome such barriers.
- 12 Explain how the legal environment can have an impact on an MNC's Marketing mix. Illustrate your answer with examples.
- 13 Discuss the factors that are attracting foreign investors and exporters to enter Indian Market. Illustrate your answer with examples.
- 14 What are the different strategic alternatives available to a firm for entering into a foreign market available to a firm? Discuss the relative advantages and disadvantages of each of these strategic alternatives.
- 15 Discuss the SWOT Analysis of any company who has recently entered the foreign market through Franchising.
- 16 Identify major non-tariff barriers to international business. Suggest alternative foreign market entry modes to overcome such barriers.
- 17 What are the major challenges of international business? Why do companies go international inspite of these challenges?
- 18 Critically evaluate the contribution of HOWARD V PERLMUTER's EPRG Framework in understanding the transition from a domestic firm to a global integrated company.
- 19 Explain the process of due diligence for merger and acquisition decision. Explain by giving a suitable example.
- 20 Explain the organizational structure in each of the EPRG systems.
- 23 Examine the need for the existence of different types of global organizational structures. In the process, bring out their salient feature.
- 24 "Organisational design and structure of international corporations and their strategic objectives are closely interlinked". Explain the statement giving appropriate examples from Indian context and discuss the structure involved.
25. Explain how a countertrade agreement can be considered a trade promoter. How does the world trade organization encourage trade?
- 26 Why is the decision regarding foreign market entry mode a particularly important decision

- 27 Critically evaluate the contribution of Howard V. Perlmutter's EPRG framework in understanding the transition from a domestic firm to a Global integrated Company.
- 28 What are the advantages of internationalization of R & D? Discuss the reasons for global competitiveness of Indian pharmaceutical industry?
- 29 What are the major problems associated with licensing as an entry option for industrial products? Describe the features of world class manufacturing system by giving suitable examples
- 30 What are the different ways in which a company can accomplish its global objectives?
- 31 It is very hard to isolate culture from economic and political conditions. Do you agree the statement?
- 32 Discuss various strategic concerns that managers face worldwide.
- 33 Evaluate the major economic effects of MNEs on home and host countries.
34. How have Indian firms fared in the global competitive environment post liberalization to discuss keeping in view the Indian multinational companies?
- 35 Discuss various International entry modes, by giving a brief about them.
- 36 Explain the basic models of organizational design in context of global dimensions.
- 37 Which principles of International law are more important for international business? Why?
- 38 What is culture? Describe the levels of culture.
- 39 What is diversity? How to manage it? What are the benefits of managing diversity?
- 40 'Most MNC's need not enter foreign markets to face the challenges of dealing with multiculturalism.' Yes or no? Argue.
- 41 Explain the issues involved in international technology transfers.
- 42 Define International Business? Discuss the relevant reasons for a firm for going International.
43. Discuss all the basic models for organization design in context of global dimensions.
44. What are the advantages and disadvantages of going international? Analyze different International Entry Modes.
45. International business volume is expected to grow with the process of globalization. How do you analyze this statement.
46. Explain Porter's Diamond Model with diagram
47. Analyze the international business environment with reference to economic policies.
48. What do you believe makes foreign business activities more complex than purely domestic ones?
49. Do you think Indian firms should go global? Why not they remain content with domestic market, which is vast.
50. What is Deming Eclectic OLI model? Explain with diagrams.
51. Discuss the various key economic issues that influence international business.
52. How does the technological environment of India differ from that of Japan?

53. “The most serious shortcoming of classical trade theory is that they ignore the marketing aspect of trade.” What do you mean by this statement?
54. Differentiate between absolute and relative advantage giving a suitable example.
55. Describe the basic premise of Factor Endowment theory. How is it different from the premise of Ricardian theory?

## UNIT-II

### I Multiple Choice Questions:

1. Which of the following statements is not true when describing a successful strategy?
  - (a) It provides some property that is unique or distinctive
  - (b) It provides the means for renewing competitive advantage
  - (c) It addresses changes in the external environment
  - (d) It guarantees long term survival
2. In the context of strategic management resources can be defined as:
  - (a) The knowledge and skills within the organization
  - (b) Something that an organization owns or controls that cannot be copied
  - (c) Something that an organization owns, controls or has access to on a semi-permanent basis
  - (d) The physical assets of the organization
3. In the context of strategic management, stakeholders can be defined as:
  - (a) An individual or group with a financial stake in the organization
  - (b) An external individual or group that is able to impose constraints on the organization
  - (c) Internal groups or individuals that are able to influence strategic direction of the organization
  - (d) An individual or group with an interest in the organization's activities and who seeks to influence them
4. In the case where an organization acquires its supplier, this is an example of:
  - (a) Horizontal integration
  - (b) Forwards vertical integration
  - (c) Backwards vertical integration
  - (d) Downstream vertical integration

5. When a firm seeks the benefits of global integration and local adaptation, it is best described as which type of strategy?
  - (a) Transnational
  - (b) Global
  - (c) Multi-national
  - (d) Global-local
  
6. Knowledge which is difficult to define and codify is known as:
  - (a) Explicit
  - (b) Tangible
  - (c) Tacit
  - (d) Random
  
7. Competitive advantage based on the creation of opportunities using internal resources is characterized by which approach/view?
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  - (c) The resource-based view
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  - (c) Impact
  - (d) Longevity

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26. In the Six Forces, the 'threat of new entrants' relates to:
- (a) Barriers to entry
  - (b) Substitutes
  - (c) Switching costs
  - (d) Buyer power
27. An industry characterized by irregular patterns of stability, rapid technological change, high uncertainty and global competition can be described as:
- (a) Hypercompetitive
  - (b) Hyperactive
  - (c) Atypical
  - (d) Co-optive
28. A situation in which the joint moves of two firms can determine how much money each firm can make or lose can be explained using the story of:
- (a) The Trojan Horse
  - (b) The Icarus Paradox
  - (c) The Prisoner's Dilemma



- (d) The Icarus Dilemma
29. In the context of environmental analysis, 'munificence' means:
- (a) The extent to which resources are freely available to support firms in an industry and enable them to grow
  - (b) The extent to which it is diverse
  - (c) The extent to which it is stable or turbulent
  - (d) The extent to which the industry follows the conventional life-cycle stages
30. A 'market driven' firm will typically:
- (a) Develop new products and then find someone to sell them to
  - (b) Define the target market and produce products that will satisfy those customers' needs
  - (c) Operate in a product-oriented fashion
  - (d) Suffer from market-myopia
31. Segmentation is a way of:
- (a) Subdividing markets
  - (b) Subdividing industries
  - (c) Differentiating products
  - (d) Subdividing organizations into departments
32. A B2C market is:
- (a) Business to commercial
  - (b) Business to consumer
  - (c) Business to contract
  - (d) Business to corporate
33. Segmentation is a compromise between two ideals: mass marketing and:
- (a) Customization
  - (b) Uniformity
  - (c) Innovation
  - (d) Convergence of tastes
34. Porter's generic strategies are:
- (a) Low price, differentiation, focus
  - (b) Cost leadership, differentiation, cost focus, focus differentiation
  - (c) Price leadership, differentiation, focus
  - (d) Low cost, differentiation, focus differentiation

35. According to Porter, if an organization does not follow either a cost leadership strategy or a differentiation strategy they are:
- (a) Hybrid
  - (b) Stuck in the middle
  - (c) Typical
  - (d) No frills
36. Which is the right sequence of a stages of Internationalization
- (a) Domestic, Transnational, Global, International, Multinational
  - (b) Domestic, International, Multinational, Global, Transnational
  - (c) Domestic, Multinational, International, Transnational, Global
  - (d) Domestic, Internatinal, Transnational, Multinational, Global
36. Subsidiaries consider regional environment for policy / Strategy formulation is known as
- (a) Polycentric Approach
  - (b) Regiocentric Approach
  - (c) Ethnocentric Approach
  - (d) Geocentric Approach
38. According to this theory the holdings of a country's treasure primarily in the form of gold constituted its wealth.
- (a) Gold Theory
  - (b) Ricardo Theory
  - (c) Mercantilism
  - (d) Hecksher Theory
39. Which is not an Indian Multinational Company?
- (a) Unilever
  - (b) Asian Paints
  - (c) Piramal
  - (d) Wipro
40. Globalization refers to:
- (a) Lower incomes worldwide
  - (b) Less foreign trade and investment
  - (c) Global warming and their effects
  - (d) A more integrated and interdependent world

41. Which of the following is not a force in the Porter Five Forces model?
- (a) Buyers
  - (b) Suppliers
  - (c) Complementary products
  - (d) Industry rivalry
42. A likely consequence of merger and acquisition is:
- (a) Lower revenues
  - (b) Price increase
  - (c) Higher costs
  - (d) Price decrease
41. A likely consequence of rationalization is:
- (a) Lower number of employees
  - (b) Lower revenues
  - (c) Higher costs
  - (d) Price decrease
44. All the following statements are correct except:
- (a) Case studies examine specific mergers and look for firm specific examples of merger benefits.
  - (b) Stock market studies tend to suggest that most of the stock market gains from merger accrue to shareholders of target firms.
  - (c) Financial and accounting studies typically conclude that mergers benefit shareholders
  - (d) Case studies, the stock market and financial accounting based studies typically conclude that mergers are not always a good idea.
45. All of the following examples are hypothetical cases of horizontal growth except:
- (a) Coca Cola and Pepsi Cola merge
  - (b) Manchester United and Manchester City merge
  - (c) British Airways and Easyjet merge
  - (d) Ford and Michelin merge
46. In 90's the global management perception was based on
- (a) Standardization v/s adaptation
  - (b) Globalization v/s localization
  - (c) Global integration v/s Local Responsiveness
  - (d) Local responsiveness

47. Which of the following is an advantage of turnkey projects?
- (a) Can earn a return on knowledge asset
  - (b) Will not create a competitor
  - (c) Tight control of operations
  - (d) All the above
48. The agreement signed by Ranbaxy Laboratory and Bayer AG of Germany in the year 1999 is an example of
- (a) Subsidiary
  - (b) Joint venture
  - (c) Strategic International Alliance
  - (d) License agreement
49. CISF pricing includes the following
- (a) Commission is paid to the agent involved in the transaction
  - (b) Cost of the goods exported
  - (c) Freight & Insurance charges for the goods exported
  - (d) All of the above
50. When the transaction is of high value, complex in nature and more technical \_\_\_\_\_ method of export sales contract is used.
- (a) Performa invoice
  - (b) Purchase order
  - (c) Sales contract
  - (d) None of the above
51. Vertical mergers are those in which the participants are
- (a) In the same industry.
  - (b) In different industries
  - (c) In different phases of the value chain
  - (d) None of the above.
52. Which of the following are commonly cited reasons for M&As?
- (a) Synergy
  - (b) Market power
  - (c) Strategic realignment
  - (d) All of the above

- 53 A merger is a combination of businesses in which
- (a) Two businesses combine to form a new business.
  - (b) The participants are necessarily comparable in size, competitive position, Profitability, and market capitalization.
  - (c) One of the two firms becomes a wholly owned subsidiary of the other firm.
  - (d) None of the above.
- 54 All of the following are common motives for a merger or acquisition except for
- (a) Operating synergy.
  - (b) Financial synergy.
  - (c) Raising the cost of capital.
  - (d) Buying undervalued assets.
- 55 Buyers can exercise high bargaining power over their suppliers if
- (a) The volume they buy accounts for a large percentage of their suppliers sales.
  - (b) There are few buyers in the market.
  - (c) They have many suppliers to choose from.
  - (d) There is a high concentration of suppliers.
- 56 The generic competitive strategies are
- (a) Overall Cost Leadership
  - (b) Cost Focus
  - (c) Differentiation and Focused Differentiation
  - (d) All the above
- 57 What are core competences?
- (a) Resources which critically underpin competitive advantage and that others cannot obtain.
  - (b) Activities and processes needed to meet customers' minimum requirements and therefore to continue to exist.
  - (c) Key skills required for success in a particular business.
  - (d) Activities that underpin competitive advantage and are difficult for competitors to imitate or obtain.
- 58 Synergy' can best be explained by which of the sums below?
- (a)  $2+2=5$ .
  - (b)  $2+2=4$ .
  - (c)  $2-2=1$ .
  - (d)  $2-2=0$ .

- 59 A Most Favored nation status doesn't necessarily refers to
- (a) Same and equal economic treatment
  - (b) Non-discriminatory treatment
  - (c) Same tariff rates applicable
  - (d) Uniform civil code
- 60 The world trade organization was formed in the year \_\_\_\_\_ with GATT as it basis.
- (a) 1993
  - (b) 1994
  - (c) 1995
  - (d) 1996
- 61 What do you mean by the term "holding company" is:
- (a) organization with a balanced portfolio of individual businesses
  - (b) decentralized organization with a small head office that organizes finance for the subsidiaries
  - (c) centralized organization with a small head office that helps subsidiaries develop and finance their strategies
  - (d) decentralized organization with a large head office that offers a broad range of advice and services to subsidiaries
- 62 A firm with a functional director for 6 areas with an area director for 3 functions. There, staff at each area will be reporting to 2 bosses. This firm has which type of structure?
- (a) Project structure
  - (b) Matrix structure
  - (c) Divisionalized structure
  - (d) Front-back structure
- 63 Organization structure that is a functional or divisional structure but at the same time also includes project teams for dealing with specific issues is called:
- (a) An M-form structure
  - (b) A front-back structure
  - (c) A networked structure
  - (d) A hybrid structure
- 64 Organization whose structure is divided into two main parts - one dealing with product groups and one dealing with customer segments is called:
- (a) A front-back structure
  - (b) A product-customer structure

- (c) A back to back structure
  - (d) A matrix structure
65. Choose the right sentence
- (a) Organization's structure would be expected to evolve as it grew larger and more diverse
  - (b) Every organization starts out with a simple structure, then moves to a functional structure before becoming divisionalized
  - (c) Network structures are superior to functional ones
  - (d) Organizational performance will suffer if the structure is not stable
66. Format of reporting and for decision making relationships can be defined as the organizational:
- (a) Span of control
  - (b) Architecture
  - (c) Hierarchy
  - (d) Chain of command
67. Main component of Organization's architecture are structural hierarchy, values and belief systems, contracts and relationships and (two more):
- (a) Control systems and ways of working
  - (b) Information infrastructure and power structures
  - (c) Control systems and power structures
  - (d) Control systems and information infrastructure
68. 'Vertical architecture' is the one which has:
- (a) Has a tall hierarchy
  - (b) Has many layers of management
  - (c) Extends beyond the boundaries of legal ownership
  - (d) Is very bureaucratic
69. Five dimensions are used to judge Organizational structures and systems (ABCDE) to assess whether they are achieving an appropriate balance. These five dimensions are Autonomy, Bureaucracy, Cultural Control, Decentralization and:
- (a) Equal Opportunities
  - (b) Economic Incentives
  - (c) Equality and Diversity
  - (d) Evidence of Learning
70. Those Organizations that are relatively good at developing some relevant capabilities to respond to a changing context are known as:

- (a) Knowing organizations
- (b) Stretch organizations
- (c) Learning organizations
- (d) Absorptive organizations

**Ans.** (1)(b), (2)(d), (3)(c), (4)(d), (5)(c), (6)(a), (7)(c), (8)(a), (9)(a), (10)(b), (11)(d), (12)(c), (13)(a), (14)(a), (15)(b), (16)(c), (17)(c), (18)(c), (19)(d), (20)(d), (21)(c), (22)(b), (23)(a), (24)(a), (25)(a), (26)(d), (27)(d), (28)(d), (29)(c), (30)(b), (31)(a), (32)(d), (33)(b), (34)(b), (35)(c), 36(b), 37(b), 38(c), 39(a), 40(d), 41(c), 42(b), 43(a), 44(c), 45(d), (46)(c), (47)(a), (48)(c), (49)(d), (50)(c), (51)(c), (52)(d), (53)(d), (54)(c), (55)(a), (56)(d), (57)(d), (58)(a), (59)(d), (60)(c), (61)(b), (62)(b), (63)(d), (64)(a), (65)(a), (66)(c), (67)(d), (68)(c), (69)(b), (70)(c).

## **II Short Answer Type Questions**

1. What are the different strategic alternatives available to a firm for entering into a foreign market available to a firm?
2. What are the bases of competitive advantage in the international business? Suggest a suitable model for sustaining competitive advantage.
3. Suggest alternative organizational designs for international business. On what criteria should a choice between these designs be made?
4. Define Strategic Management and bring out the main elements of strategic management.
5. What is the significance of SWOT analysis in formation of corporate strategy of an organization?
6. What do you understand by the term ‘mergers and acquisitions’?
7. Why would small companies want to form alliances with much bigger companies?
8. What risks do small companies face in forming such alliances?
9. Explain strategy as a concept and how is it implemented globally?
10. State the emerging models of strategic management in international context and explain any one in detail.
11. Explain strategy as a concept and how is it implemented globally?
12. What are the policy implications of corporate restructuring in India?
13. What is a strategy? Explain briefly the various competitive strategies.
14. What problems do the organizations face in order to implement the global strategies for its products?
15. What strategy can be adopted by international firm to gain international competitive advantage? Discuss with suitable examples.



16. What steps are involved in managing global mergers and acquisitions as a part of global expansion and diversification?
17. List some factors that pose a challenge to e-commerce activity in the global economy.
18. Describe briefly the four ways in which technology transfer takes place, pointing out the advantages and disadvantages of each.
19. Enumerate advantages and disadvantages of e-commerce for an international business.
20. Compare and contrast the geographic and product structure for use in international business.
21. Enumerate the complexities of distribution in global market.
22. What is Strategic Business Unit?
23. Define Strategic Alliance.
24. What drives the need for companies to consider mergers and acquisitions?
25. What are the key risk areas in an M&A transaction?
26. Discuss the suitability of Global area structure and Global product structure to an international business firm
27. What is special about transnational network structure?
28. Why do firms adopt global matrix structure? How is it different from other structures?
29. How do political issues impact international business.
30. Define International Division structure
31. Give some tips for making an alliance work
32. What are the objectives defined cross border strategic alliances?
33. What are the several types of strategic alliances
34. Explain International Competitive Advantage.
35. Give the different approaches to international business.

### **III Long Answer type Questions:**

- 1 What do you understand by competitive advantage? How can a firm achieve it and sustain it? Discuss it with reference to Maruti Suzuki Ltd. India.
- 2 Write short on International strategic Alliance in bringing about competitive advantage.
- 3 Explain the emerging model of strategic management in international context.
- 4 Discuss Porter's five forces that determine industry's competitive nature. Discuss about the different types of strategic alliance that a company can have in international business.

- 5 “A good business alliance integrates synergic talents of partners” Evaluate the above statement highlighting the advantages and disadvantages of strategic alliance.
- 6 Discuss about the different type of strategic alliance that a company can have in international business.
- 7 How mergers and acquisition serve as an important strategy for cooperative expansion?
- 8 Discuss how a company should approach the opportunity to form an alliance with another company.
- 9 How are international strategic alliances helpful in sustaining the international competitive advantage?
- 10 How the concept of strategic management helps in achieving international competitiveness?
- 11 Discuss in detail the process of Strategic Management.
- 12 What is the basis of competitive advantage in international business? Suggest a suitable model for sustaining competitive advantage.
- 13 The increasing trend towards internationalization of business impacts organisation design. In the light of the above statement discuss the principal designs that firms can adopt to organise their global activities.
- 14 What are India’s inherent strengths and opportunities leading to global competitiveness in the following sectors:
  - a. Auto Component
  - b. Pharmaceutical
 Elaborate.
- 15 What are the appropriate organisational structures for global companies as proposed in Barlett and Ghosal’s classification? Explain the success of Japanese automobile sector in the light of this classification.
- 16 Discuss the features of world class manufacturing systems.
- 17 What are the motives of Strategic Alliance?
- 18 Give reason of success and failures of mergers and acquisition with the help of a example in Indian context.
- 19 Are greenfield investments better than M&As? Justify your answer with valid reasons and examples.
- 20 The process of divestitures represents significant, strategic and critical corporate understanding. Discuss the process and technique involved in a divestiture.
- 21 Explain the steps followed in the process of financial evaluation of divestitures.
- 22 Explain the process of due diligence for merger and acquisition decisions. Describe by giving a suitable example
- 23 Explain the source of value creation in Strategic Alliance? What are the criteria for successful Strategic Alliance?

- 24 It is usually said that the formulation of new strategies causes management to change its organizational structure. Is the reverse also possible?
- 25 Enumerate the major factors which encourage firms to enter collaborative agreements.
- 26 What are the main motives driving international acquisitions? Also, discuss the main factors responsible for their failure.
- 27 What are the major difference between equity and non-equity based strategic alliances?
- 28 What are the different parameters of measuring the economic environment of an international business?
- 29 What common mistakes do companies make during a M&A transaction?
- 30 Why strategic alliances are considered to be vehicle of value creation. Taking some recent examples substantiate your answer.
- 31 What are the advantages of internationalization of R&D? Discuss the reasons for global competitiveness of Indian Pharmaceutical Industry.
- 32 Do managers of international firms need to approach organization design differently from their counterparts in domestic firms? Why or why not?
- 33 How do the global product, area, functorial, and customer approaches to organization differ? How are the similar?
- 34 What role IT might play in designing on Organizational structure?
- 35 Could a firm undertake too many strategic alliances at one time? Why or why not?
- 36 Critically analyze the FDI policies of the Indian Government before 1991.
- 37 Evaluate the inflow of FDI in India in recent years.
- 38 “The objective of the country as a whole was the attainment as far as possible, of national sufficiency. International trade was certainly to be included but we were anxious to avoid being drawn into the whirlpool of economic imperialism.” What do you mean by the statement?
- 39 “Very significant differences still exist between national markets along many relevant dimensions”. Substantiate.
- 40 ‘Think global, act local’ how far this argument true? Explain.

### UNIT-III

#### I Multiple Choice Questions:

1. Which of the following statements is **not** true when describing a successful strategy?
- (a) It provides some property that is unique or distinctive
- (b) It provides the means for renewing competitive advantage

- (c) It addresses changes in the external environment
  - (d) It guarantees long term survival
2. In the context of strategic management resources can be defined as:
- (a) The knowledge and skills within the organization
  - (b) Something that an organization owns or controls that cannot be copied
  - (c) Something that an organization owns, controls or has access to on a semi-permanent basis
  - (d) The physical assets of the organization
3. In the context of strategic management, stakeholders can be defined as:
- (a) An individual or group with a financial stake in the organization
  - (b) An external individual or group that is able to impose constraints on the organization
  - (c) Internal groups or individuals that are able to influence strategic direction of the organization
  - (d) An individual or group with an interest in the organization's activities and who seeks to influence them
4. In the case where an organization acquires its supplier, this is an example of:
- (a) Horizontal integration
  - (b) Forwards vertical integration
  - (c) Backwards vertical integration
  - (d) Downstream vertical integration
5. When a firm seeks the benefits of global integration and local adaptation, it is best described as which type of strategy?
- (a) Transnational
  - (b) Global
  - (c) Multi-national
  - (d) Global-local
6. Knowledge which is difficult to define and codify is known as:
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  - (c) Switching costs
  - (d) Buyer power
27. An industry characterized by irregular patterns of stability, rapid technological change, high uncertainty and global competition can be described as:
- (a) Hypercompetitive
  - (b) Hyperactive
  - (c) Atypical
  - (d) Co-optive
28. A situation in which the joint moves of two firms can determine how much money each firm can make or lose can be explained using the story of:
- (a) The Trojan Horse
  - (b) The Icarus Paradox
  - (c) The Prisoner's Dilemma
  - (d) The Icarus Dilemma
29. In the context of environmental analysis, 'munificence' means:
- (a) The extent to which resources are freely available to support firms in an industry and enable them to grow
  - (b) The extent to which it is diverse
  - (c) The extent to which it is stable or turbulent
  - (d) The extent to which the industry follows the conventional life-cycle stages
30. A 'market driven' firm will typically:
- (a) Develop new products and then find someone to sell them to
  - (b) Define the target market and produce products that will satisfy those customers' needs
  - (c) Operate in a product-oriented fashion



- (d) Suffer from market-myopia
31. Segmentation is a way of:
- (a) Subdividing markets
  - (b) Subdividing industries
  - (c) Differentiating products
  - (d) Subdividing organizations into departments
32. A B2C market is:
- (a) Business to commercial
  - (b) Business to consumer
  - (c) Business to contract
  - (d) Business to corporate
33. Segmentation is a compromise between two ideals: mass marketing and:
- (a) Customization
  - (b) Uniformity
  - (c) Innovation
  - (d) Convergence of tastes
34. Porter's generic strategies are:
- (a) Low price, differentiation, focus
  - (b) Cost leadership, differentiation, cost focus, focus differentiation
  - (c) Price leadership, differentiation, focus
  - (d) Low cost, differentiation, focus differentiation
35. According to Porter, if an organization does not follow either a cost leadership strategy or a differentiation strategy they are:
- (a) Hybrid
  - (b) Stuck in the middle
  - (c) Typical
  - (d) No frills
36. Which is the right sequence of a stages of Internationalization
- (a) Domestic, Transnational, Global, International, Multinational
  - (b) Domestic, International, Multinational, Global, Transnational
  - (c) Domestic, Multinational, International, Transnational, Global
  - (d) Domestic, Internatinal, Transnational, Multinational, Global

37. Subsidiaries consider regional environment for policy / Strategy formulation is known as
- (a) Polycentric Approach
  - (b) Regiocentric Approach
  - (c) Ethnocentric Approach
  - (d) Geocentric Approach
38. According to this theory the holdings of a country's treasure primarily in the form of gold constituted its wealth.
- (a) Gold Theory
  - (b) Ricardo Theory
  - (c) Mercantilism
  - (d) Hecksher Theory
39. Which is not an Indian Multinational Company?
- (a) Unilever
  - (b) Asian Paints
  - (c) Piramal
  - (d) Wipro
40. Globalization refers to:
- (a) Lower incomes worldwide
  - (b) Less foreign trade and investment
  - (c) Global warming and their effects
  - (d) A more integrated and interdependent world
41. Which of the following is not a force in the Porter Five Forces model?
- (a) Buyers
  - (b) Suppliers
  - (c) Complementary products
  - (d) Industry rivalry
42. A likely consequence of merger and acquisition is:
- (a) Lower revenues
  - (b) Price increase
  - (c) Higher costs
  - (d) Price decrease
42. A likely consequence of rationalization is:

- (a) Lower number of employees
  - (b) Lower revenues
  - (c) Higher costs
  - (d) Price decrease
44. All the following statements are correct except:
- (a) Case studies examine specific mergers and look for firm specific examples of merger benefits.
  - (b) Stock market studies tend to suggest that most of the stock market gains from merger accrue to shareholders of target firms.
  - (c) Financial and accounting studies typically conclude that mergers benefit shareholders
  - (d) Case studies, the stock market and financial accounting based studies typically conclude that mergers are not always a good idea.
45. All of the following examples are hypothetical cases of horizontal growth except:
- (a) Coca Cola and Pepsi Cola merge
  - (b) Manchester United and Manchester City merge
  - (c) British Airways and Easyjet merge
  - (d) Ford and Michelin merge
46. In 90's the global management perception was based on
- (a) Standardization v/s adaptation
  - (b) Globalization v/s localization
  - (c) Global integration v/s Local Responsiveness
  - (d) Local responsiveness
47. Which of the following is an advantage of turnkey projects?
- (a) Can earn a return on knowledge asset
  - (b) Will not create a competitor
  - (c) Tight control of operations
  - (d) All the above
48. The agreement signed by Ranbaxy Laboratory and Bayer AG of Germany in the year 1999 is an example of
- (a) Subsidiary
  - (b) Joint venture
  - (c) Strategic International Alliance
  - (d) License agreement

49. CISF pricing includes the following
- (a) Commission is paid to the agent involved in the transaction
  - (b) Cost of the goods exported
  - (c) Freight & Insurance charges for the goods exported
  - (d) All of the above
50. When the transaction is of high value, complex in nature and more technical \_\_\_\_\_ method of export sales contract is used.
- (a) Performa invoice
  - (b) Purchase order
  - (c) Sales contract
  - (d) None of the above
51. Vertical mergers are those in which the participants are
- (a) In the same industry.
  - (b) In different industries
  - (c) In different phases of the value chain
  - (d) None of the above.
52. Which of the following are commonly cited reasons for M&As?
- (a) Synergy
  - (b) Market power
  - (c) Strategic realignment
  - (d) All of the above
53. A merger is a combination of businesses in which
- (a) Two businesses combine to form a new business.
  - (b) The participants are necessarily comparable in size, competitive position, Profitability, and market capitalization.
  - (c) One of the two firms becomes a wholly owned subsidiary of the other firm.
  - (d) None of the above.
54. All of the following are common motives for a merger or acquisition except for
- (a) Operating synergy.
  - (b) Financial synergy.
  - (c) Raising the cost of capital.
  - (d) Buying undervalued assets.
55. Buyers can exercise high bargaining power over their suppliers if

- (a) The volume they buy accounts for a large percentage of their suppliers sales.
  - (b) There are few buyers in the market.
  - (c) They have many suppliers to choose from.
  - (d) There is a high concentration of suppliers.
- 56 The generic competitive strategies are
- (a) Overall Cost Leadership
  - (b) Cost Focus
  - (c) Differentiation and Focused Differentiation
  - (d) All the above
- 57 What are core competences?
- (a) Resources which critically underpin competitive advantage and that others cannot obtain.
  - (b) Activities and processes needed to meet customers' minimum requirements and therefore to continue to exist.
  - (c) Key skills required for success in a particular business.
  - (d) Activities that underpin competitive advantage and are difficult for competitors to imitate or obtain.
- 58 Synergy' can best be explained by which of the sums below?
- (a)  $2+2=5$ .
  - (b)  $2+2=4$ .
  - (c)  $2-2=1$ .
  - (d)  $2-2=0$ .
- 59 A Most Favored nation status doesn't necessarily refers to
- (a) Same and equal economic treatment
  - (b) Non-discriminatory treatment
  - (c) Same tariff rates applicable
  - (d) Uniform civil code
- 60 The world trade organization was formed in the year \_\_\_\_\_ with GATT as it basis.
- (a) 1993
  - (b) 1994
  - (c) 1995
  - (d) 1996
61. Specific cultural dimensions that does not have a significant impact on cross-national business interactions is

- (a) Hofstede's five cultural dimensions
  - (b) Monochromatic vs polychromatic tune
  - (c) Communication
  - (d) Geography
62. Professional culture refers to
- (a) Shared belief of top managers about how they should manage themselves and their employees
  - (b) Shared code of ethics and other commonalities shared by members of a given group
  - (c) Both (a) and (c)
  - (d) None of the above
63. An attribute that doesn't contribute to Porters Diamond model is
- (a) Government
  - (b) Organized Trade union
  - (c) Factor Conditions
  - (d) Demand Conditions
64. Theory of Mercantilism propagates
- (a) Encourage exports and imports
  - (b) Encourage exports and discourage imports
  - (c) Discourage exports and imports
  - (d) Discourage exports and encourage imports
65. Identify a factor that doesn't play an important role in attracting FDI
- (a) Laws, rule sand regulations
  - (b) Administrative procedureds and efficiency
  - (c) Infrastructure related factors
  - (d) Language
66. General electric follows \_\_\_\_\_ as its international operational strategy
- (a) GLOBAL
  - (b) TRANSNATIONAL
  - (c) INTERNATIONAL
  - (d) MULTI-DOMESTIC
67. Which term refers to the phenomenon in which the world's population shares commonly recognized cultural symbols?
- (a) global village
  - (b) monopolistic market
  - (c) global city
  - (d) multicultural village
68. According to the concept of the value chain, a firm is profitable if:

- (a) the value it commands equals the costs involved in creating the product.
  - (b) it operates in global industries
  - (c) the value it commands exceeds the costs involved in creating the product
  - (d) the value it commands is lower than the costs involved in creating the product
69. In which industries is global competition more common?
- (a) where the value chain functions are carried out at head office
  - (b) where upstream and support activities are crucial to competitive advantage
  - (c) where downstream activities or other-tied activities are vital to competitive advantage
  - (d) in none of the above situations
70. A global market leader is an organization which:
- (a) has the monopoly over several foreign markets.
  - (b) has more than 50% global market share.
  - (c) is ahead of the competition in terms of global innovation.
  - (d) is recognized as being ahead of the rest in terms of market share.

**Ans.** (1)(b), (2)(d), (3)(c), (4)(d), (5)(c), (6)(a), (7)(c), (8)(a), (9)(a), (10)(b), (11)(d), (12)(c), (13)(a), (14)(a), (15)(b), (16)(c), (17)(c), (18)(c), (19)(d), (20)(d), (21)(c), (22)(b), (23)(a), (24)(a), (25)(a), (26)(d), (27)(d), (28)(d), (29)(c), (30)(b), (31)(a), (32)(d), (33)(b), (34)(b), (35)(c), (36)(b), 37(b), 38(c), 39(a), 40(d), 41(c), 42(b), 43(a), 44(c), 45(d), (46)(c), (47)(a), (48)(c), (49)(d), (50)(c), (51)(c), (52)(d), (53)(d), (54)(c), (55)(a), (56)(d), (57)(d), (58)(a), (59)(d), (60)(c), (61)(d), (62)(b), (63)(b), (64)(b), (65)(d), (66)(b), (67)(a), (68)(c), (69)(b), (70)(d)

## II Short Answer Type Questions

- 1 What are the different strategic alternatives available to a firm for entering into a foreign market available to a firm?
- 2 What are the bases of competitive advantage in the international business? Suggest a suitable model for sustaining competitive advantage.
- 3 Suggest alternative organizational designs for international business. On what criteria should a choice between these designs be made?
- 4 Define Strategic Management and bring out the main elements of strategic management.
- 5 What is the significance of SWOT analysis in formation of corporate strategy of an organization?
- 6 What do you understand by the term ‘mergers and acquisitions’?
- 7 Why would small companies want to form alliances with much bigger companies?
- 8 What risks do small companies face in forming such alliances?
- 9 Explain strategy as a concept and how is it implemented globally?

- 10 State the emerging models of strategic management in international context and explain any one in detail.
- 11 Explain strategy as a concept and how is it implemented globally?
- 12 What are the policy implications of corporate restructuring in India?
- 13 What is a strategy? Explain briefly the various competitive strategies.
- 14 What problems do the organizations face in order to implement the global strategies for its products?
- 15 What strategy can be adopted by international firm to gain international competitive advantage? Discuss with suitable examples.
- 16 What steps are involved in managing global mergers and acquisitions as a part of global expansion and diversification?
- 17 List some factors that pose a challenge to e-commerce activity in the global economy.
- 18 Describe briefly the four ways in which technology transfer takes place, pointing out the advantages and disadvantages of each.
- 19 Enumerate advantages and disadvantages of e-commerce for an international business.
- 20 Compare and contrast the geographic and product structure for use in international business.
- 21 Enumerate the complexities of distribution in global market.
- 22 What is Strategic Business Unit?
- 23 Define Strategic Alliance.
- 24 What drives the need for companies to consider mergers and acquisitions?
- 25 What are the key risk areas in an M&A transaction?
- 26 Define letter of credit. What are its different types?
- 27 Discuss green marketing concept in detail
- 28 Review the key variables, which affect the marketer's choice of distribution channels?
- 29 Put the various steps for developing an international advertising program.
- 30 Discuss market penetration as a measure of performance evaluation in international marketing.

### **III Long Answer type Questions:**

- 1 What do you understand by competitive advantage? How can a firm achieve it and sustain it? Discuss it with reference to Maruti Suzuki Ltd. India.
- 2 Write short on International strategic Alliance in bringing about competitive advantage.
- 3 Explain the emerging model of strategic management in international context.
- 4 Discuss Porter's five forces that determine industry's competitive nature. Discuss about the different types of strategic alliance that a company can have in international business.



- 5 “A good business alliance integrates synergic talents of partners” Evaluate the above statement highlighting the advantages and disadvantages of strategic alliance.
- 6 Discuss about the different type of strategic alliance that a company can have in international business.
- 7 How mergers and acquisition serve as an important strategy for cooperative expansion?
- 8 Discuss how a company should approach the opportunity to form an alliance with another company.
- 9 How are international strategic alliances helpful in sustaining the international competitive advantage?
- 10 How the concept of strategic management helps in achieving international competitiveness?
- 11 Discuss in detail the process of Strategic Management.
- 12 What is the basis of competitive advantage in international business? Suggest a suitable model for sustaining competitive advantage.
- 13 The increasing trend towards internationalization of business impacts organisation design. In the light of the above statement discuss the principal designs that firms can adopt to organise their global activities.
- 14 What are India’s inherent strengths and opportunities leading to global competitiveness in the following sectors:
- a. Auto Component
  - b. Pharmaceutical
- Elaborate.
- 15 What are the appropriate organisational structures for global companies as proposed in Barlett and Ghosal’s classification? Explain the success of Japanese automobile sector in the light of this classification.
- 16 Discuss the features of world class manufacturing systems.
- 17 What are the motives of Strategic Alliance?
- 18 Give reason of success and failures of mergers and acquisition with the help of a example in Indian context.
- 19 Are greenfield investments better than M&As? Justify your answer with valid reasons and examples.
- 20 The process of divestitures represents significant, strategic and critical corporate understanding. Discuss the process and technique involved in a divestiture.
- 21 Explain the steps followed in the process of financial evaluation of divestitures.
- 22 Explain the process of due diligence for merger and acquisition decisions. Describe by giving a suitable example
- 23 Explain the source of value creation in Strategic Alliance? What are the criteria for successful Strategic Alliance?
- 24 It is usually said that the formulation of new strategies causes management to change its organizational structure. Is the reverse also possible?

- 25 Enumerate the major factors which encourage firms to enter collaborative agreements.
- 26 What are the main motives driving international acquisitions? Also, discuss the main factors responsible for their failure.
- 27 What are the major difference between equity and non-equity based strategic alliances?
- 28 What are the different parameters of measuring the economic environment of an international business?
- 29 What common mistakes do companies make during a M&A transaction?
- 30 Why strategic alliances are considered to be vehicle of value creation. Taking some recent examples substantiate your answer.
- 31 Present a scheme for analyzing the economic environment of India from the viewpoint of an domestic appliances manufacturers.
- 32 What elements of culture may be most relevant to marketing strategies? Why?
- 33 Discuss in brief different elements contributing to the cultural environment of a market
- 34 Discuss the various fiscal incentives available to India exporters.
- 35 Describe the role functions of Export credit Guarantee Corporation of India ltd.

## **UNIT-IV**

### **I Multiple Choice Questions:**

- 1 The international division is established:
  - (a) In the corporate headquarters of the firm
  - (b) At the regional headquarter.
  - (c) Under marketing department.
  - (d) Mostly at the corporate headquarters of the firm, but can be at a foreign centre also.
- 2 Global area structure is suitable for firms:
  - (a) Narrow product line.
  - (b) Wider product line
  - (c) Narrow product line not transferable across regions.
- 3 Duplication of staff groups results in:
  - (a) International division structure.
  - (b) Global product division structure.
  - (c) Global matrix structure.
- 4 Most complex of international organization structures is :
  - (a) Global matrix structure.
  - (b) Global functional structure

- (c) Transnational network structure.
- 5 The corporate culture of a firm is more effectively carried to the managers who are
- (a) Host country nationals
  - (b) Home country nationals
  - (c) Third country nationals
- 6 Posting of home country nationals for all key management positions throughout the globe is supported by:
- (a) Geocentric staffing model.
  - (b) Polycentric staffing model.
  - (c) Ethnocentric staffing model.
- 7 The following is not considered as an acceptable motivation for foreign assignments:
- (a) Desire for adventure.
  - (b) Desire to increase chances of promotion.
  - (c) Escape from boredom of present assignment.
- 8 It was recognized in the 1990s that physical assets are not the only thing that needs to be included in the valuation of a firm. In Europe, firms also included a supplement detailing the:
- (a) Goodwill
  - (b) Intellectual capital
  - (c) Brand reputation
  - (d) Knowledge
- 9 A graph showing a rise in demand over a number of years can be described as:
- (a) Raw data
  - (b) Information
  - (c) Narrative
  - (d) Knowledge
10. Something that you learn to do by practicing rather than from reading a manual is known as:
- (a) Explicit knowledge
  - (b) Codified knowledge
  - (c) Embodied knowledge
  - (d) Symbolic knowledge
11. Knowledge that is known to a specific set of people who understand what particular references mean, whereas people outside of that group don't know what they mean is known as:
- (a) Clique knowledge

- (b) Elite knowledge
  - (c) Cultural knowledge
  - (d) Symbolic knowledge
12. Organizations that are good at developing relevant capabilities to respond to a changing context are known as:
- (a) Knowing organizations
  - (b) Stretch organizations
  - (c) Learning organizations
  - (d) Absorptive organizations
13. An organization adjusts its pricing in response to falling customer demand. This is an example of which type of learning?
- (a) Single-loop learning
  - (b) Double-loop learning
  - (c) Surface learning
  - (d) Deep learning
14. Which of the following attributes is NOT seen as being necessary for an organization to become a 'learning organization'?
- (a) Cultural diversity
  - (b) Top management commitment
  - (c) Openness to new ideas
  - (d) Willingness to experiment and risk making mistakes
15. One of the traps into which organizations can fall with respect to organizational learning is that they misread the reasons for success or failure. This trap is known as:
- (a) Causal ambiguity
  - (b) Superstitious learning
  - (c) Surface learning
  - (d) Mistaken attribution learning
16. Knowledge management is concerned with the emergence, storage and \_\_\_\_\_ of knowledge.
- (a) Trade
  - (b) Transfer
  - (c) Translation
  - (d) Transcription
17. One of the main problems with explicit knowledge is that:

- (a) It is difficult to transfer
  - (b) It is easier to obtain it
  - (c) It is not fluid
  - (d) It inhibits further learning
18. A holding company is:
- (a) An organization with a balanced portfolio of individual businesses
  - (b) A decentralized organization with a small head office that organizes finance for the subsidiaries
  - (c) A centralized organization with a small head office that helps subsidiaries develop and finance their strategies
  - (d) A decentralized organization with a large head office that offers a broad range of advice and services to subsidiaries
19. A firm has a functional director for six areas and an area director for three functions. There, staff at each area/function will be reporting to 2 bosses. This firm has which type of structure?
- (a) Project structure
  - (b) Matrix structure
  - (c) Divisionalized structure
  - (d) Front-back structure
20. An organization structure that is in the main a functional or divisional structure but also includes project teams to deal with specific issues is called:
- (a) An M-form structure
  - (b) A front-back structure
  - (c) A networked structure
  - (d) A hybrid structure
21. An organization that divides its structure into two main parts - one dealing with product groups and one dealing with customer segments is called:
- (a) A front-back structure
  - (b) A product-customer structure
  - (c) A back to back structure
  - (d) A matrix structure
22. The essential question that a corporate parent needs to ask is:
- (a) Does it add value to its individual businesses
  - (b) How does it achieve a balanced portfolio
  - (c) How does it achieve synergies across business units
  - (d) How related should its business units be

23. A corporate parent can offer an individual business a number of 'propositions'. These are build propositions, stretch propositions, link propositions, select propositions and:
- (a) Lend propositions
  - (b) Locate propositions
  - (c) Leverage propositions
  - (d) Leap propositions
24. The parenting style 'financial control' will tend to be most suitable in which type of portfolio?
- (a) A broad portfolio of fast growing businesses
  - (b) Stable businesses with low investment needs
  - (c) A narrow portfolio of closely related businesses
  - (d) A rapidly changing business environment
25. Which type of corporate parenting style has the closest relationship with its individual businesses?
- (a) Co-evolution
  - (b) Corporate flexibility
  - (c) Strategic Control
  - (d) Strategic planning
26. What is the main reason why organizations enter alliances?
- (a) To find out how the other organization works, and copy it
  - (b) To obtain synergies between other organizations' resources and their own
  - (c) To increase their capacity to learn
  - (d) Because they have not enough cash to acquire the other organization
27. Which of the following is NOT an important element to look for when selecting an alliance partner?
- (a) Very similar culture and resources
  - (b) Compatible expectations and objectives
  - (c) They should have as much to lose as you do if the alliance fails
  - (d) Resources that complement your own
28. When there is a fit between the goals of the organization and the goals of individuals, this is known as:
- (a) Goal fit
  - (b) Goal congruence
  - (c) Goal hierarchy fit
  - (d) Goal coordination

29. Which of the following is correct?
- (a) An organization's structure would be expected to evolve as it grew larger and more diverse
  - (b) Every organization starts out with a simple structure, then moves to a functional structure before becoming divisionalized
  - (c) Network structures are superior to functional ones
  - (d) Organizational performance will suffer if the structure is not stable
30. The shape or format of reporting and decision making relationships can be defined as the organizational:
- (a) Span of control
  - (b) Architecture
  - (c) Hierarchy
  - (d) Chain of command
31. The main components of an organization's architecture are structural hierarchy, values and belief systems, contracts and relationships and (two more):
- (a) Control systems and ways of working
  - (b) Information infrastructure and power structures
  - (c) Control systems and power structures
  - (d) Control systems and information infrastructure
32. A 'vertical architecture' is one which:
- (a) Has a tall hierarchy
  - (b) Has many layers of management
  - (c) Extends beyond the boundaries of legal ownership
  - (d) Is very bureaucratic
33. Organizational structures and systems can be judged using five dimensions (ABCDE) to assess whether they are achieving an appropriate balance. These five dimensions are Autonomy, Bureaucracy, Cultural Control, Decentralization and:
- (a) Equal Opportunities
  - (b) Economic Incentives
  - (c) Equality and Diversity
  - (d) Evidence of Learning
34. Employees who work in an autonomous fashion are:
- (a) Given freedom to make decisions

- (b) Closely monitored
  - (c) Heavily influenced by organizational culture
  - (d) Motivated by non-financial rewards
35. Bureaucracy is sometimes seen as a negative thing but it has some benefits for organizations. Which of the following is NOT a benefit of bureaucracy?
- (a) It can make information easier to share
  - (b) It can reduce errors
  - (c) It can increase organizational flexibility
  - (d) It can ensure that stakeholders are treated consistently
36. Successful business relationships tend to:
- (a) Combine relational contracts - to build trust in the long term - with transactional contracts to cover specific situations
  - (b) Depend upon tightly written legal contracts that take account of every potential problem or issue
  - (c) Rely upon firms being able to trust their employees and partners
  - (d) Be treated as finite games that both partners know will end sooner or later
37. Goffee and Jones use two variables to classify organizational cultures. These are:
- (a) Sociability and Synergy
  - (b) Cohesion and Synergy
  - (c) Sociability and Solidarity
  - (d) Solidarity and Cohesion
38. Hyperglobalization is a process of globalization which —
- (a) emphasizes the rise of regionalism
  - (b) emphasizes the rise of nation states
  - (c) emphasizes the rise of the TNC and decline of the nation state
  - (d) emphasizes the decline of the TNC
39. Economic globalization is characterized by —
- (a) rise of regionalism
  - (b) international migration
  - (c) cross-cultural flows of ideas
  - (d) international trade and investment flows
40. Cultural homogeneity refers to —
- (a) cross-cultural movements
  - (b) inter-cultural movements



- (c) adaptation to the local culture
  - (d) cultural uniformity
41. The process of glocalization is —
- (a) emphasis on local culture
  - (b) the use of regional symbols
  - (c) an amalgamation of the global and the local
  - (d) emphasis on global culture
42. Political globalization is the process of —
- (a) changes in the rules and structures of global governance
  - (b) rise of the WTO
  - (c) change in political systems
  - (d) emergence of a political ideology
43. South–South co-operation means —
- (a) the flow of resources from one developing country to another
  - (b) increasing diplomatic relations among emerging economies
  - (c) increasing investment between developing countries
  - (d) rising trade between countries
44. International orientation refers to —
- (a) a gradual process of internationalization
  - (b) a firm’s modes of entry into international business
  - (c) an attitude or strategic predisposition of a TNC towards internationalization
  - (d) the stage theory of internationalization
45. Ethnocentric orientation is a predisposition towards —
- (a) regionalism
  - (b) the home country
  - (c) the global economy
  - (d) geographically proximate regions
46. Pull factors refer to —
- (a) offensive motives of internationalization
  - (b) strategic motivation
  - (c) market motives of internationalization
  - (d) resource-seeking motives
47. Business entities engaged in international business activity are commonly known as-

- (a) NGOs
  - (b) EOUs
  - (c) State-trading corporations
  - (d) TNCs
48. Credits transferable by original beneficiary in favor of secondary beneficiary are known as
- (a) Deferred credits
  - (b) Transit credits
  - (c) Installment credits
  - (d) Transferable credits
49. When the exporter expects the importer to make the payment immediately upon the draft being presented to him is called.
- (a) Sight Draft.
  - (b) Usance Draft
  - (c) Demand draft
  - (d) Pay Note
50. The basic objective of export Promotion Council is to promote and develop the Exports of the
- (a) Particular products of country
  - (b) Only attractive projects of the country
  - (c) Only services industry products of the country
51. Ethical issues concerning business and public sector organizations exist at three levels:
- (a) Macro; Corporate; Individual.
  - (b) Corporate; Business; Functional.
  - (c) Corporate; Functional; Individual.
  - (d) Business; Family; Individual.
52. The culture of an organization can be conceived as consisting of four layers.
- (a) Values, beliefs, behaviors and taken-for-granted assumptions.
  - (b) Values, belief, tasks.
  - (c) Belief, tasks, personalities.
  - (d) Individual, functional, organizational.
53. The primary stakeholders are:
- (a) Customers.
  - (b) Suppliers.
  - (c) Shareholders.

- (d) Creditors.

54 The goal of corporate governance and business ethics education is to:

- (a) Teach students their professional accountability and to uphold their personal Integrity to society.
- (b) Change the way in which ethics is taught to students.
- (c) Create more ethics standards by which corporate professionals must operate.
- (d) Increase the workload for accounting students.

55 The corporate governance structure of a company reflects the individual companies'

- (a) Cultural and economic system.
- (b) Legal and business system.
- (c) Social and regulatory system.
- (d) All of the above.

56 The internal audit function is least effective when the department:

- (a) Is non-independent.
- (b) Is competent.
- (c) Is objective.
- (d) Exhibits integrity

57 Under which theory both internal and external corporate governance mechanisms are Intended to induce managerial actions that maximize profit and shareholder value.

- (a) Shareholder theory.
- (b) Agency theory.
- (c) Stakeholder theory.
- (d) Corporate governance theory.

58 Which theory states that, lack of resources often helps countries to become competitive

- (a) Competitive theory
- (b) Porters Diamond Model
- (c) Theory of Mercantilism
- (d) Product life cycle theory
- (e) None of the above

59 Theory of Mercantilism propagates

- (a) Encourage exports and imports
- (b) Encourage exports and discourage imports
- (c) Discourage exports and imports
- (d) Discourage exports and encourage imports

- 60 General electric follows \_\_\_\_\_ as its international operational strategy
- (a) Global
  - (b) International
  - (c) Multi-domestic
  - (d) Transnational
- 61 In 90's the global management perception was based on
- (a) Standardization v/s adaptation
  - (b) Globalization v/s localization
  - (c) Global integration v/s Local Responsiveness
  - (d) Local responsiveness
62. Which one is not an international organisation
- (a) SAARC
  - (b) ASEM
  - (c) ASEAN
  - (d) .CBDT
63. 'De-coupling' denotes.
- (a) Indian market may be cutt off from global markets so that it may be affected by global volatility.
  - (b) Separating the birds affected by bird flue.
  - (c) that markets are independent.
  - (d) None of the above.
64. NAFTA is an example of
- (a) Common Market
  - (b) Customers Union
  - (c) Economic Community
  - (d) Free Trade Area
65. Out of the following, one is not related with WTO
- (a) TRIPS
  - (b) Ministerial Conference

- (c) TRIMS  
(d) TRAI
66. What is Euro-III?
- (a) European Currency  
(b) Group of European Countries  
(c) European Film Festival  
(d) Pollution central Scale
67. A letter of credits means
- (a) A bank agreeing to accept and pay on due date  
(b) A letter containing conditions of credit purchase or sale  
(c) A letter sent by exporter to importer sanctioning credit deal.  
(d) A letter sent by importer to exporter sanctioning credit deal.
68. The 21st member to join the G-20 is
- (a) Sri Lanka  
(b) Uzbekistan  
(c) Myanmar  
(d) Uruguay
69. Each member of IMF, is assigned a quota expressed in
- (a) Member country's currency  
(b) Dollar  
(c) Special Drawing Rights  
(d) None of the above
70. In independent India, the first major foreign exchange crisis occurred in the year \_\_ .
- (a) 1955  
(b) 1956  
(c) 1969  
(d) 1991

**Ans.** (1)(d), (2)(d), (3)(b), (4)(c), (5)(b), (6)(c), (7)(c), (8)(b), (9)(b), (10)(c), (11)(d), (12)(c), (13)(a), (14)(a), (15)(b), (16)(b), (17)(b), (18)(b), (19)(b), (20)(d), (21)(a), (22)(a), (23)(c), (24)(b), (25)(d), (26)(b), (27)(a), (28)(b), (29)(a), (30)(c), (31)(d), (32)(c), (33)(b), (34)(a), (35)(c), (36)(a), (37)(c), (38)(c), (39)(d), (40)(d), (41)(c), (42)(a), (43)(a), (44)(c), (45)(b), (46)(a), (47)(d), (48)(a), (49)(a), (50)(a), (51)(a), (52)(c), (53)(c), (54)(d), (55)(a), (56)(a), (57)(d), (58)(b), (59)(d), (60)(c), (61)(d), (62)(a), (63)(d), (64)(d), (65)(d), (66)(a), (67)(a), (68)(c), (69)(b), (70)(c)

## II Short Answer Type Questions:

- 1 What do you understand by social responsibility of business?
- 2 What is business Ethics?
- 3 Write a short note on business ethics with special reference to international business?
- 4 “There is no separate ethics for Business; nor is one needed”. Comment.
- 5 Write a note on the labour issues related to international business.
- 6 Give a brief account of the environmental issues related to international business.
- 7 Define Culture. How cultural communication helps the marketer?
- 8 What do you understand by Cultural Overlap? How can effective negotiation with respect to cultural overlap?
- 9 How do levels of international business of a nation impact its cross-cultural communication?
- 10 Explain the Compromise approach to negotiation
- 11 Enlist the five Ps of Negotiation?
- 12 Highlight any three non-negotiable issues
- 13 Define leadership. Explain the styles of leadership.
- 14 Differentiate between Autocratic and Free- rein leadership styles.
- 15 What is cultural shock?
- 16 What is the significance of negotiation in global trade agreements?
- 17 Why do some countries impose control over MNCs?
- 18 Explain the organizational structure of MNCs?
- 19 Discuss the parent-subsidiary relationship?
- 20 What is innovation? What are its dynamics?
- 21 What do you understand by innovative organizations? What are their essential features?  
What are the different types of innovative organizations?
- 22 What are the practical tools for process innovation?
- 23 How can you differentiate Disruptive Innovation from Sustaining Innovation?
- 24 Describe features of world class manufacturing system by giving a suitable example.
- 25 Give an example of any Indian or Foreign firm which is assuming its social responsibility in true sense and how?
- 26 What ethical issues are involved in the context of International business?
- 27 Discuss various social responsibilities of global firms.
- 28 Discuss steps of International Negotiations to make it meaningful.
- 29 Leadership issues of International firm.
- 30 Explain the trends in world trade and foreign direct investment over the last half century.
- 31 Explain how a company competes using outsourcing. Provide an example.
- 32 Discuss the impact of technological change on global markets.
- 33 Explain the notion of the World Wide Web emerging as an equalizer.

- 34 Innovations in transportation have had a major impact on global trade. Consider one of these innovations: containerization. Why is this innovation so significant?
- 35 Discuss the demographics of world trade since the 1960s. How has the role of the U.S. changed? How is world trade expected to change in the future?
- 36 Is there always a perfect alignment between an organization's purpose and culture?
- 37 Why are leaders of strategic importance?
- 38 How does leadership strategy change with the size of an organization?
- 39 What is negotiation?
- 40 What are the various factors that affect negotiation?
41. Explain the polychronic culture.
42. What is Bill of lading?
43. How does the working & strategies of WTO affect international marketing?
44. What factor argue for a internationally standardized approach for advertising ?
45. What are intellectual property rights ? Why should a company in international marketing take special steps to protect them ?

### **III Long Answer Type Questions:**

- 1 Give a brief account of the important social issues related to international business.
- 2 Discuss the environmental and labor issues related to international business with particular reference to developing countries.
- 3 What is meant by social responsibility of business? What are the important factors affecting the social orientation of business?
- 4 "Communication is affected by Culture". Comment
- 5 Differences amongst cultures of the various nations of the world impact the way individuals communicate non-verbally. Do you agree with statement? Explain your answer with the help of examples.
- 6 Elaborate the various National Cultural Variables that impact the communication processes and styles around the world. Support your answer with the help of relevant examples.
- 7 Elaborate how various individual cultural variables impact the way people belonging to different countries behave and communicate verbally and non-verbally. Support the answer with special reference to the contrast between the American and the Indian cultures.
- 8 Define Negotiation. Explain the various steps of the negotiation process.
- 9 Elaborate the various approaches to negotiation. Which one is the best approach and why?
- 10 What are the various types of Business Negotiation? Enlist the various negotiation skills that a negotiator must have to be successful in a business negotiation.
- 11 How can one make a negotiation effective?
- 12 Identify the leadership styles describing the situations under which each style is useful. How type A and type B personality are related with stress?

- 13 Explain the implication of the differences in socio-cultural environment for business.
- 14 What is multi national corporation? How is it different from a global company, international company and transnational company?
- 15 Why do developing countries allow MNCs to operate in their countries?
- 16 “Innovation is the act of introducing something new or something newly introduced”. Discuss.
- 17 “Innovation brings changes in the organization”. Discuss this statement with few live examples.
- 18 What are the important factors for successful management of innovation process? Why do innovations fail?
- 19 Explain the concept of technology/technological innovation. What are the facilitating factors for technological innovation? What are the barriers to technological innovation?
- 20 Which industries in India are pioneering the technological innovation? Demonstrate giving examples of pioneering firms and their innovative performance.
- 21 What are the advantages of having ethical conduct in business? What policies should a global firm adopt to prevent corrupt practices? Give suitable examples
- 22 Identify and explain the benefits of global standardization? What potential problems will an MNC have in using standard advertising campaign?
- 23 What are the advantages of internationalization of R&D? Discuss the reasons for global competitiveness of Indian Pharmaceutical Industry.
- 24 What can be various types of organization structures for multi-business firms in International/global operations? Discuss the advantages and disadvantages of each type of structures.
- 25 With the help of an example discuss the characteristics of globalization.
- 26 Explain what is meant by the globalization of markets. Provide an example. What are the most global markets?
- 27 Discuss the concept of the globalization of production.
- 28 What is the World Trade Organization? What is its role in the world economy?
- 29 What is the International Monetary Fund? What is the World Bank? What is their relationship, if any, with each other?
- 30 “A good leader will use different aspects from a range of leadership styles to achieve the objectives of the organization.” Explain, using examples, why this is a valid statement.
- 31 Discuss the relevant framework for analyzing the International business environment.
- 32 Write short note on:
  - (a) Cross cultural communication.
  - (b) The role of patent.
- 33 Discuss the concept of Global marketing management.
- 34 Discuss global employment policy & instruments.
- 35 State the role of Global Forex Markets.



36. Define the term dumping ? Why do countries pass anti – dumping law ?
37. Give basic characteristics of MNC's ? What role they play in the development of Indian economy?
38. Define WTO ? How does its working & strategies affect international business?
39. Give a comparative study of common law, code law & Islamic law.
40. Distinguish between polychromic culture (P-time) & monochromic culture (M-time) in detail?

# **QUESTION BANK**

## **INFORMATION SYSTEMS MANAGEMENT**

**MS 205**

**QUESTION BANK**  
**INFORMATION SYSTEMS MANAGEMENT – MS 205**  
**MBA III**

**UNIT – I**

**I Test Your Skills:**

**Multiple Choice Questions:**

- 1 By the 1960's \_\_\_\_\_ were used to generate a limited range of pre-defined reports including income statements, balance sheets and sales reports
  - (a) MIS
  - (b) ERP
  - (c) KIS
  - (d) VB
  
- 2 1990's saw the introduction of the \_\_\_\_\_ information systems.
  - (a) Strategic
  - (b) GUI
  - (c) Decision
  - (d) Executive
  
- 3 \_\_\_\_\_ is often called the father of computers.
  - (a) Babbage
  - (b) Blaise
  - (c) Hobbyists
  - (d) Dosis
  
- 4 \_\_\_\_\_ is the act of informing or the state of being informed.
  - (a) Data
  - (b) System
  - (c) Management
  - (d) Information
  
- 5 Payroll Data includes wage structures, benefits, deductions and \_\_\_\_\_.
  - (a) Allowances
  - (b) Bribe
  - (c) Lose
  - (d) Cheque
  
- 6 HRIS stands for \_\_\_\_\_

- (a) Human Resource Information System.
  - (b) HUDA Reserve Information System
  - (c) Human Refraction Information System
  - (d) Human Resource Institution System
- 7 Advantages of HR Database are \_\_\_\_\_
- (a) Sharing of Data
  - (b) Improved Security
  - (c) Data Consistency
  - (d) All of the above
- 8 Information systems that monitor the elementary activities and transactions of the organizations are:
- (a) Management-level system
  - (b) Operational-level system
  - (c) Knowledge-level system
  - (d) Strategic level system
9. Projections and responses to queries are information output characteristics associated with a(n):
- (a) DSS
  - (b) MIS
  - (c) ESS
  - (d) TPS
10. Summary transaction data, high-volume data, and simple models are information inputs characteristic of a(n):
- (a) DSS
  - (b) MIS
  - (c) ESS
  - (d) TPS
- 11 Which of the following individuals typically have less formal, advanced educational degrees and tend to process rather than create information?
- (a) Knowledge workers
  - (b) Executives
  - (c) System analysts
  - (d) Data workers
- 12 Management information systems usually:

- (a) Serve managers interested in weekly, monthly, and yearly results, not day-to-day activities.
  - (b) Help managers make decisions that are unique, rapidly changing, and not easily specified in advance.
  - (c) Provide managers with a generalized computing and telecommunications capacity that can be applied to a changing array of problems.
  - (d) Perform and record the daily routine transactions necessary to the conduct of business.
- 13 Decision support systems usually:
- (a) Serve managers interested in weekly, monthly, and yearly results, not day-to-day activities.
  - (b) Help managers make decisions that are unique, rapidly changing, and not easily specified in advance.
  - (c) Provide managers with a generalized computing and telecommunications capacity that can be applied to a changing array of problems.
  - (d) Perform and record the daily routine transactions necessary to the conduct of business.
14. Identifying customers and markets using data on demographics, markets, consumer behavior, and trends is an example of a(n):
- (a) Operational-level sales and marketing information system.
  - (b) Knowledge-level sales and marketing information system.
  - (c) Management-level sales and marketing information system.
  - (d) Strategic-level sales and marketing information system.
- 15 Deciding where to locate new production facilities is a(n) example of a manufacturing and production information system operating at the:
- (a) Operational level
  - (b) Management level
  - (c) Knowledge level
  - (d) Strategic level
- 16 Preparing short-term budgets is an example of finance and accounting information system operating at the:
- (a) Operational level
  - (b) Management level
  - (c) Knowledge level
  - (d) Strategic level
- 17 Tracking employee training, skills, and performance appraisals is an example of a

- human resource information system operating at the:
- (a) Operational level
  - (b) Management level
  - (c) Knowledge level
  - (d) Strategic level
- 18 Assembling a product, identifying customers and hiring employees are:
- (a) Transactions
  - (b) Phases
  - (c) Business processes
  - (d) Business functions
- 19 Which of the following is a network of facilities for procuring materials, transforming raw materials into intermediate and finished products, and distributing the finished products to customers?
- (a) Production chain
  - (b) Primary chain
  - (c) Supply chain
  - (d) Distribution chain
- 20 Information systems can facilitate supply chain management by:
- (a) Tracking the status of orders.
  - (b) Rapidly communicating orders.
  - (c) Providing product specifications.
  - (d) Doing all of the above.
- 21 Enterprise systems support:
- (a) Manufacturing processes.
  - (b) Financial and accounting processes.
  - (c) Human resource processes.
  - (d) All of the above.
- 22 A computer security protocol for logging in would be an example of the \_  
\_\_\_\_\_ component of an information system.
- (a) software
  - (b) hardware
  - (c) data
  - (d) procedure
  - (e) people

- 23 Customer numbers and their names would be an example of the \_\_\_\_\_ component of an order management information system.
- (a) software
  - (b) hardware
  - (c) data
  - (d) procedure
  - (e) people
- 24 Nonroutine cognitive skills include:
- (a) communication.
  - (b) problem-solving.
  - (c) abstract reasoning.
  - (d) collaboration.
  - (e) All of the above.
- 25 The quality of your \_\_\_\_\_ is a large part of the quality of your information system.
- (a) computer
  - (b) thinking
  - (c) time
  - (d) challenges
  - (e) life
- 26 Which of the following is not a characteristic of good information?
- (a) interchangeability
  - (b) relevance
  - (c) cost effectiveness
  - (d) timeliness
  - (e) accuracy
- 27 If you are a \_\_\_\_\_ recipient of sensitive information, such as might be overheard or contained in a misdirected email, this would not be illegal, but might be unethical to use it.
- (a) active
  - (b) passive
  - (c) proper
  - (d) business
- 28 A human order taker can be bypassed when using a(n) \_\_\_\_\_ .
- (a) Office automation system
  - (b) Management information system

- (c) Transaction processing system
  - (d) Decision support system
29. Data mining cannot be done if
- (a) operational data has not been archived
  - (b) earlier management decisions are not available
  - (c) the organization is large
  - (d) all processing had been only batch processing
30. Knowledge based system supports\_\_\_\_\_ .
- (a) Knowledge of creation
  - (b) Knowledge of support
  - (c) Knowledge of Dissemination
  - (d) All of the above
  - (e) None of the above
31. Information systems that monitor the elementary activities and transactions of the organizations are:
- (a) management-level systems
  - (b) operational-level systems
  - (c) knowledge-level systems
  - (d) strategic-level systems
32. Projections and responses to queries are information output characteristics associated with a(n):
- (a) DSS
  - (b) MIS
  - (c) TPS
  - (d) ESS
33. Summary transaction data, high-volume data, and simple models are information inputs characteristic of a(n):
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  - (b) MIS
  - (c) ESS
  - (d) TPS
34. Which of the following individuals typically have less formal, advanced educational degrees and tend to process rather than create information?
- (a) knowledge workers
  - (b) executives



- (c) systems analysts
  - (d) data workers
35. Management information systems usually:
- (a) Serve managers interested in weekly, monthly, and yearly results, not day-to-day activities.
  - (b) help managers make decisions that are unique, rapidly changing, and not easily specified in advance.
  - (c) provide managers with a generalized computing and telecommunications capacity that can be applied to a changing array of problems
  - (d) perform and record the daily routine transactions necessary to the conduct of business.
36. Decision support systems usually:
- (a) serve managers interested in weekly, monthly, and yearly results, not day-to-day activities
  - (b) help managers make decisions that are unique, rapidly changing, and not easily specified in advance.
  - (c) provide managers with a generalized computing and telecommunications capacity that can be applied to a changing array of problems.
  - (d) perform and record the daily routine transactions necessary to the conduct of business
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- (a) operational-level sales and marketing information system.
  - (b) knowledge-level sales and marketing information system
  - (c) management-level sales and marketing information system
  - (d) strategic-level sales and marketing information system
38. Deciding where to locate new production facilities is a(n) example of a manufacturing and production information system operating at:
- (a) operational level
  - (b) management level
  - (c) knowledge level
  - (d) strategic level
39. Preparing short-term budgets is an example of a finance and accounting information system operating at the:
- (a) operational level
  - (b) management level

- (c) knowledge level
  - (d) strategic level
40. Tracking employee training, skills, and performance appraisals is an example of a human resource information system operating at the:
- (a) operational level
  - (b) management level
  - (c) knowledge level
  - (d) strategic level
41. A person machine-systems and a highly integrated grouping of information-processing functions designed to provide management with a comprehensive picture of specific operation is called
- (a) DSS
  - (b) MIS
  - (c) IIS
  - (d) All of the above
42. Which one of the following is not an important characteristic of useful and effective information?
- (a) Accuracy
  - (b) Timeliness
  - (c) Completeness
  - (d) Economy
43. The most important reason for failure of MIS is
- (a) Use of improper tools for design
  - (b) Non involvement of end-user
  - (c) Improper specification
  - (d) None of the above
44. Select the most appropriate statement among the following
- (a) Operational managers make unstructured decisions
  - (b) Middle level managers undertake long range planning
  - (c) As the management level goes up the hierarchy of information becomes more and more summarized
  - (d) None of the above
45. Top level Managers use
- (a) Strategic information
  - (b) Tactical information

- (c) Operational information
  - (d) None of these
- 46 System is an important factor of MIS. There are various types of systems. Which one of the following is not a system?
- (a) Physical system
  - (b) Integrated system
  - (c) Open system
  - (d) Probabilistic system
- 47 Which one of the following is not an approach for development of MIS?
- (a) Hierarchical approach
  - (b) Integrative approach
  - (c) Modular approach
  - (d) Elective approach
- 48 In management information system which is the correct order of the reference of activities that the manager processes?
- (a) Planning, organizing, staffing, coordinating, directing, controlling
  - (b) Planning, staffing, coordinating, organizing, directing, controlling
  - (c) Planning, organizing, staffing, coordinating, controlling, directing
  - (d) Planning, directing, organizing, staffing, coordinating, controlling.
- 49 Management is linked to information by
- (a) decisions
  - (b) data
  - (c) both (a) and(b)
  - (d) None of the above.
- 50 Which pattern reflects a pure executive form of management?
- (a) Functional
  - (b) Line
  - (c) Line and Staff
  - (d) Committee
- 51 Porter's value chain theory was introduced in
- (a) 1980
  - (b) 1985
  - (c) 1990
  - (d) 1995

- 52 If a university sets up a web-based information system that faculty could access to record student grades and to advise students, that would be an example of a/an
- (a) CRM
  - (b) Intranet
  - (c) ERP
  - (d) Extranet
  - (e) None of the above
- 53 Which of the following is not a technology driver for an information system?
- (a) Enterprise applications
  - (b) Object technologies
  - (c) Knowledge asset management
  - (d) Collaborative technologies
  - (e) Networks and the Internet
- 54 Which of the following is a deliverable of the system implementation phase in a formal system development process?
- (a) Technical hardware and software solution for the business problem
  - (b) Business problem statement
  - (c) Statement of the system users' business requirements
  - (d) Technical blueprint and specifications for a solution that fulfills the business requirements
  - (e) None of the above
- 55 An information system that supports the planning and assessment needs of executive management is
- (a) DSS
  - (b) TPS
  - (c) ERP
  - (d) MIS
  - (e) None of the above
- 56 The application of information to scan an organisation's environment is:
- (a) External communication.
  - (b) Information overload.
  - (c) Sensing.
  - (d) Internal communication.
  - (e) none of the above.
- 57 When a bank uses information to launch a personalised credit card product this:
- (a) Manages risks.

- (b) Creates a new opportunity.
- (c) Adds value.
- (d) Reduces costs.
- (e) None of the above.

58 When a bank uses business performance management software to monitor its performance in differences regions this:

- (a) Reduces costs.
- (b) Manages risks.
- (c) Adds value.
- (d) Creates a new opportunity.
- (e) None of the above.

59 When a bank offers web self-service for customers to answer their questions, the primary outcome is:

- (a) Adds value.
- (b) Manages risks.
- (c) Reduces costs.
- (d) Creates a new opportunity.
- (e) None of the above.

60 The general transformation cycle for information is:

- (a) Information to data to knowledge.
- (b) Knowledge to data to information.
- (c) Data to knowledge to information.
- (d) Data to information to knowledge.
- (e) None of the above.

**Ans.** (1)(a), (2)(a), (3)(a), (4)(d), (5)(a), (6)(c), (7)(d), 8(a), 9(c), 10(b), 11(d), 12(a), 13(b), 14(b), 15(d), 16(b), 17(a), 18(c), q12.c, 19(d), 20(d), 21(d), 22(c), 23(e), 24(b), 25(a), 26(c), 28(c), 29(a), 30(d), 31(b), 32(b), 33(a), 34(d), 35(c), 36(b), 37(d), 38(c), 39(b), 40(d), 41(b), 42(d), 43(b), 44(c), 45(a), 46(b), 47(b), 48(a), 49(c), 50(a), 51(b), 52(b), 53(c), 54(a), 55(e), 56(c), 57(c), 58(b), 59(c), 60(d).

## **II Short Answer Type Questions:**

- 1 Define MIS. Give MIS importance.
- 2 Write in brief about Probabilistic systems.
- 3 Give the limitation of MIS.
- 4 Write in brief on Managing Value Chain.

- 5 Define Structured Information System.
- 6 What are the three outcomes in different decision-making conditions?
- 7 Give the advantages of computer-aided design.
- 8 Write short note on “Accounting System”.
- 9 Give a brief description of FIS.
- 10 Draw a diagram explaining the operations of a Inventory Information System.
- 11 How can an Expert system be developed. Write down the steps.
- 12 Write a short note on “Group Decision Support Systems”.
- 13 What are the components of Decision Support Systems.
- 14 Give the major applications of office automation.
- 15 Write in brief about TRANSACTION PROCESSING CYCLE.
- 16 Data Mining and its application in business.
- 17 Write short note on Expert Systems
- 18 What are the components of Management Support Systems
- 19 Explain the Strategic Role of Information Systems.
- 20 Describe Strategic Information Systems Framework
- 21 Explain the Competitive Strategy of an Information- oriented organization.
- 22 Discuss Information System resources.
- 23 What are the various components of Information system.
- 24 Explain various challenges and ethics of IT.
- 25 Explain the concept of Operations support Systems.

### **III Long Answer Type Questions:**

- 1 Why is a business model necessary? How would you construct a model for following:
  - (a) Sales Model for Forecasting
  - (b) Production Model for Capacity Forecasting
  - (c) Business Model for Profitability Analysis
- 2 What is strategic planning? When does it assume importance in the business?
- 3 State the difference between MIS and a computer system. Why is MIS looked upon as a strategic need of management today?
- 4 If application science and MIS can be brought together the MIS design would be realistic and useful. Discuss.
- 5 Can you automate the process of decision making? The answer is ‘Yes’ and ‘No’. Explain. What best must be aimed at?
- 6 Explain the concept of entropy used in system control? How would you use this concept in MIS?
- 7 Explain the steps in the
  - (a) Transaction Processing System
  - (b) Data Processing System
  - (c) Information Processing System
  - (d) Management Information Processing System

- 8 Explain the information needs of the following:
- (a) Corporate Planner
  - (b) Investment Analyst
  - (c) Job Chaser
  - (d) Administrator
- 9 What is the type of DSS that can be integrated in MIS and which are types not worthy of integration?
- 10 Identify E-business initiatives, which will drive companies to switch to electronic methods of managing the business. What are the typical characteristics of the business, where E-business will give large benefits?
- 11 What are the different risks involved in using MIS in business organizations and how can these be addressed?
- 12 What are the advantages and disadvantages of outsourcing IT?
- 13 What is an information system? What are its components? How is it useful for an organization? Explain
- 14 Explain the term “Competitive Advantage”. How does it differ from Strategic Advantage? Explain with an example.
- 15 Distinguish between Data, information and knowledge giving examples of each?
- 16 Describe relationship between TPS, MIS, DSS, ESS.
- 17 Contrast between Information Architecture and Information Infrastructure.
- 18 Differentiate between
- (a) Open and Closed System
  - (b) Probabilistic and Deterministic System
  - (c) Data and Information
- 19 What do you understand by Information Infrastructure and Information Architecture?
- 20 List and describe any four reasons why information systems are so important for businesses today?
- 21 The companies today cannot do without Management Information Systems. Comment. What is the role played by Management Information System in organizations? Give suitable examples.
- 22 What is the difference between a Management Information System and a Decision Support System? Explain using the examples where each may be useful.
- 23 What is knowledge Management System? Why do organizations need knowledge Management Systems? Give supporting example.
- 24 Explain with examples, how does Information System give competitive and strategic advantage to the organization?
- 25 Discuss the Value Chain Analysis for an IT firm. Draw suitable flowchart
- 26 What are the capabilities of Information Systems those businesses must have, to compete and survive in the information age?
- 27 How can information technology support a company’s business processes and decision making and give it a competitive advantage? Give examples to illustrate your answer.
- 28 how does the use of Internet, Intranets, and Extranets by companies today support their business processes and activities.

- 29 why do big companies still fail in their use of Information technology? What should they be doing differently?
- 30 Why are there so many conceptual classifications of information systems? Why are they typically integrated in the information systems found in the real world?

## **UNIT - II**

### **I Test Your Skills:**

#### **Multiple Choice Questions:**

- 1 What type of system tracks inventory and related business processes across departments and companies?
- (a) Strategic information systems
  - (b) Data processing systems
  - (c) Inventory management systems
  - (d) Supply chain management systems
- 2 What type of system tracks and analyzes transactions made by customers?
- (a) Decision support systems
  - (b) Tactical systems
  - (c) Customer relationship management systems
  - (d) Knowledge base systems
- 3 What type of system tracks and analyzes all of the activities in the sales process?
- (a) Customer information systems
  - (b) Decision support systems
  - (c) Sales force automation systems
  - (d) Sales process management systems
- 4 What term is used to identify technology that is used to support many people working together on one project?
- (a) E-collaboration
  - (b) I-technology
  - (c) Social networking
  - (d) Knowledge management
5. What term is used to identify people coming together from various geographical Locations to complete some task?
- (a) I-team
  - (b) Virtual team



- (c) Online work group
  - (d) Distributed team
6. What type of Web site allows visitors to create and maintain information posted on its site?
- (a) Open source site
  - (b) Wiki
  - (c) Knowledge construction sites
  - (d) FTP site
7. Which person oversees an organization's entire information system?
- (a) CTO
  - (b) CSO
  - (c) CIO
  - (d) CPO
8. Which type of system includes all technology systems and software across an organization?
- (a) Knowledge based systems
  - (b) Strategic information systems
  - (c) Enterprise resource planning systems
  - (d) Management information systems
9. What is the term used to depict aged information systems that are technologically out-of-date?
- (a) Outdated information systems
  - (b) Obsolete systems
  - (c) Archaic systems
  - (d) Legacy information systems
10. Which of the following ERP providers specialize in providing financial management, distribution, manufacturing, project accounting, human resource management, and business analytics to small-to-medium businesses?
- (a) SAP
  - (b) Oracle/PeopleSoft
  - (c) SSA Global
  - (d) Microsoft
11. To do business process modeling the analyst needs business profile and.
- (a) business constraints
  - (b) business rules
  - (c) business models

- (d) business drivers
- 12 The environment for the actual system operation is called the \_\_\_\_\_ environment.
- (a) operational
  - (b) test
  - (c) management
  - (d) analyst
- 13 A successful information system requires training for
- (a) users
  - (b) managers
  - (c) IT staff members
  - (d) all of the above
- 14 Operations Documentation Include
- (a) Special forms required, including online forms
  - (b) Error and informational messages to operators and restart procedures
  - (c) Special instructions, such as security requirements
  - (d) all of the above
- 15 Written or other visual information about an application system, how it works, and how to use it best describes:
- (a) System documentation
  - (b) Operations Documentation
  - (c) Message documentation
  - (d) User documentation
- 16 \_\_\_\_\_ are numbers or letters assigned in a specific order.
- (a) Category codes
  - (b) Alphabetic codes
  - (c) Block sequence codes
  - (d) Sequence codes
- 17 Which of the following is not an external factor that will affect a project?
- (a) Customers
  - (b) Existing Systems
  - (c) Economy
  - (d) Technology
- 18 Which of the following is not a main reason for a system request?
- (a) Improved service

- (b) Support for new products and services
  - (c) Better performance
  - (d) Technology
- 19 Which of the following is not considered when analyst analyze risk
- (a) Probability
  - (b) Financial impact of the risk.
  - (c) Risk nature
  - (d) Reliability
- 20 Risk management can be defined as the art and science of \_\_\_\_\_ risk factors throughout the life cycle of a project.
- (a) researching, reviewing, and acting on
  - (b) identifying, analyzing, and responding to
  - (c) reviewing, monitoring, and managing
  - (d) identifying, reviewing, and avoiding
  - (e) analyzing, changing, and suppressing
- 21 Risk Management includes all of the following processes except:
- (a) Risk Monitoring and Control
  - (b) Risk Identification
  - (c) Risk Avoidance
  - (d) Risk Response Planning
  - (e) Risk Management Planning
- 22 A risk response which involves eliminating a threat is called:
- (a) Mitigation
  - (b) Deflection
  - (c) Avoidance
  - (d) Transfer
  - (e) b and d
- 23 When should a risk be avoided?
- (a) When the risk event has a low probability of occurrence and low impact
  - (b) When the risk event is unacceptable -- generally one with a very high probability of occurrence and high impact
  - (c) When it can be transferred by purchasing insurance
  - (d) A risk event can never be avoided

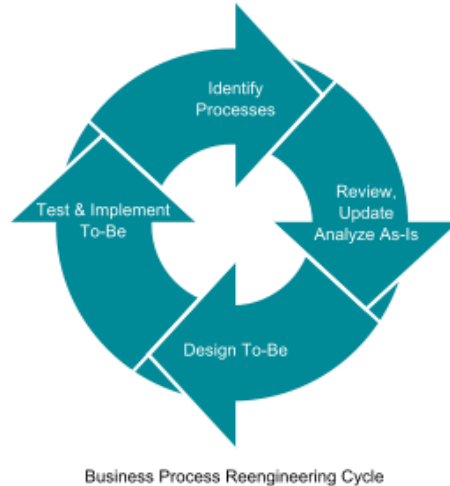
- 24 An example of risk mitigation is:
- (a) Using proven technology in the development of a product to lessen the probability
  - (b) that the product will not work
  - (c) Purchasing insurance
  - (d) Eliminating the cause of a risk
  - (e) Accepting a lower profit if costs overrun
  - (f) a and b
- 25 Risk mitigation involves all but which of the following:
- (a) Developing system standards (policies, procedures, responsibility standards)
  - (b) Obtaining insurance against loss
  - (c) Identification of project risks
  - (d) Performing contingent planning
  - (e) Developing planning alternatives
- 26 Mitigating risk could involve
- (a) identifying risks, obtaining insurance and developing alternatives
  - (b) contracting and quality assurance
  - (c) developing standards, buying insurance, and planning for contingencies and
  - (d) alternatives
  - (e) re-scoping the project and reassessing requirements
  - (f) C and D
- 27 Suppose a project has many hazards that could easily injure one or more persons and there is no method of avoiding the potential for damages. The project manager should consider \_\_\_\_\_ as a means of deflecting the risk.
- (a) abandoning the project
  - (b) buying insurance for personal bodily injury
  - (c) establishing a contingency fund
  - (d) establishing a management reserve
  - (e) not acknowledging the potential for injury
- 28 The \_\_\_\_\_ design of an information system is a plan for the actual implementation of the system.
- (a) physical
  - (b) logical
  - (c) vertical
  - (d) horizontal

29. Report that trace the entry of and changes to critical data values are called \_\_\_\_\_ and are essential in every system
- (a) Risk
  - (b) audit trails
  - (c) undo transactions
  - (d) ROI
30. The focus on defining the activities associated with the system is a \_\_\_\_\_ methodology.
- (a) data centered
  - (b) life cycle
  - (c) object-oriented
  - (d) process centered
31. Computing systems can provide strategic information by
- (a) Making decision analysis possible
  - (b) providing corporate models for long-range planning
  - (c) Causing managers to think
  - (d) All of the above
32. An econometric model requires
- (a) A computer with large auxiliary storage capacity
  - (b) A data base of economic data
  - (c) A model base of quantitative analysis programs
  - (d) All of the above
33. Benefits from a computerised MIS include:
- (a) higher returns on short-term investments
  - (b) less frequent and smaller short-term loans
  - (c) lower rates of interest
  - (d) all of the above
34. Which of the following is a component of an expert system?
- (a) Explanation module
  - (b) Knowledge base
  - (c) Natural language interface for the user
  - (d) Inference machine
  - (e) All of the above

35. The manager, in using the systems approach, should subdivide the firm into subsystems based on
- (a) functional areas-marketing, finance, and manufacturing
  - (b) management levels-strategic, tactical, and operational
  - (c) resource flows-manpower, money, machines, and material
  - (d) any of the above represent acceptable subsystem divisions.
36. Functional information subsystems can be classified into
- (a) communication process wherein information is recorded, stored, processed and retrieved for managerial decision-making
  - (b) communication process wherein data is recorded, stored, processed and retrieved for managerial decision-making
  - (c) communication process wherein data is converted into information
  - (d) all of the above
37. Which of the following is correct for MIS::
- (a) communication process wherein information is recorded, stored, processed and retrieved for managerial decision-making
  - (b) communication process wherein data is recorded, stored, processed and retrieved for managerial decision-making
  - (c) communication process wherein data is converted into information
  - (d) All of the above
38. The model base contains programs
- (a) written by the firm's programmers
  - (b) provided by the computer vendor
  - (c) purchased from outside firms, such as software houses
  - (d) All of the above
39. Which of the following statements is correct?
- (a) most analysts agree on the structure and organization of MIS
  - (b) operational planning reports are a primary informational tool for middle management.
  - (c) an MIS focuses on managing information generated with a computer system
  - (d) the cross reference of data items is an integral feature of the simple structure used in database organization.
40. The selection of the solution technique to be implemented by a computing system should be made by
- (a) an operations research expert
  - (b) a computer programmer

- (c) system analysts
- (d) a computing system user

41 What among the following are the primary characteristics that information must process?



- i) Relevance      ii) Availability                      iii) Timeliness                      iv) Accuracy

- (a) Only i, ii, and iii
- (b) Only ii, iii and iv
- (c) Only i, iii and iv
- (d) All i, ii, iii, and iv

42 Which of the following models are developed on the principles of business management, accounting and econometrics?

- (a) Behavioral model
- (b) Management science models
- (c) Operations research models
- (d) Policy making models

43 An .....is a set of processes and procedures that transform data into information and knowledge.

- (a) information system
- (b) Knowledge system
- (c) Database system
- (d) Computer system

44 A system is called ..... when the inputs, process and the outputs are known with certainty.

- (a) Probablistics
- (b) Deterministic

- (c) Open
- (d) Close

45 Which of the following steps is/are the implementation plans involved in MIS?

- i) Preparing organizational plans
- ii) Planning of work flow
- iii) Training of personnel
- iv) Development of software
- v) Acquiring computer hardware

- (a) i, ii and iii only
- (b) i, ii, iii and iv only
- (c) i, ii, iv and v only
- (d) All i, ii, iii, iv and v

46 Which of the following is included in the Office automation systems?

- i) Word processing
- ii) Electronic mail
- iii) Voice mail
- iv) Electronic calendaring
- v) Audio conferencing

- (a) i, ii, iii and v only
- (b) i, ii, iii and iv only
- (c) i, ii, iv and v only
- (d) All i, ii, iii, iv and v

47 In a typical ..... network, application processing is shared between clients and one more servers.

- (a) client server computing
- (b) cloud computing
- (c) mobile computing
- (d) data computing

48 The .....is defined as a set of activities performed across the organization creating as output of value to the customer.

- (a) development process
- (b) business process
- (c) quality process
- (d) customer focus



- 49 A systems theory of organization sees the firm as a
- (a) network of resource flows
  - (b) system transforming inputs into outputs
  - (c) physical system managed by a manager using a conceptual system
  - (d) All of the above
  - (e) None of the above
- 50 \_\_\_\_\_ means that the manager spends his or her time dealing with exceptions or those situations which are out of control
- (a) relevant
  - (b) management by exception
  - (c) predictive reports
  - (d) control
  - (e) None of the above
- 51 ....are specific to users' needs
- (a) System software
  - (b) Application software
  - (c) Assemblers
  - (d) Compilers
- 52 Which of the following is/ are operating systems
- (a) Windows
  - (b) Unix
  - (c) OS/2
  - (d) All of these
- 53 "MAN" stands for
- (a) Maximum Area Network
  - (b) Minimum Area Network
  - (c) Main Area Network
  - (d) Metropolitan Area Network
- 54 Which of the following is a network topology
- (a) LAN
  - (b) WAN
  - (c) MAN
  - (d) BUS
- 55 Which of the following is a type of network
- (a) Ring

- (b) Bus
  - (c) Star
  - (d) PAN
- 56 VOIP stands for.....
- (a) Voice over IP
  - (b) Video over IP
  - (c) Viruses over IP
  - (d) Virtual over IP
- 57 LAN stands for.....
- (a) Limited Area Network
  - (b) Logical Area Network
  - (c) Local Area Network
  - (d) Large Area Network
- 58 In world today, most of the computers are :
- (a) Digital
  - (b) Hybrid
  - (c) Analog
  - (d) Complex
- 59 Physical structure of computer is called :
- (a) Software
  - (b) Hardware
  - (c) Human ware
  - (d) All of these
- 60 PARAM is an example of:
- (a) Super computer
  - (b) PC
  - (c) Laptop
  - (d) PDA

**Ans:** 1(d), 2(c), 3(c), 4(a), 5(b), 6(b), 7(c), 8(c), 9(d), 10(d), 11(c), 12(a), 13(d), 14(d). 15(d), 16(d), 17(b), 18(d), 19(d), 20(a), 21(c), 22(e), 23(b), 24(e), 25(c), 26(e), 27(b), 28(a), 29(a), 30(d), 31(d), 32(d), 33 (d), 34(e), 35(d), 36(a), 37 (b), 38(d), 39(c), 40(c), 41(a), 42(b), 43(a), 44(b), 45(d), 46(d), 47(a), 48(b), 49(d), 50(b), 51(b), 52(d), 53(d), 54(d), 55(d), 56(a), 57(c), 58(a), 59(b), 60(a),

## **II Short Answer Type Questions:**

- 1 What do you understand by information system plan? What are its contents?
- 2 Discuss the various techniques of IS planning & their relative advantages & disadvantages.
- 3 “Organization should use strategic approach for determining their information requirements so that they can use IS to create competitive advantages”. Discuss.
- 4 What do you mean by critical success factors?
- 5 Explain Business Planning System.
- 6 What are the various risks in IS.
- 7 What are the different networking techniques used for IS.
- 8 Explain Critical Success Factor.
- 9 What do you mean by a computer system? Describe the various components of a computer system briefly.
- 10 What do you mean by computer generation? Discuss the main features of computers of various generations.
- 11 Discuss the features of different types of computers. Why are micro computers becoming popular?
- 12 How does secondary storage differ from primary storage of a computer system.
- 13 What do you mean by data management?
- 14 What do you mean by hierarchical data model?
- 15 Discuss the recent trends in database.
- 16 Discuss the strategic issues in IS Planning.
- 17 The usefulness of a good Information System depends on the quality of data. Comment.
- 18 Explain Risks in Information Systems
- 19 Discuss the criteria used for considering Outsourcing as an Option.
- 20 Describe the various Methods of Identifying Applications
- 21 Write short notes on Business Planning Systems.
- 22 Are networks of PCs and servers making mainframe computers obsolete? Explain.
- 23 Write short note on Grid technology.
- 24 What is Radio frequency Identification?
- 25 What are the various types of Magnetic Disks?

## **III Long Answer Type Questions:**

- 1 What are the various stages of IS growth cycle as proposed by Nolan?
- 2 What are the basic elements of competitive force model as proposed by Porter.
- 3 What do you mean by cost/benefit analysis for IS planning? What are the different types of costs & benefits involved in an IS.
- 4 Discuss the quantitative methods that are used in evaluation of costs & benefits of an IS.
- 5 Describe Competitive Strategic Management.

- 6 What is a computer software? How does a system software differ from an application software.
- 7 Discuss the main features of O.S.
- 8 Discuss the features of procedure and OO programming.
- 9 Discuss the various components of database management system.
- 10 How is IS Planning linked to Business Planning.
- 11 What are the capabilities of IS that business must have to compete & survive in the Information Age?
- 12 What is prototyping? How is this different from traditional system development approach?
- 13 Why are information systems essential for running and managing a business organization? Explain using examples from business scenario
- 14 Information systems are only computerized systems. Comment on the statement.
- 15 Explain the term decision- making giving an example. Explain the various phases in decision- making according to Simon's model.
- 16 How does Porter's Competitive forces model help organization develop competitive strategies using information systems? Explain.
- 17 What is structured system analysis? Discuss any one system development technique.
- 18 Explain how intranet and extranet help firm integrate information and business processes?
- 19 Describe the following:
  - a) SIMON Model
  - b) Expert System
  - c) Risk Management
- 20 Explain in detail Resource Requirements planning for Hardware and Capacity Planning of Information Systems
- 21 Explain in detail Resource Requirements planning for Software Needs of Information Systems
- 22 Explain in detail Resource Requirements planning for Procurement Options – Make or Buy decisions of Information Systems
- 23 What are Critical Success Factors? Describe its application in Business Planning Systems by using suitable examples
- 24 What are the various Risks in Information Systems? Also explain the methods to avoid the risks and handle the risks.
- 25 How are HTML, XML and java affecting business applications on the Web?
- 26 Which application software packages are the most important for a business end user to know how to use? Explain the reason for your choices.
- 27 Should a web browser be integrated into an operating system? Why or why not?
- 28 How do the different roles of system software and application software affect you as a business end user? How do you see this changing in future?
- 29 What major trends are occurring in software? What Capabilities do you expect to see in future software packages?
- 30 State the difference between hardware & software. Discuss in detail various sub components of software packages?

## UNIT III

### I Multiple Choice Questions:

1. A contemporary term that describes the combination of hardware, software and data communications is
  - (a) an information system
  - (b) information technology
  - (c) expert system
  - (d) artificial intelligence
  - (e) none of these
  
2. An information system that processes payroll checks would be an example of a/an
  - (a) TPS
  - (b) DSS
  - (c) MIS
  - (d) EIS
  - (e) expert system
  
3. An information system that helped doctors make diagnoses would be an example of a/an
  - (a) TPS
  - (b) DSS
  - (c) MIS
  - (d) EIS
  - (e) Expert system
  
4. Any person who has an interest in existing or new information systems is known as
  - (a) A stockholder
  - (b) an end-user
  - (c) a stakeholder
  - (d) a network manager
  - (e) none of thee
  
5. The term used to describe those people whose jobs involve the creation, collection, processing, distribution and use of information is
  - (a) a network manager
  - (b) an information worker
  - (c) a systems owner
  - (d) a systems designer
  - (e) none of these

6. An information system's sponsor and chief advocate is the
  - (a) system user
  - (b) system builder
  - (c) system owner
  - (d) system analyst
  - (e) none of these
  
7. The people who use or are affected by the information system on a regular basis, capturing, validating, entering, responding to, storing and exchanging data and information are
  - (a) system owners
  - (b) system analysts
  - (c) system builders
  - (d) system users
  - (e) none of these
  
8. The decision makers who focus on the day-to-day management issues are
  - (a) supervisors
  - (b) middle managers
  - (c) executive managers
  - (d) mobile managers
  - (e) none of these
  
9. Decision makers who are concerned with the overall business performance, any strategic or long-term planning, and problem solving are
  - (a) supervisors
  - (b) middle Managers
  - (c) executive Managers
  - (d) mobile Managers
  - (e) none of these
  
10. The person who translates system users' business requirements and constraints into technical solutions is a
  - (a) systems designer
  - (b) systems builder
  - (c) systems user
  - (d) network manager
  - (e) none of these
  
11. How many steps are in the systems development life cycle (SDLC)?
  - (a) 4

- (b) 5
  - (c) 6
  - (d) 10
12. The first step in the systems development life cycle (SDLC) is:
- (a) Analysis.
  - (b) Design.
  - (c) Problem/Opportunity Identification.
  - (d) Development and Documentation.
13. Most modern software applications enable you to customize and automate various features using small custom-built “miniprograms” called:
- (a) macros.
  - (b) code.
  - (c) routines.
  - (d) subroutines.
14. The organized process or set of steps that needs to be followed to develop an information system is known as the:
- (a) analytical cycle.
  - (b) design cycle.
  - (c) program specification.
  - (d) system development life cycle.
15. How many steps are in the program development life cycle (PDLC)?
- (a) 4
  - (b) 5
  - (c) 6
  - (d) 10
16. The make-or-buy decision is associated with the \_\_\_\_\_ step in the SDLC.
- (a) Problem/Opportunity Identification
  - (b) Design
  - (c) Analysis
  - (d) Development and Documentation
17. In the Analysis phase, the development of the \_\_\_\_\_ occurs, which is a clear statement of the goals and objectives of the project.
- (a) Documentation

- (b) Flowchart
  - (c) program specification
  - (d) design
18. Actual programming of software code is done during the \_\_\_\_\_ step in the SDLC.
- (a) Maintenance and Evaluation
  - (b) Design
  - (c) Analysis
  - (d) Development and Documentation
19. Enhancements, upgrades, and bug fixes are done during the \_\_\_\_\_ step in the SDLC.
- (a) Maintenance and Evaluation
  - (b) Problem/Opportunity Identification
  - (c) Design
  - (d) Development and Documentation
20. The \_\_\_\_\_ determines whether the project should go forward.
- (a) feasibility assessment
  - (b) opportunity identification
  - (c) system evaluation
  - (d) program specification
21. Technical writers generally provide the \_\_\_\_\_ for the new system.
- (a) Programs
  - (b) Network
  - (c) Analysis
  - (d) documentation
22. \_\_\_\_\_ design and implement database structures.
- (a) Programmers
  - (b) Project managers
  - (c) Technical writers
  - (d) Database administrators
23. \_\_\_\_\_ spend most of their time in the beginning stages of the SDLC, talking with end-users, gathering information, documenting



- systems, and proposing solutions.
- (a) Systems analysts
  - (b) Project managers
  - (c) Network engineers
  - (d) Database administrators
24. \_\_\_\_\_ manage the system development, assign staff, manage the budget and reporting, and ensure that deadlines are met.
- (a) Project managers
  - (b) Network engineers
  - (c) Graphic designers
  - (d) Systems analysts
25. \_\_\_\_\_ is the process of translating a task into a series of commands that a computer will use to perform that task.
- (a) Project design
  - (b) Installation
  - (c) Systems analysis
  - (d) Programming
26. Debugging is:
- (a) creating program code.
  - (b) finding and correcting errors in the program code.
  - (c) identifying the task to be computerized.
  - (d) creating the algorithm.
27. Translating the problem statement into a series of sequential steps describing what the program must do is known as:
- (a) coding.
  - (b) debugging.
  - (c) creating the algorithm.
  - (d) writing documentation.
28. Translating the algorithm into a programming language occurs at the \_\_\_\_\_ step of the PDLC.
- (a) Debugging
  - (b) Coding
  - (c) Testing and Documentation
  - (d) Algorithm Development

29. The problem statement should include all of the following EXCEPT:
- (a) input.
  - (b) output.
  - (c) processing.
  - (d) storage.
30. The problem statement includes the \_\_\_\_\_, which lists specific input numbers a program would typically expect the user to enter and precise output values that a perfect program would return for those input values.
- (a) testing plan
  - (b) error handler
  - (c) IPO cycle
  - (d) input-output specification
31. The linear sequential model of software development is
- (a) A reasonable approach when requirements are well defined.
  - (b) A good approach when a working program is required quickly.
  - (c) The best approach to use for projects with large development teams.
  - (d) An old fashioned model that cannot be used in a modern context.
32. The linear sequential model of software development is also known as the
- (a) Classical life cycle model
  - (b) Fountain model
  - (c) Spiral model
  - (d) Waterfall model
  - (e) Both a and d
33. The incremental model of software development is
- (a) A reasonable approach when requirements are well defined.
  - (b) A good approach when a working core product is required quickly.
  - (c) The best approach to use for projects with large development teams.
  - (d) A revolutionary model that is not used for commercial products.
34. The rapid application development model is
- (a) Another name for component-based development.
  - (b) A useful approach when a customer cannot define requirements clearly.
  - (c) A high speed adaptation of the linear sequential model.
  - (d) All of the above.

35. Evolutionary software process models
- (a) Are iterative in nature
  - (b) Can easily accommodate product requirements changes
  - (c) Do not generally produce throwaway systems
  - (d) All of the above
36.   The prototyping model of software development is
- (a) A reasonable approach when requirements are well defined.
  - (b) A useful approach when a customer cannot define requirements clearly.
  - (c) The best approach to use for projects with large development teams.
  - (d) A risky model that rarely produces a meaningful product.
37.   The spiral model of software development
- (a) Ends with the delivery of the software product
  - (b) Is more chaotic than the incremental model
  - (c) Includes project risks evaluation during each iteration
  - (d) All of the above
38.   The concurrent development model is
- (a) Another name for the rapid application development model.
  - (b) Often used for the development of client/server applications.
  - (c) Only used for development of parallel or distributed systems.
  - (d) Used whenever a large number of change requests are anticipated.
39. The component-based development model is
- (a) Only appropriate for computer hardware design.
  - (b) Not able to support the development of reusable components.
  - (c) Works best when object technologies are available for support.
  - (d) Not cost effective by known quantifiable software metrics.
40.   The formal methods model of software development makes use of mathematical methods to
- (a) Define the specification for computer-based systems
  - (b) Develop defect free computer-based systems
  - (c) Verify the correctness of computer-based systems
  - (d) All of the above

- 41 The analysis and design of application systems are the responsibility of a \_\_\_\_\_
- (a) Computer Operator
  - (b) Programmer
  - (c) System Analyst
  - (d) Data entry operator
  - (e) None of the above
- 42 The DBA is
- (a) a person
  - (b) a computer device
  - (c) a communication technique
  - (d) All of the above
  - (e) None of the above
- 43 A constraint that does not, affect the feasible solution region is known as
- (a) redundant constraint
  - (b) unbounded solution
  - (c) slack variable
  - (d) surplus variable
  - (e) None of the above
- 44 Computer support to the manager has been least in
- (a) alternative identification
  - (b) alternative selection
  - (c) problem identification
  - (d) alternative evaluation
  - (e) None of the above
- 45 A \_\_\_\_\_ is a brief message to an operator that describes what data are to be entered.
- (a) prompt
  - (b) passwords
  - (c) MIS
  - (d) Tactical
  - (e) None of the above
- 46 Data has to be \_\_\_\_\_ before it can be converted into information.
- (a) transformed
  - (b) processed
  - (c) changed
  - (d) engineered
  - (e) None of the above

- 47 Production machines were first controlled by the computer by means of
- (a) punched cards
  - (b) punched paper tape
  - (c) magnetic tape
  - (d) magnetic cards
  - (e) None of the above
- 48 Encryption is being used primarily with
- (a) file retention
  - (b) transaction entry
  - (c) computer processing
  - (d) data communication
  - (e) None of the above
- 49 Which of the following is(are) true of system analysts?
- (a) their responsibility is to analyze and design system software
  - (b) they may be looked upon as an intermediary between users and programmers
  - (c) they are heavily involved with the system-development life cycle
  - (d) both (a) and (c)
  - (e) None of the above
- 50 From a data systems design viewpoint, the number of different types of general ledger entries is
- (a) six
  - (b) three
  - (c) four
  - (d) one
  - (e) None of the above
- 51 The stored learning from an organization's history that can be used for decision-making and other purposes best describes:
- (a) Organizational learning
  - (b) Tacit knowledge
  - (c) Knowledge warehouse
  - (d) Best practices
  - (e) Organizational memory
  - (f) Knowledge base
- 52 Systems that convert documents and images into digital form so that they can be stored and accessed by the computer are called:
- (a) Virtual reality systems
  - (b) Document imaging systems
  - (c) Knowledge work systems
  - (d) Neural networks

- (e) Presentation graphics systems
  - (f) Scanners
- 53 Major knowledge work applications include:
- (a) Investment workstations, computer-aided design systems, and intelligent agents
  - (b) Document imaging systems
  - (c) Virtual reality systems, investment workstations, and intelligent agents
  - (d) Virtual reality systems, intelligent agents, and investment workstations
  - (e) Computer-aided design systems, virtual reality systems, and investment workstations
  - (f) None of the above
- 54 A knowledge-intensive computer program that captures the expertise of a human in limited domains of knowledge describes:
- (a) virtual reality
  - (b) a neural network
  - (c) a decision support system
  - (d) fuzzy logic
  - (e) a genetic algorithm
  - (f) an expert system
- 55 To what does emotional intelligence refer?
- (a) How people view and understand world.
  - (b) How people view and understand themselves.
  - (c) How people view and understand others.
  - (d) How people view and understand themselves and others.
- 56 Strategic information is needed for
- (a) Day to day operations
  - (b) Meet government requirements
  - (c) Long range planning
  - (d) Short range planning
- 57 In motor car manufacturing the following type of information is strategic
- (a) Decision on introducing a new model
  - (b) Scheduling production
  - (c) Assessing competitor car
  - (d) Computing sales tax collected
- 58 In a hospital information system the following type of information is tactical
- (a) Opening a new children's' ward
  - (b) Data on births and deaths
  - (c) Preparing patients' bill

(d) Buying an expensive diagnostic system such as CAT scan

- 59 A computer based information system is needed because
- (i) The size of organization has become large and data is massive
  - (ii) Timely decisions are to be taken based on available data
  - (iii) Computers are available
  - (iv) Difficult to get clerks to process data
- (a) (ii) and (iii)  
(b) (i) and (ii)  
(c) (i) and (iv)  
(d) (iii) and (iv)

- 60 On-line transaction processing is used when
- i) it is required to answer random queries
  - ii) it is required to ensure correct processing
  - iii) all files are available on-line
  - iv) all files are stored using hard disk
- (a) i, ii  
(b) i, iii  
(c) ii, iii, iv  
(d) i, ii ,iii

**Ans.** (1)(b), (2)(a), (3)(e), (4)(c), (5)(b), (6)(c), (7)(d), (8)(a), (9)(c), (10)(a), (11) (c), (12) (c) , (13) (a) , (14) (d) , (15) (b) , (16) (b) , (17) (c) , (18) (a) , (19) (a) , (20) (a) , (21) (d) , (22) (d) , (23) (a) , (24) (a) , (25) (d) , (26) (b) , (27) (c) , (28) (b) , (29) (d) , (30)(a), (31)(a), (32)(e), (33)(b), (34)(c), (35)(d), (36)(b), (37)(c), (38)(b), (39)(c), (40)(c), (41)(c), (42)(d), (43)(a), (44)(a), (45)(a), (46)(b), (47)(b), (48)(d), (49)(d), (50)(c), (51)(a), (52)(b), (53)(e), (54)(f), (55)(d), (56)(c), (57)(a), (58)(a), (59)(b), (60)(b).

## II Short Answer Type Questions:

- 1 What is “Software life cycle”?
- 2 Describe your personnel Software Development process?
- 3 What is the Water Fall Development method and do you agree with all the Steps?
- 4 What is Prototyping Model of Software Developing?
- 5 What is the V-Model?
- 6 What is Spiral model?
- 7 Where exactly does the testing activity begin in SDLC?
- 8 What tools are available for support of testing during Software Development life cycle?

- 9 What is the difference between System Development life cycle and Software Development life cycle?
- 10 What do you mean by security in software development life cycle?
- 11 What do you mean by Logical design.
- 12 What do you mean by Physical design.
- 13 What are different types of system design
- 14 What are the different stages in system development? Briefly describe the activities performed at each stage?
- 15 What are the different factors to be considered before making a Make or Buy decision for application software?
- 16 Describe the criterion used for Evaluation of Software Package
- 17 What are the advantages and disadvantages of outsourcing the Information Systems?
- 18 Describe the criterion used for Evaluation of Information Systems
- 19 You are the CIO of the company. You have just made a presentation to your CEO, proposing that the company needs to implement a data warehouse. The CEO responds, "We have several databases, don't we? Why do we need a Data warehouse?" Justify your proposal.
- 20 How would a firm use data mining and text mining for competitive advantage?
- 21 Compare and contrast the following:
  - (a) SDLC, Prototyping and Spiral approach
  - (b) Database and Knowledge Base
  - (c) Data Warehouse and Data Mart
- 22 Define Strategic Information Systems (SIS)
- 23 What is knowledge management and how it is related to business strategies?
- 24 Which solutions do you recommend be utilized to motivate and to increase the participation of people in KM?
- 25 What are the main reasons of KM success in an organization?

### **III Long Answer Type Questions:**

- 1 What is spiral model? Explain the life cycle in detail.
- 2 Explain SDLC model in detail.
- 3 Explain the various parameters or measures for evaluating information systems.
- 4 Explain the various stages of SDLC in detail.
- 5 What is the difference between physical & logical design alternatives? Explain in length.
- 6 Discuss the purpose of system evaluation. How is it performed?
- 7 Explain the terms in detail: System manual, Function codes.
- 8 List out various financial decisions that can be made with the help of financial Information system.
- 9 Write in brief the procedures involved in validation of Vendor's proposal.
- 10 Discuss various files and Inputs used for designing a Cost Estimations System.



- 11 Design the aspects in which design is required during system development process
- 12 What is Prototyping approach of system development. What are its advantages and Limitation.
- 13 What is rapid application development approach of system development. What are its advantages and limitation.
- 14 What is End user Development approach of system development. What are its advantages and limitation.
- 15 Explain the term “cloud computing”. How is it different from traditional computing?
- 16 What is end user computing? What are its benefits and risks for any organization?
- 17 What are business processes? List some business processes in the areas of Marketing and Sales, Finance and Accounting, Human Resource.
- 18 What is ERP? What are the major drivers of ERP? Explain the relationship between ERP, CRM, SCM and BPR.
- 19 Describe the role and activities of SCM in Business Operations.
- 20 What is end user computing? How it is useful to an organization?
- 21 Explain Data Warehousing and Data Mining ?
- 22 Explain CRM Systems?
- 23 Explain Outsourcing of IS?
- 24 Explain Adoption of IT Flattens Organization?
- 25 Explain Strategic Information System?
- 26 Describe the strategic role of information systems in business. Why is the integration and aggregation important in information systems? Describe the advantages of management information systems in business management.
- 27 What IT enabled supply chain management
- 28 What is Value Chain Analysis
- 29 What is IT outsourcing
- 30 What are the options of acquiring hardware?
- 31 Explain Prototyping. What are its advantages and disadvantages
- 32 Discuss using the Portal model, how can a Manager develop the IT strategy for its firm?
- 33 What are the factors that are considered in planning the hardware and software requirements for an Information Systems in any organization?
- 34 Compare SDLC Approach, Prototyping and Spiral Method for Systems design
- 35 Explain in detail the Logical and Physical Design of Information Systems. What is the significance of each and their differences.
- 36 Describe the role of IT in SIS
- 37 What is the importance of business intelligence in SIS?
- 38 Do you recommend any standard model of KM to follow/implement? If so, please describe the model in summary.
- 39 Creating knowledge-driven culture is one of the most important challenges of KM implementation, what is your suggestion for tackling this problem?

40 What should be the criteria in selecting a vendor or a partner for a CRM strategic project?

## UNIT – IV

### I Test Your Skills:

#### Multiple Choice Questions

1. These systems address non-routine decisions requiring judgment, evaluation, and insight because there is no agreed-on procedure for arriving at a solution.
  - (a) Enterprise system.
  - (b) Supply chain management (SCM) system.
  - (c) Executive support systems.
  - (d) Knowledge management system (KMS).
2. Systems that span all functional areas and focus on executing business processes Across the firm are called.
  - (a) Business functional systems.
  - (b) Enterprise applications
  - (c) Transaction processing systems.
  - (d) Data management systems.
3. Which system stores all organizational data in a single central data repository?
  - (a) Management information system.
  - (b) Customer relationship system.
  - (c) Enterprise system.
  - (d) Transaction processing system.
4. Which of the following would not describe how a firm can benefit from Supply Chain Management systems?
  - (a) Rapidly communicate changes in product design
  - (b) Check inventory availability and monitor inventory levels.
  - (c) Control the actions of machines and equipment.
  - (d) Plan production based on actual customer demand.
5. Which type of enterprise application is specifically used to help a business to Increase sales?
  - (a) Enterprise system
  - (b) Supply chain management (SCM) system.

- (c) Customer Relationship Management (CRM) system.
  - (d) Knowledge management system (KMS).
6. Which type of enterprise application stores directories of employees with special areas of expertise?
- (a) Enterprise system
  - (b) Supply chain management system
  - (c) Customer relationship management system.
  - (d) Knowledge Management System.
7. This term refers to the use of digital technology and the Internet to execute the major business processes in an enterprise
- (a) Electronic Business.
  - (b) Electronic markets.
  - (c) Electronic data interchange
  - (d) Electronic management.
8. Which person is responsible for the overall use of information technology in a large conglomerate?.
- (a) System Analyst
  - (b) Chief Executive Officer (CEO).
  - (c) Chief Information Officer (CIO).
  - (d) Chief Management Officer (CMO).
9. Data about the performance of a system is
- (a) Marketing Data
  - (b) Control
  - (c) Meta Data
  - (d) Feed Back
10. Structured decisions are \_\_\_\_\_ in nature
- (a) Non-Repetitive
  - (b) Repetitive
  - (c) Routine
  - (d) Both (b) & (c)
11. This individual is credited with the development of the five forces competitive model:
- (a) Henry Fayol.
  - (b) Max Weber.
  - (c) Michael Porter.
  - (d) Michael Dell.

12. Google are using information technology to pursue this generic strategy
- (a) Low-cost leadership.
  - (b) Product differentiation.
  - (c) Focus on market niche.
  - (d) Strengthening customer and supplier intimacy.
13. A network of organizations used for procuring raw materials, transforming these materials into products, and distributing the products to customers is called a(n).
- (a) Value chain.
  - (b) Supply chain.
  - (c) Enterprise system.
  - (d) Process chain.
14. A supply strategy in which components arrive exactly at the moment they are needed is called.
- (a) Bullwhip effect.
  - (b) Demand planning.
  - (c) Just-in-time.
  - (d) Pull-based model.
15. A comprehensive customer relationship management package includes a module for.
- (a) Supply chain execution system.
  - (b) Supply chain planning system.
  - (c) Partner relationship management (PRM) system
  - (d) Business forecast planning system.
16. All of the following are vendors of customer relationship management software except.
- (a) Siebel.
  - (b) Clarify.
  - (c) Sales force.
  - (d) Microsoft
17. In a CRM system, this module provides information and tools to increase the Efficiency of call centers, help desks, and customer support staff.
- (a) Customer service
  - (b) Sales force automation.
  - (c) Demand planning.
  - (d) Employee relationship.

18. Willingness of the Management, Customers, Suppliers, Employees, the acceptance of End-Users...in related to SDLC belongs to
- (a) Operational Feasibility
  - (b) Technical Feasibility
  - (c) Economic Feasibility
  - (d) Organisational Feasibility
19. Which of the following best explains the meaning of managerial participation in Effectivecomputer utilization is MIS:.
- (a) Managers operate the computer.
  - (b) Need for understanding and support from top management'.
  - (c) Managers need to be educated about computers.
  - (d) Managers need to go through the computers reports.
20. The most advanced graphics software in any system used by management is Normallyfound in:.
- (a) TPS.
  - (b) ESS.
  - (c) Intranets.
  - (d) Enterprise systems.
21. The process of removing the deficiencies and loopholes in the data is called as
- (a) Aggregation of data
  - (b) Extracting of data
  - (c) Cleaning up of data.
  - (d) Loading of data
  - (e) Compression of data.
22. Which one manages historic transactions?
- (a) OLTP
  - (b) OLAP
  - (c) SPREAD SHEET
  - (d) XML
  - (e) All (a), (b), (c) and (d) above.
23. Which of the following features usually applies to data in a data warehouse?
- (a) Data are often deleted
  - (b) Most applications consist of transactions
  - (c) Data are rarely deleted
  - (d) Relatively few records are processed by applications

24. Which of the following statement is true?
- (a) The data warehouse consists of data marts and operational data
  - (b) The data warehouse is used as a source for the operational data
  - (c) The operational data are used as a source for the data warehouse
  - (d) All of the above
25. The following is true of three-tier data warehouses:
- (a) Once created, the data marts will keep on being updated from the data warehouse at periodic times
  - (b) Once created, the data marts will directly receive their new data from the operational databases
  - (c) The data marts are different groups of tables in the data warehouse
  - (d) A data mart becomes a data warehouse when it reaches a critical size
26. The following technology is not well-suited for data mining:
- (a) Expert system technology
  - (b) Data visualization
  - (c) Technology limited to specific data types such as numeric data types
  - (d) Parallel architecture
27. What is true of the multidimensional model?
- (a) It typically requires less disk storage
  - (b) It typically requires more disk storage
  - (c) Typical business queries requiring aggregate functions take more time
  - (d) Increasing the size of a dimension is difficult
28. The most common source of change data in refreshing a data warehouse is:
- (a) Queryable change data
  - (b) Cooperative change data
  - (c) Logged change data
  - (d) Snapshot change data
29. Which of the following statements is not true about refreshing a data warehouse:
- (a) It is a process of managing timing differences between the updating of data sources and the related data warehouse objects.
  - (b) Updates to dimension tables may occur at different times than the fact table
  - (c) The data warehouse administrator has more control over the load time lag than the valid time lag
  - (d) None of the above

30. The generic two-level data warehouse architecture includes which of the following?
- (a) At least one data mart
  - (b) Data that can be extracted from numerous internal and external sources
  - (c) Near real-time updates
  - (d) All of the above.
31. A goal of data mining includes which of the following?
- (a) To explain some observed event or condition
  - (b) To confirm that data exists
  - (c) To analyze data for expected relationships
  - (d) To create a new data warehouse
32. Data mining is used to aid in
- (a) Operational management
  - (b) Analyzing past decisions made by managers
  - (c) Detecting patterns in operational data
  - (d) Retrieving archival data
33. Data mining requires
- (a) large quantities of operational data stored over a period of time
  - (b) lots of tactical data
  - (c) several tape drives to store archival data
  - (d) large mainframe computers
34. Data mining cannot be done if
- (a) Operational data has not been archived
  - (b) Earlier management decisions are not available
  - (c) The organization is large
  - (d) All processing had been only batch processing
35. What is Data Mining?
- (a) The capability to drill down into an organization's data once a question has been raised.
  - (b) The setting up of queries to alert management when certain criteria are met.
  - (c) The process of performing trend analysis on the financial data of an organization.
  - (d) The automated process of discovering patterns and relationships in an organization's data.
  - (e) A class of tools that support the manual process of identifying patterns in large databases.

36. If knowledge discovery is one aspect of data mining, \_\_\_\_\_ is the other.
- (a) Prediction
  - (b) association
  - (c) relation
  - (d) linking
37. Data mining tools enable you to
- (a) Discover any existing natural classifications
  - (b) Compare data mining with OLAP
  - (c) Give a practical boost to the data mining process.
  - (d) Uncover hidden information.
38. \_\_\_\_\_ & \_\_\_\_\_ are 2 outcomes of data mining operations:
- (a) Data & information
  - (b) Relationships & patterns
  - (c) Associations & linkages
  - (d) Unstructured & structured data
39. Data mining predicts the:
- (a) Data
  - (b) Future
  - (c) Information
  - (d) Stock market information
40. In data mining, the analyst prepares the data and “sits back” while the \_\_\_\_\_ drive the process.
- (a) Users
  - (b) Analyst
  - (c) DBA
  - (d) Tools
41. Which of the following is(are) true of the EDP auditors?
- (a) they should have computer expertise
  - (b) they will be replaced by traditional auditors in the near future
  - (c) two of the above
  - (d) currently, there is a very high demand for them, particularly from firms that use personal computers
  - (e) None of the above
42. Inventory is also referred to as:
- (a) stock
  - (b) warehouse capacity
  - (c) materials



- (d) materials in hand
  - (e) None of the above
- 43 Average inventory level is reduced by
- (a) decreasing the vendor lead time
  - (b) increasing the usage rate
  - (c) decreasing the order quantity
  - (d) lowering the reorder point
  - (e) None of the above
- 44 An organization containing manufacturing, marketing, and finance areas is called a matrix organization
- (a) flow network organization
  - (b) modular organization
  - (c) functional organization
  - (d) None of the above
- 45 The files required to maintain general ledger records include inventory file
- (a) detail postings file
  - (b) chart of accounts file
  - (c) all of the above
  - (d) None of the above
- 46 The funds management subsystem attempts to
- (a) increase cash input
  - (b) decrease cash output
  - (c) balance cash inflow with outflow
  - (d) All of the above
  - (e) None of the above
- 47 A \_\_\_\_\_ is a program that serves as an interface between application program and a Set of coordinated and integrated files called a database.
- (a) DDS
  - (b) DBMS
  - (c) MIS
  - (d) Control
  - (e) None of the above
- 48 Which of the following is not true about expert systems?
- (a) Expert systems are collections of human knowledge

- (b) Export systems are expensive to design.
  - (c) export systems are usually designed to run on small general-purpose computers
  - (d) Maintenance support may be difficult to obtain for an expert system.
  - (e) None of the above
- 49 The executive vice-president usually has responsibility for the
- (a) physical system of the firm
  - (b) conceptual information system of the firm
  - (c) vice-president of finance
  - (d) All of the above
  - (e) None of the above
- 50 General ledger is also referred to as:  
main ledger
- (a) extra ledger
  - (b) nominal ledger
  - (c) All of the above
  - (d) None of the above
- 51 In ..... system the interaction between various subsystems cannot be defined with certainty
- (a) Open System
  - (b) Closed System
  - (c) Deterministic System
  - (d) Probabilistic System
- 52 ..... is a tabular method for describing the logic of the decisions to be taken.
- (a) Decision tables
  - (b) Decision tree
  - (c) Decision Method
  - (d) Decision Data
- 53 SDLC stands for
- (a) System Development Life Cycle
  - (b) Structure Design Life Cycle
  - (c) System Design Life Cycle
  - (d) Structure development Life Cycle
- 54 ..... can be defined as most recent and perhaps the most comprehensive technique for solving computer problems.
- (a) System Analysis

- (b) System Data
  - (c) System Procedure
  - (d) System Record
- 55 A DFD is normally leveled as
- (a) It is a good idea in design
  - (b) It is recommended by many experts
  - (c) it is easy to do it
  - (d) It is easier to read and understand a number of smaller DFDs than one large DFD
- 56 Decision making model was proposed by .....
- (a) Harry Goode
  - (b) Herbert A Simon
  - (c) Recon Michal
  - (d) None of this
- 57 A context diagram
- (a) Describes the context of a system
  - (b) is a DFD which gives an overview of the system
  - (c) is a detailed description of a system
  - (d) is not used in drawing a detailed DFD
- 58 In the preliminary investigation phase of the SDLC, which of the following tasks would not be included?
- (a) briefly defining the problem
  - (b) suggesting alternative solutions
  - (c) gathering the data
  - (d) preparing a short report
- 59 A manager and the head of engineering discuss a change to a major work package. After the meeting, the manager contacts you and tells you to complete the paperwork to make the change. This is an example of:
- (a) Management attention to scope management.
  - (b) Management planning.
  - (c) A project expeditor position.
  - (d) A change control system.
- 60 Which of the following processes has the [Risk Register](#) as the primary output?
- (a) Perform Qualitative Risk Analysis
  - (b) Monitor and Control Risks
  - (c) Plan Risk Management
  - (d) Identify Risks

**Ans:** (1)(c), (2)(b), (3)(c), (4)(c), (5)(c), (6)(d), (7)(a), (8)(c), (9)(d), (10)(d), (11)(c), (12)(b), (13)(b), (14)(c), (15)(c), (16)(d), (17)(a), (18)(a), (19)(b), (20) (b), (21)(c), (22)(b), (23)(c), (24)(c) , (25)(a) , (26)(c) , (27)(b), (28)(d) , (29)(d), (30)(b), (31)(c), (32)(c), (33)(a), (34)(a), (35)(d), (36)(a), (37)(d), (38)(b), (39)(b), (40)(d), (41)(a), (42)(a), (43)(c), (44)(d), (45)(b), (46)(c), (47)(b), (48)(d), (49)(a), (50)(c), (51)(a), (52)(d), (53)(a), (54)(a), (55)(d), (56)(b), (57)(b), (58)(c), (59)(c), (60)(d).

## **II Short Answer Type Questions:**

- 1 What do you understand by ERP? What are the business areas that are covered by ERP?
- 2 What is business process re-engineering? What are its objectives?
- 3 What types of problems are involved in implementing business process re-engineering?
- 4 Briefly discuss the benefits & challenges of CRM.
- 5 How would a firm use data mining & text mining for competitive advantage?
- 6 Write short note on  
(a) Value Chain Analysis (b) Data Marts
- 7 What do you mean by outsourcing? What are its advantages & disadvantages?
- 8 Explain the need of Data warehouse in modern business.
- 9 What is the difference between database & data warehouse in the organization?
- 10 What do you understand by Metadata?
- 11 Which processes are carried out to transform operational data to reconciled data & then further to delivered data.
- 12 Which key factors are important in assigning a data warehouse?
- 13 Why is implementation effort necessary even though an ERP package is chosen?
- 14 What are the key features of Data Warehouse?
- 15 What is Data mining?
- 16 What are the various types of data mining techniques?
- 17 Explain the technique of genetic algorithms in data mining.
- 18 Explain what do you mean by neural networks.
- 19 What is KDD
- 20 What is Decision tree?
- 21 What are the stages of Dataware housing?
- 22 What is the difference between OLTP and OLAP?
- 23 Compare External and Internal Consultants for implantation of information systems
- 24 Explain the meaning of System Maintenance. Discuss its types in brief
- 25 Write short note on Supply Chain Management System
- 26 Write short note on Enterprise resource planning
- 27 Explain Data Mining and its Applications
- 28 Write short notes on the following:  
(a) Value chain analysis

- (b) Make or buy decision
  - (c) Expert systems
- 29 What Is Structured Analysis? What Are Structured Analysis Tools?
- 30 What Are the types of DFD?

### **III Long Answer Type Questions:**

- 1 Discuss the characteristics of ERP. What are the benefits & limitations of ERP?
- 2 What do you mean by organization structure? Discuss the relationship between organization structure & information system.
- 3 What is CRM? Discuss its three phases.
- 4 Describe the major types of supply chains. Describe a global supply chain & its difficulties.
- 5 What is the role of inventories in SCM & why it is difficult to manage them?
- 6 Explain the three layer architecture of data warehouse.
- 7 Can you say that if ERP is implemented, user needs on information are satisfied? Discuss.
- 8 Discuss the components of a data warehouse in detail.
- 9 Discuss the applications of data mining in detail.
- 10 Discuss the predictive techniques of data mining in detail.
- 11 What is the role of a system analyst in the development of a Information Systems? What are the different skills required for such roles?
- 12 What are the risks associated with Information Systems? What are the possible counter measures to address these risks?
- 13 What is a data warehouse? Why do companies and data warehouse in their systems? Give examples of possible application areas.
- 14 Many organizations engage external consultants in the implantation of information systems. What is the role of these external consultants and advantage of using their services over internal experts?
- 15 Discuss the Issues and risks in Information Systems. Describe the ways to mitigate the risks.
- 16 What is the role of inventories in supply chain management (SCM) and why is it difficult to manage them?
- 17 Give examples of how organizations can improve their supply chains in any two of the following: manufacturing, hospitals, retailing, education, construction and shipping?
- 18 What Is System Design? What are the Inputs and Outputs of System Design?
- 19 What Is Documentation Control? What are the advantages of Documentation Control?
- 20 Does the company understand the key assumptions underlying its strategy and align its competitive intelligence process to monitor external factors for changes that could alter those assumptions?

# **QUESTION BANK**

## **ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT**

**MS 207**

**QUESTION BANK**  
**ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT -MS 207**  
**MBA -III**

**UNIT – I**

**I Test Your Skills:**

**(a) Multiple Choice Questions:**

1. Which of the following is the correct definition of the term 'entrepreneur', as used by the OECD?
  - (a) Entrepreneurs are those people who start new businesses with the aim of making a profit.
  - (b) Entrepreneurs are those persons (business owners) who seek to generate value through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
  - (c) Entrepreneurs are those persons who seek to create value by starting new businesses with innovative products and services.
  - (d) Entrepreneurs are those people who seek to create value for local communities, people or customers by starting new ventures which exploit new products, processes or markets.
  
2. What is the definition of the term, 'social enterprise'?
  - (a) A commercial organization that seeks to combine a profit seeking motive with the provision of social benefits.
  - (b) A trading organization that is motivated by profit and a societal orientation.
  - (c) A social enterprise undertakes social marketing and can take a variety of legal forms, including co-operative, a limited company and a community interest company.
  - (d) A trading organization which serves a social purpose and which can take a variety of legal forms, including co-operative, a limited company and a community interest company.
  
3. Intrapreneurship often takes the form of ...
  - (a) a semi-autonomous group (e.g. an internal venture team), operating within the overarching structure of the parent organization.
  - (b) a spinout venture from a university to commercial a new invention.
  - (c) a subsidiary of a large corporation developing a new product.
  - (d) a semi-autonomous group operating outside the overarching structure of the parent organization.

4. The goals motivating entrepreneurial activity can include which of the following options:
  - (a) To improve the social welfare of people, e.g. in terms of their health.
  - (b) To improve the wealth of the entrepreneurs.
  - (c) To maintain influence amongst powerful local figures.
  - (d) All of the above.
  
5. Can entrepreneurship be 'learned'?
  - (a) Entrepreneurs are born and not made
  - (b) It's a discipline and like any other discipline it can be learned.
  - (c) You will never become an entrepreneur simply by reading a book
  - (d) Practical exercises, study and critical reflection can be a good way to think about entrepreneurship
  
6. Which of these statements best describes the context for entrepreneurship?
  - (a) Entrepreneurship takes place in small businesses.
  - (b) Entrepreneurship takes place in large businesses.
  - (c) Entrepreneurship takes place in a wide variety of contexts.
  - (d) Entrepreneurship does not take place in social enterprises.
  
7. Which statement is not true of entrepreneurs?
  - (a) They change the way businesses convert inputs into outputs
  - (b) They generally stick to the processes already in use.
  - (c) They take risks
  - (d) They apply innovative ideas
  
8. Pichot suggested three roles for the intrapreneur in promoting innovation. What are they?
  - (a) Team builder, information source and advocate
  - (b) Inventor, innovator and sponsor
  - (c) Inventor, developer and marketer
  - (d) Inventor, product champion and sponsor
  
9. Why is the notion of 'vision' important in entrepreneurship?
  - (a) Without it there is no driving force or sense of direction.
  - (b) People need a sense of fantasy in order to create ambitious ventures.
  - (c) Investors prefer to invest in visionaries.
  - (d) Having a vision helps to create a paradigm shift.
  
10. What are the two key issues that arise when you create an effective entrepreneurial team from scratch?
  - (a) Team mentality and team synergy



- (b) Team numbers and team quality
  - (c) Team composition and team roles
  - (d) Team experience and team experience
11. Establishing a shared vision amongst team members refers to:
- (a) Members of the team starting out with an essentially similar set of ideas about what they want to create.
  - (b) Members of the team sharing moral principles and standards of behaviour.
  - (c) Members of the team sharing the factors driving them to take part in the venture.
  - (d) Members of the team sharing profits in an equitable manner.
12. What are the main differences between marketing in a 'corporate setting' and an 'entrepreneurial' one?
- (a) Lack of resources; lack of brand name; difficulties in making contacts.
  - (b) Greater emphasis on personal selling and personal networking.
  - (c) Faster decision making; more personal responsibility.
  - (d) Better profit margins; lower costs and greater flexibility.
13. According to Schumpeter, Innovation occur in the following forms:
- (a) 2
  - (b) 3
  - (c) 4
  - (d) 5
14. Innovative entrepreneur ensures:
- (a) Static equilibrium
  - (b) Dynamic equilibrium
  - (c) Static disequilibrium
  - (d) Dynamic disequilibrium
15. The book “Innovation and Entrepreneurship” is written by:
- (a) J.B. Say
  - (b) J.A. Schumpeter
  - (c) Peter F. Drucker
  - (d) Cantillon
16. No. of sources for innovative opportunity is given by Peter Drucker.
- (a) 5
  - (b) 6

- (c) 7
  - (d) 8
17. Fabian Entrepreneurs are characterized by:
- (a) Hardworking
  - (b) Religious and traditional
  - (c) Shy and Lazy
  - (d) Ready to take risk
18. Drone entrepreneur are those who generally
- (a) Earn super profit
  - (b) Earn normal profit
  - (c) Earn profit or even losses
  - (d) Incur losses
19. Systematic innovation means
- (a) Monitoring different sources of or innovative opportunity
  - (b) Developing different types of entrepreneurial behavior
  - (c) Identifying different new business opportunity
  - (d) Creating bases for systematic creativity
20. Supply of entrepreneur depends on the
- (a) Rate of the profit available
  - (b) Prevailing social climate
  - (c) Rate of profit and social climate
  - (d) None of the above
21. The 'enterprise culture' is a general interest in developing new ventures
- (a) True
  - (b) False
22. Which of the following is presented as evidence of social factors influencing whether someone becomes an owner-manager?
- (a) Although people believe self-employment runs in families, there is little evidence to support this view.
  - (b) There seems to be little relationship between self-employment and age.
  - (c) Self-employment is more common among some ethnic groups.
  - (d) Self-employment is more common among single people than among the married.
23. Which of the following is not one of the environmental factors that may influence the potential of a small business?

- (a) Close contacts with customers related to problem solving activities
  - (b) Clusters of technically advanced small firms
  - (c) An industry with economies of scale
  - (d) Banks recognising the needs of small firms
24. What factors have contributed to the blurring of boundaries between different industries?
- (a) Technological innovation; political change; legal and socio-economic changes
  - (b) Technological innovation
  - (c) Changes amongst customers, competitors and suppliers
  - (d) Both (a) and (d)
25. One of the differences between marketing in a corporate setting and an entrepreneurial one is the reliance by the entrepreneur on personal credibility and skills in persuasive communication.
- (a) True
  - (b) False
26. EDP meant for developing
- (a) Professional skill
  - (b) Entrepreneurial motive
  - (c) Personal qualities
  - (d) Entrepreneurial monitoring
27. EDP is required to help
- (a) Existing entrepreneur
  - (b) First generation entrepreneur
  - (c) Future Entrepreneur
  - (d) None of the above
28. Following is not involved in EDP
- (a) Identification of entrepreneurs for training
  - (b) Selection of entrepreneurs for training
  - (c) Developing entrepreneurial capabilities
  - (d) Arranging infrastructural facilities
29. EDII was developed by the
- (a) Government of India
  - (b) State Government
  - (c) All India Financial Institutions
  - (d) Public sector banks

30. NIESBUD was established in
- (a) 1980
  - (b) 1983
  - (c) 1986
  - (d) 1989
31. All but which of the following is considered to be a myth associated with entrepreneurship?
- (a) Successful entrepreneurs are born not made
  - (b) First ventures are always successful
  - (c) All entrepreneurs must willingly invest significant sums of money
  - (d) Successful entrepreneurs must have a break-through invention
  - (e) An entrepreneur faces extraordinary business risks
32. An \_\_\_\_\_ is best described by stating it is any business that is independently owned and operated and is not dominate in its market.
- (a) strategic alliance
  - (b) corporation
  - (c) entrepreneurship
  - (d) proprietorship
  - (e) small business
33. For small business owners, one of the most important objectives is \_\_\_\_\_.
- (a) market presence
  - (b) growth
  - (c) profitability
  - (d) adaptability
  - (e) innovation
34. Which of the following is not considered a common characteristic of an entrepreneur?
- (a) Internal locus of control
  - (b) High need for achievement
  - (c) Self-confidence
  - (d) External locus of control
  - (e) Willingness to take risks
35. Bobby believes that what takes place within his new company is mostly the result of fate or factors that are outside of his control. It could be stated that Bobby possesses a/an \_\_\_\_\_.
- (a) innovative spirit
  - (b) intrapreneurship

- (c) internal locus of control
  - (d) high need for achievement
  - (e) external locus of control
- 36 The entrepreneur who is committed to the entrepreneurial effort because it makes good business sense is classed as a/an \_\_\_\_\_.
- (a) inventor
  - (b) opportunist
  - (c) hacker
  - (d) craftsman
  - (e) craftsperson
- 37 Melissa is one of the newest and most successful entrepreneurs in the technology industry. She handles numerous dealings with other companies for the exchange of goods and services. Her primary goal is to ensure that all parties involved receive favorable and acceptable terms. Melissa is most probably excellent at the entrepreneurial skill of \_\_\_\_\_.
- (a) negotiating
  - (b) networking
  - (c) leadership
  - (d) analysis
  - (e) alliance building
- 38 The steps involved in an entrepreneurial endeavor include all but which one of the following?
- (a) Business plan formulation
  - (b) Obtaining financing
  - (c) Selecting the type of legal structure
  - (d) Hiring a partner
  - (e) Adapting to growth
- 39 The ideas for new businesses that are obtained by entrepreneurs are derived from many sources. These various sources include all but \_\_\_\_\_.
- (a) replication of an existing business
  - (b) trade journals
  - (c) trade shows
  - (d) family members
  - (e) children
- 40 Common reasons for entrepreneurial failure include all but which one of the following?
- (a) Poor implementation
  - (b) Lack of capital

- (c) Adequate financial support
  - (d) Faulty product design
  - (e) Ineffective human resource
- 41 Which of the following shows the process of creating something new?
- (a) Business model
  - (b) Modeling
  - (c) Innovation
  - (d) Creative flexibility
- 42 Which one of the following theory has the attribute of moderate risk taking as a function of skill, not chance?
- (a) Need for independence
  - (b) Need for achievement
  - (c) Need for affiliation
  - (d) Need for authority
43. In which of the following domain; individuals take decision to help others for achieving their dreams?
- (a) Traditional managers
  - (b) Entrepreneurs
  - (c) Intrapreneurs
  - (d) Administrative managers
44. An entrepreneur is a person who is a:
- (a) Risk taker
  - (b) Initiator
  - (c) Actor
  - (d) All of the given options
45. Which one of the following is NOT an intrapreneurial leadership characteristic?
- (a) Understands environment
  - (b) Encourage the team work
  - (c) Not flexible
  - (d) Persistent
46. All but which of the following is considered to be a myth associated with entrepreneurship?
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- (a) inventor
  - (b) opportunist
  - (c) hacker
  - (d) craftsman
  - (e) craftsperson
52. Entrepreneurial Opportunities are defined as:

- (a) situations in which new goods, services, raw materials and organizing methods can be sold at greater than their production cost.
  - (b) New market entry through entrepreneur action.
  - (c) The entrepreneur's mental processes in deciding whether or not to act on a potential opportunity.
  - (d) A feasibility assessment.
53. Which among the following aspects affects an entrepreneur's perception of feasibility?
- (a) Locus of control
  - (b) Learning style
  - (c) Perceived desirability
  - (d) Self-efficacy
54. As the venture becomes established and starts growing, which of the following types of experience becomes increasingly important?
- (a) Technical
  - (b) Financing
  - (c) Managerial
  - (d) Marketing
55. Intrapreneurship is best described as:
- (a) the hiring of former Entrepreneurs.
  - (b) Entrepreneurial action within an organization.
  - (c) The process of buying acquiring entrepreneurial firms.
  - (d) The process of hiring consultants to teach a firm how to be more creative.
56. \_\_\_\_\_ includes initiative and risk taking, as well as competitive aggressiveness and boldness.
- (a) New business venturing
  - (b) Self-renewal
  - (c) Innovativeness
  - (d) Proactive Behavior
57. In regards to the differences between the entrepreneurial and administrative focuses which of the following is correct?
- (a) Entrepreneurs focus on slow steady growth and managers' focus on rapid growth
  - (b) Entrepreneurs rent or sporadically use resources; managers like to own resources
  - (c) Entrepreneurs are driven by controlled resources; managers by opportunity
  - (d) Entrepreneurs tend to use a hierarchical management structure; managers use a more fluid, flat approach
58. Entrepreneurial culture and growth orientation consists of all of the following except:
- (a) Encouraging employees to generate ideas.



- (b) Focusing on opportunities.
  - (c) The desire to grow at a slow and controlled pace.
  - (d) Being creative.
59. All these are characteristics of an entrepreneurial environment except:
- (a) there is short term horizons.
  - (b) new ideas are encouraged.
  - (c) the organization operates on frontiers of technology.
  - (d) it uses a multidiscipline teamwork approach.
60. Which of the following is true about corporate entrepreneurship (Inrapreneurship)?
- (a) Equity in a new venture should not be used as a reward due to its uncertain value
  - (b) A company must be willing to invest money without a guarantee of a return in the short term
  - (c) Teams should be segmented by department
  - (d) Top management should not be involved in the process.

**Ans:** (1)(b), (2)(d), (3)(a), (4)(a), (5)(d), (6)(c), (7)(b), (8)(d), (9)(a), (10)(c), (11)(c), (12)(a), (13)(d), (14)(d), (15)(c), (16)(c), (17)(c), (18)(c), (19)(a), (20)(c), (21)(b), (22)(c), (23)(c), (24)(a), (25)(a), (26)(b), (27)(b), (28)(d), (29)(c), (30)(b), (31)(a), (32)(a), (33)(c), (34)(e), (35)(a), (36)(b), (37)(e), (38)(c), (39)(e), (40)(c), 41(c), 42(b), 43(c), 44(d), 45(c), 46(b), 47(e), 48(c), 49(d), 50(e), 51(a), 52(d), 53(c), 54(b), 55(d), 56(b), 57(c), 58(a), 59(b), 60(b)

## **II Short Answer Type Questions:**

- 1 Differentiate an entrepreneur from an intrapreneur.
- 2 Distinguish between entrepreneur and a manager.
- 3 Discuss the qualities or traits of success full entrepreneurs.
- 4 Explain the traits of entrepreneur.
- 5 Discuss the type of entrepreneurs with suitable examples.
- 6 Define entrepreneurship and explain its main characteristics.
- 7 Give a brief profile of women entrepreneurs and discuss the main problems faced by them.
- 8 Give a brief account of the origin and growth of entrepreneurs in India.
- 9 Explain the factors that determine the growth of entrepreneurship.
- 10 Discuss the environmental factors which influence entrepreneurship.
- 11 What do you understand by the locational mobility of entrepreneurs? What factors influence such mobility?
- 12 Explain the main institutions engaged in the training and development of entrepreneurs in India.
- 13 Explain the main criteria that can be used for evaluating entrepreneurial performance.
- 14 Discuss the role of government in promoting entrepreneurship in India.

- 15 Analyze the factors that contribute to the success of small business.
- 16 What do you understand by entrepreneurial motivation? Discuss in detail.
- 17 Explain the factors which motivate the development of entrepreneurs.
- 18 What is an achievement motivation force that causes entrepreneurial growth in a country?
- 19 Explain the factors which motivate people to become entrepreneurs.
- 20 Define business and its main characteristics.
- 21 Differentiate Entrepreneur, Entrepreneurship and Enterprise.
- 22 Discuss internal & external factors of entrepreneurial motivation.
- 23 Discuss 3-s Model of Entrepreneurship.
- 24 Explain “Non economic factors are equally important as economic factors in deciding entrepreneurial growth”.
- 25 A good Entrepreneur is also a good manager. Elucidate
- 26 EDPs (Entrepreneurship Development Program) can change the course of small development projects. Elaborate.
- 27 List the Economic factors affecting entrepreneurial growth.
- 28 Can a person’s chances of success as an entrepreneur be predicted with a high degree of accuracy? Explain.
- 29 ‘Innovation is one of the most important functions of an entrepreneur.’ Comment.
- 30 “EDP is a process of entrepreneurial grooming.” Comment.
- 31 How entrepreneurs lead to the economic development of a country?
- 32 What are Entrepreneurial competencies needed to become an Entrepreneur?
- 33 Differentiate Entrepreneur, Manager and Entrepreneurship from each others.
- 34 Explain the motivation process for entrepreneurship development.
- 35 What is achievement motivation? Is it essential ingredient for entrepreneurship?
- 36 Who is a innovator? What are the principles of innovation?
- 37 Explain the various types of entrepreneurs giving examples.
- 38 Explain the behavioral patterns of entrepreneurs.
- 39 Define an Entrepreneur? Are all business owners entrepreneurs?
- 40 Identify 5 characteristics of an entrepreneurial environment.

### **III Long Answer Type Questions:**

- 1 “Entrepreneurs and born not made”. Comment
- 2 “Innovation is the hallmark of entrepreneurship”. Explain.
- 3 “Developing countries need imitative rather than innovative entrepreneurs. Do you agree? Give reasons for your answer.
- 4 “Entrepreneur is the catalyst in the process of economic development”. In the light of this statement, explain the role of entrepreneurship in the economic development.
- 5 Account for the major problems faced by women entrepreneurs in India. State the various schemes introduced by the government for the development of women entrepreneurs.
- 6 “Entrepreneurial performance is a function of socio-cultural background of entrepreneur , his motivation, ability and environment” discuss.

- 7 Comment on the statement that creativity is a pre requisite to innovation and explain the creative process.
- 8 “Self employment is the best method of solving the problem of growing unemployment in India”. Do you agree ?suggest a suitable strategy for the identification and development of entrepreneurs.
- 9 “Entrepreneurial behaviour is the result of an interaction of several internal and external factors”. Explain.
- 10 “The initiative and intentions of an individual are diverted by his ambitions”. In the light of this statement, describe the ambitions which inspire people to take up enterprise.
- 11 How entrepreneurship helps in the Economic development of a country? What factors have led to Entrepreneurial growth in our country? Give examples of few successful entrepreneurs you have come across and list their important characteristics you have noted?
- 12 Do you agree with the view that entrepreneurs are born and not made? Evaluate the relevance of entrepreneurial development programme in this context? What all is included in such EDP’s initiated in our country at the state and central governments levels?
- 13 In view of the Entrepreneurial Competencies required of an entrepreneur, discuss the various types of entrepreneurs with examples and reference to live case studies.
- 14 An entrepreneur has to carry out a combination of functions. In this light, discuss various functions to be performed by an entrepreneur.
- 15 On the basis of your observation, do you believe that entrepreneur in your society are living upto their social responsibilities.
- 16 Discuss social and economic environment factors affecting economic growth.
- 17 Discuss the 3S model of entrepreneurship. What are the individual activities included as a part of 3S model?
- 18 What economic and non economic factors have led to entrepreneurial growth in India and the world?
- 19 What are the various myths of entrepreneurship? How are they being mitigated?
- 20 What is the role of EDP programmes in entrepreneurship development? What are the activities/stages of EDP program?
- 21 How entrepreneur is different from manager? Give a classification scheme of types of entrepreneur available.
- 22 Differentiate Entrepreneur, Entrepreneurship and Enterprise. What are the economic and non-economic factors that have lead to Entrepreneurial growth in India? Discuss these factors in brief.
- 23 What are EDP Programmes? How are they conducted? What activities are involved in various stages of planning for EDP training? Discuss these activities with examples
- 24 “Developing countries need imitative entrepreneurs rather than innovative entrepreneurs” Do you agree?
- 25 Enumerate the characteristics of creative people and discuss what makes an entrepreneur creative.
- 26 A product that may be suitable for one entrepreneur may not be suitable for all. Justify your answer with examples.

- 27 Explain how intrapreneurship develops in organizations with different cultural backgrounds.
- 28 Discuss the conflicting viewpoints on corporate entrepreneurship.
- 29 How does an Entrepreneur contribute to the economy and the society? Why is Entrepreneurship important to Society?
- 30 What are characteristics of an Entrepreneur? How Entrepreneur can keep himself motivated all the time?

## **UNIT - II**

### **I Test Your Skills:**

#### **(a) Multiple Choice Questions:**

1. Which of the following is a disadvantage of the 'drafting a traditional business plan' approach?
  - (a) They do not reflect the way in which people shape their entrepreneurial visions.
  - (b) It can be difficult to explain your vision to other people.
  - (c) This approach lacks rigour.
  - (d) The process involved can help an entrepreneur to improve their own understanding of the business concept.
2. Which of the following are 'drivers' underlying the opportunity business model?
  - (a) Societal, commercial, legal, technological, people
  - (b) Societal, commercial, legal, technological
  - (c) Societal, ethical, commercial, legal, technological
  - (d) Societal, commercial, legal, technological, environmental.
3. What are the main sources of entrepreneurial opportunity?
  - (a) Personal - entrepreneurs experience or perceive something that others do not.
  - (b) Secondary research - from industry analyses.
  - (c) Primary research - from speaking to potential customers to determine their needs.
  - (d) Observation - of other peoples' experiences with products and services.
4. Social innovation refers to:
  - (a) the introduction of new social practices, activities or ways of organizing.
  - (b) the introduction of novelties; the alteration of what is established by the introduction of new elements or forms.
  - (c) new designs, processes, marketing approaches, or a new way of conducting training.

- (d) the means by which entrepreneurs exploit change as an opportunity for a different business or service.
5. Entrepreneurial opportunities are a particular type of opportunity, which could lead you to create a self-sustaining venture.
- (a) True
  - (b) False
6. Porter also argues that much of innovation is 'dependent on a single, major technological breakthrough rather than mundane and incremental'
- (a) True
  - (b) False
7. In the creativity and innovation matrix, what is a 'medium level of creativity' and a 'medium level of innovation' referred to as?
- (a) Winner
  - (b) Loser
  - (c) Mediocre
  - (d) Average
8. The following example of networking represents which type of activity: In an entrepreneurial setting, you might be: renewing contact with a old school friend, now working in a finance house, to provide advice or support for the venture; converting an informal contact made while on holiday into a potential client; or building a much closer relationship with a supplier, which may lead to a formal alliance or merger.
- (a) Creating new ties
  - (b) Renewing and pruning existing ties
  - (c) Developing existing ties
  - (d) Extending existing ties
9. \_\_\_\_\_ between people in the personal contact network play an important communications role, enabling the entrepreneur to identify opportunities that are not evident to others.
- (a) Good relations
  - (b) Weak ties
  - (c) Strong ties
  - (d) Unique connections
10. What are the missing words in the following definition: 'The management of regular marketing can be characterized by a careful planning process which is informed by \_\_\_\_\_'

\_\_\_\_\_ to guide the selection of target markets and the composition of a marketing mix with which to position products competitively within the marketplace.

- (a) Environmental forecasting
  - (b) Market research
  - (c) Product analysis
  - (d) Customer understanding
11. What characterizes the techniques used in entrepreneurial marketing?
- (a) Mass media, passive reception, customer resistance
  - (b) Low cost, word-of-mouth
  - (c) Informal, personal and strongly interactive
  - (d) Guerrilla marketing and ambush marketing
12. New entrepreneurial ventures face the same marketing opportunities and challenges, as compared to their larger and more well-established counterparts.
- (a) True
  - (b) False
13. Business opportunity relates with
- (a) Business possibilities
  - (b) Commercially feasible projects
  - (c) Risky projects
  - (d) Favourable market demand
14. Early growth stage fails to consider following symptoms.
- (a) Very slow
  - (b) Perceived comfort zone
  - (c) Very rapid
  - (d) Rapid
15. Very rapid situation indicates
- (a) Increase in production
  - (b) Rapid increase in production
  - (c) Rapid increase in sales
  - (d) Increase in sales
16. Enterprise positioning is meant for
- (a) Short-term arrangement
  - (b) Continuous process
  - (c) Long-term process
  - (d) None of the above

17. Techno-economic analysis deals with identification of the
- (a) Supply potential
  - (b) Demand potential
  - (c) Export potential
  - (d) Import potential
18. Input analysis relates with
- (a) Funding requirement
  - (b) Material requirement
  - (c) Labour requirement
  - (d) Resource requirement
19. General objective of selecting a location is not he following
- (a) Minimise the cost of production
  - (b) Minimise the distribution cost
  - (c) Minimise the cost of capital
  - (d) None of the above
20. External economies affect location
- (a) Generally
  - (b) Exceptionally
  - (c) All of the above
  - (d) None of the above
21. The initial stages of the entrepreneurial process are generating new business ideas (i.e. creativity and innovation) and recognizing opportunities that have the potential for exploitation (i.e. evaluation and selection).
- (a) True
  - (b) False
22. Which of the following is NOT one of the definitions of 'business models' as identified in the text?
- (a) The system of components, linkages and associated dynamics, which that make commercial advantage of the Internet.
  - (b) A business model describes the rationale of how an organization creates, delivers and captures value.
  - (c) Business models identify where the resources necessary to establish a venture will come from.
  - (d) Business models describe, as a system, how the pieces fit together.

23. Which of the following statements is true?
- (a) The entrepreneurial process starts with creativity and the task of generating new ideas.
  - (b) The creativity process starts with innovation and the task of generating new ideas.
  - (c) The idea generation process starts with creativity and the task of innovation.
  - (d) The innovation process starts with creativity and the task of generating new ideas.
24. What are markets made up of?
- (a) Customers and competitors
  - (b) Customers and potential customers
  - (c) Customers, competitors and suppliers
  - (d) Customer, competitors, suppliers and regulators
25. Product development process involves
- (a) One stage
  - (b) Two stage
  - (c) Three stage
  - (d) Four stage
26. Incubation stage deals with
- (a) Sample development
  - (b) Idea development
  - (c) Prototype Development
  - (d) None of the above
27. Product design defines
- (a) Micro activities of the project
  - (b) Macro activities of the project
  - (c) Allied activities of the project
  - (d) Individual activities of the project
28. Feasibility study is defined as
- (a) Formal investigation of profitable opportunity
  - (b) Informal investigation of profitable opportunities
  - (c) Intensive investigation of profitable opportunities
  - (d) None of the above
29. Project selection is
- (a) Product idea is used as a basis for project idea
  - (b) Project idea is used as a basis for product idea
  - (c) Both are the same



- (d) None of the above
30. General criteria is concerned with
- (a) Entrepreneur's own interests
  - (b) Economic development of the country
  - (c) Business environment of the country
  - (d) None of the above
31. A(n) \_\_\_\_\_ is defined as a form of business that is an association of two or more people acting as co-owners of a business.
- (a) proprietorship
  - (b) partnership
  - (c) INC
  - (d) corporation
  - (e) conglomerate
32. Which one of the following would not be considered an advantage to a partnership formation?
- (a) Potential for double taxation
  - (b) Less governmental control
  - (c) Ease of formation
  - (d) Direct share of profits
  - (e) Division of labor and management responsibilities
33. Which one of the following would not be considered a disadvantage of a corporation?
- (a) Limited continuity of life of enterprise
  - (b) Extensive government regulations of activities
  - (c) High incorporation fees
  - (d) Corporate capital, profits, dividends, and salaries are double taxed
  - (e) Activities limited to those stated in charter
34. Entrepreneurships require financial backing in order to get started in the business world. Which of the following is not one of the methods commonly utilized to obtain the financial resources needed?
- (a) Equity
  - (b) Commercial loans
  - (c) Personal finances provided by friends
  - (d) Venture capitalists
  - (e) Public offerings

35. \_\_\_\_\_ financing is raising money by selling part of the ownership of the business to investors.
- (a) Debt
  - (b) Equity
  - (c) Venture capitalist
  - (d) Public offering
  - (e) Spin-off
36. Of the following, which one would not be considered an alternative to independent entrepreneurship?
- (a) Franchise
  - (b) Spin-off
  - (c) Intrapreneurship
  - (d) Extrapreneurship
  - (e) Business unit within a larger corporate structure
37. Of the following, which is best identified as an independent entrepreneurship that produces a product or service that originated in a large company?
- (a) Diversification
  - (b) Intrapreneurship
  - (c) Trade-off
  - (d) Franchise
  - (e) Spin-off
38. Of the following, which is best identified when a business with an established name and product is sold to additional owners along with the rights to distribute product?
- (a) Spin-off
  - (b) Intrapreneurship
  - (c) Trade-off
  - (d) Entrepreneurship
  - (e) Franchise
39. Management tactics purported to maximize innovation for an entrepreneurship include all but which of the following items?
- (a) Cutting of losses
  - (b) Culture
  - (c) Benchmarking
  - (d) Customer orientation
  - (e) Capabilities

40. \_\_\_\_\_ is best described as doing something differently and has been described as discontinuous or complementary change.
- (a) Entrepreneurship
  - (b) Innovation
  - (c) Spin-off
  - (d) Variance
  - (e) Enterprise
41. In franchising, the entrepreneur assumes fewer risks because the franchise provides all but which one of the following?
- (a) Established market for the product
  - (b) Management assistance in operating the business
  - (c) Economies of scale for purchasing
  - (d) Oversale of rights
  - (e) Favorable image for the product
42. The ideas for new businesses that are obtained by entrepreneurs are derived from many sources. These various sources include all but \_\_\_\_\_.
- (a) replication of an existing business
  - (b) trade journals
  - (c) trade shows
  - (d) family members
  - (e) children
43. The steps involved in an entrepreneurial endeavor include all but which one of the following?
- (a) Business plan formulation
  - (b) Obtaining financing
  - (c) Selecting the type of legal structure
  - (d) Hiring a partner
  - (e) Adapting to growth
44. Common reasons for entrepreneurial failure include all but which one of the following?
- (a) Poor implementation
  - (b) Lack of capital
  - (c) Adequate financial support
  - (d) Faulty product design
  - (e) Ineffective human resources
45. A/An \_\_\_\_\_ is defined as the blueprint describing the business strategy for entering the marketplace and explains the business to potential investors.

- (a) business alliance
  - (b) spin-off
  - (c) intrapreneurship
  - (d) competitor analysis
  - (e) business plan
46. Of the following, which one is not considered a key component of a business plan?
- (a) Sources of funding
  - (b) Market trend analysis
  - (c) Methods for dissolution of the organization
  - (d) Description of products or services
  - (e) Expansion plans
47. A(n) \_\_\_\_\_ is defined as a form of business that is an association of two or more people acting as co-owners of a business.
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  - (b) partnership
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  - (d) corporation
  - (e) conglomerate
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  - (c) Ease of formation
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- (a) Entrepreneurship
  - (b) Innovation
  - (c) Spin-off
  - (d) Variance

- (e) Enterprise
51. An opportunity assessment plan:
- (a) is the same thing as a business plan.
  - (b) is longer than a business plan.
  - (c) has a lot of computer-based spreadsheets.
  - (d) focuses on the opportunity, not the venture.
52. All of the following are questions an opportunity assessment plan might answer except:
- (a) How much capital do I need?
  - (b) What market need does it fill?
  - (c) What business skills do I have?
  - (d) Can a patent be obtained?
53. Which of the following statements is (are) true?
- (a) The business plan describes both internal and external elements.
  - (b) The preliminary business plan should be prepared by a lawyer.
  - (c) Most business plan resources on the Internet are too complex and expensive to be of use to the new venture.
  - (d) Once made, a business plan should not be changed.
54. Which of the following interested parties should not have access to the venture's business plan?
- (a) Competitors
  - (b) Lenders
  - (c) Investors
  - (d) Suppliers
55. The depth and detail of a business plan depend on:
- (a) The target audience.
  - (b) The size and scope of the new venture.
  - (c) The experience of the entrepreneur.
  - (d) The amount of capital needed.
56. When evaluating business plans \_\_\_\_\_ are primarily concerned with the general guidelines of credit.
- (a) investors
  - (b) employees
  - (c) vendors
  - (d) lenders

57. Equity investors often place more emphasis on the entrepreneur's \_\_\_\_\_ than lenders do.
- character
  - experience
  - financial records
  - personal viewpoint
58. Which of the following documents is not usually included in the Financial Plan?
- Statement of cash flows
  - Income statement
  - Price lists from suppliers
  - Projected balance sheet
59. \_\_\_\_\_ identifies potential hazards and alternative strategies to meet business plan goals and objectives.
- Assessment of risk
  - Financial planning
  - Alternative planning analysis
  - The financial plan
60. All of the following are questions that should be considered in the environmental and industry analysis section of the business plan except:
- what are total industry sales over the past five years?
  - Who are the nearest competitors?
  - What is my promotional strategy?
  - What is anticipated growth in this industry?

**Ans:** (1)(a), (2)(b), (3)(a), (4)(a), (5)(a), (6)(b), (7)(d), (8)(a), (9)(c), (10)(b), (11)(c), (12)(b), (13)(b), (14)(d), (15)(d), (16)(c), (17)(b), (18)(d), (19)(c), (20)(b), (21)(a), (22)(c), (23)(d), (24)(b), (25)(d), (26)(c), (27)(a), (28)(a), (29)(a), (30)(a), (31)(b), (32)(a), (33)(a), (34)(e), (35)(d), (36)(b), (37)(e), (38)(a), (39)(e), (40)(b), (41)(a), 42(a), 43(d), 44(c), 45(e), 46(c), 47(b), 48(a), 49(a), 50(b), 51(d), 52(a), 53(a), 54(a), 55(b), 56(d), 57(a), 58(c), 59(a), 60(c)

## **II Short Answer Type Questions:**

- 1 Explain the start up process of a small scale enterprise.
- 2 What do you understand by small business project identification? Explain the internal and external constraints in the project identification.
- 3 Discuss the sources of ideas for new products.
- 4 What is product selection? Illustrate how is a product selected.
- 5 What is meant by small business project formulation?
- 6 How will you judge the feasibility of a new project? Explain with the help of illustrations.

- 7 What is a market survey? Discuss the various methods used for market survey of a new product.
- 8 Describe the need and significance of preparing a project report.
- 9 What is break even analysis? Illustrate and explain the process of breakeven analysis for a new product.
- 10 Explain the process of preparing a feasibility report.
- 11 What do you mean by project preparation? Explain various aspects of project preparation
- 12 Describe the “table techniques of observing markets and prospective consumers in a developing country like India.
- 13 Explain legal considerations in the establishment of small scale enterprise.
- 14 Explain how planning strategies differ in large and small firms .Briefly discuss legal and tax considerations in setting up a small business firm.
- 15 Discuss the basic start up problems in launching of small scale enterprise.
- 16 What factors influence the location of an industrial unit? What is the role of government policy in this regard?
- 17 Briefly describe the advantages and disadvantages of different forms of business organization.
- 18 What is cooperative enterprise? Discuss its merit and demerits as a form of business organization.
- 19 Define a private company. Discuss the special privileges and exemptions enjoyed by it.
- 20 Give an account on development of lease financing in India .Highlight the limitations of it. If any.
- 21 Explain “Imagination and visualization play an important part in Entrepreneurial opportunity search and identification.”
- 22 Explain various sources from where business ideas originate.
- 23 Enlist different phases of feasibility analysis.
- 24 How will a person anticipate market for your proposed project?
- 25 What are pre feasibility study report? What is included in feasibility study?
- 26 What are feasibility studies used in project finalization? What are the various types of feasibilities to be covered and how to conduct these studies to prepare a document called Pre Feasibility Study Report (PFSR)?
- 27 What are the main contents of a project report?
- 28 State the different stages in the registration of a new company
- 29 How would you evaluate a franchise option?
- 30 Franchisee is a smarter entrepreneur. Do you agree? Explain.
- 31 What are the advantages and disadvantages of buying in an existing business?
- 32 What is business plan? What does the reader expect to learn from Business Plan?
- 33 How creativity and innovation can lead to ideas about new product development and entrepreneurial opportunities?
- 34 What are good sources of business ideas?
- 35 What are the differences are between a business plan and an opportunity assessment plan.

### **III Long Answer Type Questions:**

- 1 You want to set up a small scale industry. Which industry would you like to select and where it should be located? Explain with the help of suitable example.
- 2 “Project evaluation is a comprehensive task”. Discuss.
- 3 Discuss the measures taken by the government to achieve balanced regional development in the country. Do you find them satisfactory?
- 4 Explain the characteristics of small business finance.
- 5 Write a detailed note on industrial policy resolutions announced by the central government from time to time during post independence period.
- 6 “One man control is the best in the world if the man is big enough to control everything” do you agree give reasons.
- 7 “The cooperative form of organization is suitable only for small scale business” .Do you agree? Give reasons.
- 8 Explain the sources of information in detail and how they help in idea generation for starting up a small scale enterprise.
- 9 How a project report is formulated. What all aspects are to be taken care off?
- 10 Write notes on
  - (a) Site selection
  - (b) Technical feasibility
  - (c) Implementation scheme for a new small scale unit
  - (d) Life cycle segmentation analysis
  - (e) Provisional registration.
- 11 What is business opportunity? Examine the process of identifying the business opportunities? What are the sources of information for the same? Discuss.
- 12
  - (a) What is feasibility? Discuss the different types of feasibility studies.
  - (b) What are the contents of feasibility report?
- 13 Elaborate on product selection criteria. How important is the process of conducting feasibility studies?
- 14 Explain various steps in setting up an enterprise and problems encountered by an entrepreneur.
- 15 What are the various aspects involved in the processing of ideas for selecting best idea?
- 16 Explain the concept ‘Project’ with the help of definition. Explain the characteristics and classification of projects.
- 17 What are the various sources of getting new ideas? How do you select the new ideas? Explain.
- 18 What are the project ideas/business opportunities? What are sources of information for them? What criteria are used to scan these opportunities to select few of them?
- 19 What are LLP’s? How are they different from other form of organization? Explain the detailed procedure of registration of LLP and company in INDIA?
- 20 What is feasibility study? Why is it undertaken? Discuss the different feasibilities being undertaken as a part of feasibility study report.
- 21 Distinguish between considerations for buying to become an entrepreneur and expanding the business by an entrepreneur.



- 22 If you were to set up a unit, how would you go about selecting the location for the same?
- 23 What are the different financial statements and how are they useful for the entrepreneur?
- 24 Explain Tandon committee and Nayak committee norms for financing working capital.
- 25 Suggest suitable measures for developing human resource in new enterprise.
- 26 Explain the purpose and content of the executive summary of the business plan.
- 27 A). What kind of information about the competitors needs to be put in a business plan?  
B) Will it not be much more impressive to talk about the entire market than to restrict your focus on few target segments for a start-up?
- 28 Explain how you will evaluate a business idea.
- 29 List various types of information that they may be needed for writing a business plan. Explain through example.
- 30 What are the various steps in writing a business plan?

## UNIT – III

### I Test Your Skills:

#### (a) Multiple Choice Questions:

1. New small business owners have which of the following two common motivations?
  - (a) Be their own bosses, greater reward potential
  - (b) Achieve dependence, less reward potential
  - (c) Achieves dependence, become a stakeholder
  - (d) Be their own bosses, lower reward potential
  
2. The other names for a small business include:
  - (a) Entrepreneurial businesses
  - (b) Small businesses
  - (c) Small-to-medium-sized-businesses
  
3. According to development commissioner a sick company should have :
  - (a) Less than 50% capacity utilization
  - (b) More than 50% erosion in net worth
  - (c) Unit has remained closed for a period of more than six months
  - (d) Bank financing is restricted to 25% of network.
  
4. Incipient sickness is not an indication of:
  - (a) Continuous cash losses from year to year and trend is expected to continue in future
  - (b) Continuous losses for last two years
  - (c) Deterioration in the current ratio

- (d) Gradual erosion in the networth during the previous and current financial years
5. Industrial sickness occurs as per Kapoor Committee if:
- (a) Cash losses to a minimum 50% of networth
  - (b) Cash losses to a maximum 50% of peak networth
  - (c) Accumulated cash losses to a minimum 50% of peak networth
  - (d) Cash losses to a maximum 50% of networth
6. BIFR became operational from:
- (a) 1<sup>st</sup> April, 1987
  - (b) 15<sup>th</sup> May, 1987
  - (c) 1<sup>st</sup> July, 1987
  - (d) 30<sup>th</sup> Sept. 1987
7. Committee concerned with industrial sickness is:
- (a) Kapoor committee
  - (b) Nayak committee
  - (c) Goswami committee
  - (d) Gupta committee
8. Tiny sector was launched by
- (a) IPR-1948
  - (b) IPR- 1980
  - (c) IPR- 1985
  - (d) IPR- 1990
9. Number of items dereserved during 2001-02 was:
- (a) 45
  - (b) 49
  - (c) 50
  - (d) 51
10. Nayak Committee was concerned with:
- (a) Reservation of items
  - (b) Subsidy and incentives
  - (c) Investment ceiling
  - (d) Institutional credit
11. Which Committee has given focus on cluster system;
- (a) Kapoor committee
  - (b) Nayak committee
  - (c) Goswami committee

- (d) AbidHussain Committee
12. Abolition of Reservations was recommended by:
- (a) Kapoor committee
  - (b) Nayak committee
  - (c) AbidHussain committee
  - (d) Gupta committee
13. Kapoor Committee was constituted to assess:
- (a) Reservation of items
  - (b) Investment ceiling
  - (c) Credit delivery system
  - (d) Government support system
14. Policy of reservation was primarily initiated in
- (a) 1976
  - (b) 1967
  - (c) 1997
  - (d) 1982
15. Violation of reservation policy is punishable under
- (a) Small Industries act
  - (b) Consumer protection act
  - (c) I (D & R) Act
  - (d) None of the above
16. \_\_\_\_\_ are three basic forms of franchising.
- (a) Sole proprietorship, partnership, and corporation
  - (b) Product, service, and mix-format
  - (c) Trade name, product distribution, and business format
  - (d) Regional, local, and global
17. \_\_\_\_\_ is a document designed to detail the major characteristics of a firm.
- (a) Mission statement
  - (b) Business plan
  - (c) Executive summary
  - (d) Marketing plan
18. \_\_\_\_\_ is NOT a business plan concern of family and friend investors.
- (a) Amounts and schedules for returns

- (b) Funds use
  - (c) Competitive advantage
  - (d) Stability of firm
19. All of these are business plan concerns of bankers EXCEPT
- (a) Monitoring compliance.
  - (b) Asset/collateral base.
  - (c) Cash flow and cash cycle.
  - (d) Long-term prospects.
20. \_\_\_\_\_ is not included in the business planning presentation types.
- (a) Mission
  - (b) Elevator pitch
  - (c) Executive summary
  - (d) Annual objectives
21. What is an ideal length of an elevator pitch?
- (a) 20 – 50 words
  - (b) 250 – 500 words
  - (c) 60 – 100 words
  - (d) 5 – 10 words
22. The firm's goals and competitive advantages can be described by
- (a) Mission statement.
  - (b) Vision statement.
  - (c) Executive summary.
  - (d) Elevator pitch.
23. \_\_\_\_\_ is a one- to two-page overview of the business, its business model, market, expectations, and immediate goals.
- (a) Vision statement
  - (b) Executive summary
  - (c) Mission statement
  - (d) Elevator pitch
24. The appropriate size for a business plan, where the type of business is well established is
- (a) 25 pages.
  - (b) 10 pages.
  - (c) 10 pages.
  - (d) 40 pages.

25. A one-page document on letterhead introducing the business plan is considered a
- (a) Cover letter.
  - (b) Business plan.
  - (c) Outline.
  - (d) Executive summary.
26. \_\_\_\_\_ is a product or service that is kept as a trade secret or is protected legally using patents, trademarks, copyright, or service mark.
- (a) Tagline
  - (b) Pioneering business
  - (c) Test marketing
  - (d) Proprietary technology
27. \_\_\_\_\_ is NOT an idea that good marketing strategy focuses on.
- (a) Harvesting the business plan
  - (b) Overall strategy your firm pursues in the market
  - (c) The sales plan
  - (d) The longer-term competitive plan
28. \_\_\_\_\_ is a statement that is not expected in the business plan.
- (a) Balance sheet
  - (b) Income statement
  - (c) SEC filing statement
  - (d) Cash flow statement
29. \_\_\_\_\_ is when a firm sells its products in a limited area, for a limited time.
- (a) R & D venture
  - (b) Pioneering business
  - (c) New entrant business
  - (d) Test marketing
30. \_\_\_\_\_ is a firm whose product is new to the industry.
- (a) R & D venture
  - (b) Pioneering business
  - (c) New entrant business
  - (d) Test marketing
31. All of these are special purpose plans EXCEPT which of these?
- (a) Business plan
  - (b) Screening plan
  - (c) Invention plan

- (d) Informational plan
32. \_\_\_\_\_ provides information on the company and critical risks to prospective business partners.
- (a) Partner plan
  - (b) Invention plan
  - (c) Operational plan
  - (d) Concept plan
33. Out of the total population of people you approach, \_\_\_\_\_ is the percentage of people who buy.
- (a) Mini plan
  - (b) Test marketing
  - (c) Hit rate
  - (d) Proof-of-concept
34. The distinction between an "entrepreneur" and "small business owner" , if made, revolves around:
- (a) a.really nothing; they are truly one and the same
  - (b) b.the Small Business Administration definitions
  - (c) c.whether the business is an Internet based one or not
  - (d) d.the risk taking or re-invention of a business vs. someone who "simply" starts a business or buys an existing one
35. Which of the following was NOT one of the classifications of entrepreneurs presented in our text?
- (a) Franchise entrepreneur
  - (b) Classic entrepreneur
  - (c) Multipreneur
  - (d) Intrapreneur
36. The primary reason entrepreneurs start companies is to:
- (a) prove they could do it
  - (b) recover from a layoff
  - (c) create something new
  - (d) make money
  - (e) control their own lives
37. One study found that entrepreneurs tend to demonstrate all of the following traits except:
- (a) opinionated

- (b) emotionally aloof
  - (c) calm
  - (d) focused
  - (e) aggressive
38. One reason for the growth in small businesses relates to the trend for larger business to downsize by contracting with smaller firms to do many of the functions once done internally. This is referred to as:
- (a) contracting
  - (b) outsourcing
  - (c) specializing
  - (d) entrepreneuring
39. The technical characteristics of the small business would include all of the following except:
- (a) independently managed
  - (b) owned by an individual or a small group of investors
  - (c) based locally, even though the market might be widespread
  - (d) significant influence in its industry
40. Which of the following might be termed a disadvantage faced by the small business?
- (a) a.greater flexibility
  - (b) b.greater ability to serve specialized markets
  - (c) c.extreme personal commitment of the owner
  - (d) d.more personal service
41. The financial assistance to small business provided by the Small Business Administration takes the form of:
- (a) direct loans
  - (b) guidance in locating lenders
  - (c) loan guarantees
  - (d) assistance in filling out paperwork
42. Key features of a well written business plan would include all of the following except:
- (a) financial plan
  - (b) description of the product
  - (c) an analysis of the market
  - (d) a review of the advertising firms analyzed
  - (e) qualifications of the owner

43. When buying an existing business, to cover the possibility that existing customers might go with the old owners if they decide to open a similar business, a purchasing buyer might include in the contract:
- (a) a waiver of protection
  - (b) a penalty fee
  - (c) a noncompete clause
  - (d) a structural fine
44. Which of the following is not a main element of the project management process?
- (a) Estimation.
  - (b) Schedule.
  - (c) Monitor.
  - (d) Systems design.
45. Which of the following is not a main project objective?
- (a) Time.
  - (b) Structure.
  - (c) Quality.
  - (d) Cost.
46. Which of the following is a main PRINCE project aim?
- (a) Stay within budget.
  - (b) Meet specified quantity.
  - (c) Meet specified quality.
  - (d) All of the above
47. Which of the following is not a reason to reduce project completion time?
- (a) Release resources for other projects.
  - (b) Avoid penalties for late completion.
  - (c) Eliminate project critical path.
  - (d) Reduce new product development time to market.
48. Which of the following is the benefit of the network analysis approach?
- (a) Eliminate need for management judgement.
  - (b) Avoid need to use structured approach.
  - (c) Allows progress to be monitored against plan.
  - (d) Derive error free forecasts.
49. A project can be considered to have failed if it:



- (a) does not meet the users' requirements.
  - (b) overran significantly on estimated delivery date.
  - (c) was significantly over budget.
  - (d) does not meet the business requirements.
50. Why are small businesses important to a country's economy?
- (a) They give an outlet for entrepreneurs.
  - (b) They can provide specialist support to larger companies.
  - (c) They can be innovators of new products.
  - (d) All the above.
51. Which of the following factors is the most important in forcing U.S companies to focus on new product development and increased productivity?
- (a) Entrepreneurship
  - (b) Hyper competition
  - (c) Governmental laws
  - (d) Organizational culture
52. Which of the following is alternatively called corporate venturing?
- (a) Entrepreneurship
  - (b) Intrapreneurship
  - (c) Act of stating a new venture
  - (d) Offering new products by an existing company
53. Individuals influencing an entrepreneur's career choice and style are known as which of the following?
- (a) Moral-support network
  - (b) Role model
  - (c) Professional support network
  - (d) Support system
54. The activity which occurs when the new venture is started is called:
- (a) Motivation
  - (b) Business skills
  - (c) Departure point
  - (d) Goal orientation
55. The level at which an individual is viewed by society is called:
- (a) Financial status
  - (b) Qualification
  - (c) Social status

- (d) Achievement
56. Which one of the following is an important source of idea generation due to their familiarity with the needs of market?
- (a) Existing products and services
  - (b) Distribution channels
  - (c) Federal government
  - (d) Consumers
57. Members of distribution channels are excellent sources for new ideas because:
- (a) They earn a handsome profit from new business
  - (b) They are familiar with the needs of the market
  - (c) They do not bother if entrepreneur bears a loss
  - (d) They have well-developed sales force
58. Which one of the following is the most important characteristic of a successful business website?
- (a) Innovation
  - (b) Speed
  - (c) Graphics
  - (d) Products
59. Which one of the following is the next stage to the Concept Stage of Product Planning and Development Process?
- (a) Idea Stage
  - (b) Product Planning Stage
  - (c) Product Development Stage
  - (d) Test Marketing Stage
60. SBA stands for:
- (a) Small business accountants
  - (b) Small business administration
  - (c) Small business adequacy
  - (d) Small business advisors

**Ans:** (1)(a), (2)(d), (3)(d), (4)(b), (5)(c), (6)(b), (7)(c), (8)(c), (9)(d), (10)(d), (11)(d), (12)(c), (13)(d), (14)(b), (15)(c), (16)(c), (17)(b), (18)(c), (19)(a), (20)(d), (21)(c), (22)(a), (23)(b), (24)(c), (25)(a) (26)(c), (27)(a), (28)(c), (29)(d), (30)(b), (31)(a), (32)(a), (33)(c), (34)(b), (35)(a), (36)(c), (37)(e), (38)(a), (39)(b), (40)(e), (41)(d), (42)(e), (43)(d), 44(d), 45(b), 46(d), 47(c), 48(c), 49(d), 50(d), 51 (b), 52 (b), 53 (b), 54 (c), 55 (c), 56 (b), 57 (b), 58 (b), 59 (c), 60 (b)

## II Short Answer Type Questions:

- 1 Define small business and explain its characteristics.
- 2 What is in your opinion the rationale behind the development of small scale industries in India?
- 3 Discuss the objectives of Small Scale Industries.
- 4 Explain the Scope and types of Small Scale Industries.
- 5 Explain the importance of Small business as a seedbed of entrepreneurship.
- 6 Discuss the role of Small Business in Indian economy.
- 7 Describe the main problems faced by Small- scale industries in India.
- 8 Explain the growth of Small Scale Sector in India after independence.
- 9 Is the government policy towards Small SCALE Sector “protectionist” in nature.
- 10 Write notes on
  - (a) PERT
  - (b) CPM
- 11 What is the procedure of getting NOC?
- 12 What do you understand by the sickness of small scale industries? What all factors are responsible for their sickness?
- 13 Write a detailed note on the precautions to be taken to avoid sickness of industries.
- 14 Explain the term “leasing”. State the various types of lease agreements.
- 15 Distinguish between capital lease and operating lease.
- 16 What are the signals and symptoms of industrial sickness? Explain with reference to small scale industries.
- 17 What are the consequences of sickness in small scale industries ?
- 18 How the machines and equipments are selected for the small scale purpose.
- 19 What remedial measures are required to arrest the growing industrial sickness?
- 20 Write notes on any two:
  - (a) Contents of Business Plan
  - (b) Methods of Project Appraisal
  - (c) Types of Capital requirement of SSI sector
  - (d) Pricing of products of SSI
  - (e) Export marketing of SSI Products
- 21 Substantiate main features of an effective and workable business plan.
- 22 Discuss various formalities for registering small scale unit.
- 23 SSI plays dynamic role in economic development of India. Comment.
- 24 Discuss network planning techniques.
- 25 Discuss planning commission guidelines for feasibility report.
- 26 While deciding on the viability of your proposed project? What factors will you take into consideration?
- 27 Write a note on various Incentive schemes available to MSME in India by Ministry of MSME

- 28 What are MSME? What is their definition as a part of MSME Act 2006? What is the rationale of SME's in India? Explain the procedure of establishing SME including its registration and completing NOC formalities from pollution board.
- 29 How to obtain NOC from Pollution Board?
- 30 Write short note on:  
Speciman of Project report
- 31 Explain the various problems faced by new ventures.
- 32 Discuss the slow growth of new entrepreneurship in India.
- 33 What is feasibility study and how is it conducted?
- 34 What is MSME's role in economic development of the country?
- 35 Draw a specimen of a project report for a manufacturing firm.
- 36 What do you mean by cooperative enterprises? Explain the function & management of society.
- 37 Discuss about the problems of SSI & also give the suggestions.
- 38 What in DIC? Explain its objectives & functions.
- 39 Explain the role of various financial institution at all India level engaged in helping the SSI
- 40 Describe the industrial policies regarding SSI in India

### III Long Answer Type Questions:

- 1 "Industrial sickness is bane of the Indian economy". Comment
- 2 "Sickness in the small scale is growing at an alarming rate". Critically examine the factors responsible for this and suggest a suitable strategy to lower the mortality rate.
- 3 "For the process of industrialization in India , small and large industries have to be viewed as mutually supportive and complementary". Discuss
- 4 "Small scale industries has become quite big over a period of time in India."
- 5 "The main purpose of SSI's in India is that of marketing not production."Comment.
- 6 Discuss in detail how PERT and CPM helps in the formulation of projects.
- 7 "Business enterprises are designed to provide goods and services to satisfy peoples' material wants. They have little social responsibility." Do you agree ?
- 8 What are the remedial measures required to arrest the growing industrial sickness in India? What are the consequences of sickness in Small Scale Industries.
- 9 Describe the process of industrial sickness.
- 10 "The process of Working capital begins with cash and ends with cash." In the light of the above statement explain the operating cycle of working capital.
- 11 (a) What do you understand by small scale industries? How they are different from Micro & Medium Scale Industries?  
(b) What are the registration formalities of SSI and the incentives available to them from Govt. of India?
- 12 Why is business plan so important for an entrepreneur, for investor, for a customer and for a supplier?
- 13 Discuss in detail the methods of project appraisal?

- 14 Explain the project planning and scheduling using networking techniques of PERT and CPM?
- 15 “The project report is generally prepared to cover seven broad segments”. Discuss in detail.
- 16 Explain various environment pollution related clearances while setting a small scale business unit.
- 17 Give definition of MSME both manufacturing and service enterprise as per MSME Act 2006. What are the formalities to be completed to start an MSME in India.
- 18 What are Project reports? How are they useful in bank financing? Give a detailed format of a projects report used for applying for a bank loan?
- 19 What are project finance requirements? From where they can be funded? What report is prepared to submit to banks for getting finance? Give a brief format of the same. What financial parameters are incorporated to help the financing institution to understand the financial viability of the project before financing? Explain
- 20 What is a business plan? What are the various elements of business plan? Take a hypothetical project you want to start and prepare an outline of its business plan?
- 21 How SME’s are defined under MSME Act of 2006? How SME registration is done in India? Explain the rationale and role of SME in Economic Development of India.
- 22 Explain the role of SME’s in the economic development of the country.
- 23 Discuss the various methods of project appraisal for a new venture.
- 24 Discuss in detail the entire contents of the preproject report. Why special care has be taken while designing a project report?
- 25 What support the government provides to the entrepreneurs in importing the machinery and equipments for production?
- 26 How NarendraModi’s ‘Make in India’ movement will encourage more entrepreneurship in India? Explain in detail.
- 27 What are the differences between entrepreneurship and SME policy?
- 28 Why should taxpayers assist with enterprise policy?
- 29 Why should government not intervene with enterprise policy?
- 30 What is market failure and how does this effect SMEs?

## UNIT – IV

### I Test Your Skills:

#### (a) Multiple Choice Questions:

1. An example of collecting primary data is;
  - (a) Observation
  - (b) Interviewing
  - (c) Focus groups
  - (d) All of the above
2. An internal environmental variable.

- (a) Financial resources
  - (b) Technology
  - (c) Industry demand
  - (d) The economy
3. What is a target market?
- (a) A group of customers a venture reaches by accident.
  - (b) All consumers who purchase the venture's product.
  - (c) A specific group of potential customers toward which a venture aims its marketing plan.
  - (d) A chain of discount stores.
4. Monitoring \_\_\_\_\_ during the implementation of the marketing plan allows the entrepreneur to establish controls on the process.
- (a) sales data
  - (b) research data
  - (c) consumer data
  - (d) none of the above
5. The \_\_\_\_\_ of a marketing plan is sometimes dependent on the solvency of the organization.
- (a) length
  - (b) success
  - (c) failure
  - (d) all of the above
6. A product can include all of these except \_\_\_\_\_.
- (a) price
  - (b) ideas
  - (c) people
  - (d) goods
7. \_\_\_\_\_ refers to a quality of a service in which each time it is provided it will be slightly different from the previous time.
- (a) Perishability
  - (b) Tangibility
  - (c) Heterogeneity
  - (d) Inseparability
8. A balanced combination of good and service is called a(n)

- (a) Heterogeneous services.
  - (b) Hybrid products.
  - (c) Core products.
  - (d) Augmented products.
9. \_\_\_\_\_ is the group of people on which a marketer focuses promotion and sales efforts.
- (a) Me-too group
  - (b) Maturity group
  - (c) Target market
  - (d) Breakeven market
10. \_\_\_\_\_, in the new product development process, is the stage that comes after idea generation.
- (a) Product development
  - (b) Commercialization
  - (c) Idea evaluation
  - (d) Idea screening
11. The difference between the buying and selling price is called \_\_\_\_\_ and it should be enough to cover all fixed costs.
- (a) psychological price
  - (b) breakeven
  - (c) mark-up
  - (d) elasticity
12. A product for which there are few substitutes and for which a change in price has little effect on quantity purchased is considered \_\_\_\_\_.
- (a) elastic
  - (b) inelastic
  - (c) marked-up
  - (d) elasticity
13. Charging the highest price the market will bear is called which of these?
- (a) Return pricing
  - (b) Psychological price
  - (c) Skimming
  - (d) Breakeven
14. Setting a price that ends in the number 5, 7, or 9 is considered
- (a) Return pricing
  - (b) Psychological price

- (c) Skimming
  - (d) Odd even pricing
15. \_\_\_\_\_ refers to setting the price for an item relatively low and then charging much higher prices for the expendables it uses.
- (a) Prestige pricing
  - (b) Odd-even pricing
  - (c) Partitioned pricing
  - (d) Captive pricing
16. Which of the following applies to organizations with 15 or more employees?
- (a) The Civil Rights Act of 1991
  - (b) COBRA
  - (c) ERISA
  - (d) Affirmative action
17. Which of these is the first step in crafting a job description?
- (a) Job overview
  - (b) Credentials and experience
  - (c) Duties and responsibilities
  - (d) Job title
18. \_\_\_\_\_ is an area that Job analysis does NOT cover.
- (a) The competitive pay required
  - (b) The mental and physical tasks involved
  - (c) The qualifications needed
  - (d) How the job will be done
19. Which of the following questions might give you insight into an applicant's career goals?
- (a) Can you name some weaknesses?
  - (b) What motivates you most in a job?
  - (c) Did you work while going to school?
  - (d) Are you willing to work flextime?
20. When interviewing candidates, the questions asked should be seeking all of these EXCEPT \_\_\_\_\_.
- (a) Specific and measurable responses
  - (b) Analytical answers
  - (c) Personal information
  - (d) Descriptive responses



21. Which of these training is delivered to employees while they perform their regular jobs?
- (a) Online
  - (b) On-the-job
  - (c) Paid
  - (d) Off-the-job
22. \_\_\_\_\_ is NOT an on-the-job training method.
- (a) Case studies
  - (b) Apprenticeships
  - (c) Coaching
  - (d) Orientations
23. Which of these factors is most important to employees, according to Jill Kickul's research?
- (a) Benefits
  - (b) Job security
  - (c) Rewards and opportunities
  - (d) Autonomy and growth
24. \_\_\_\_\_ refers to employees' beliefs about the promises between the employee and the firm.
- (a) Open-book policy
  - (b) Autonomy
  - (c) Psychological contract
  - (d) Work facilitation
25. A suggested guideline for training is
- (a) Training should be provided at the initial stage of the employment only.
  - (b) Think of training as an investment.
  - (c) Employees should practice what they have learned on their own time.
  - (d) Have employees sign long-term contracts so they do not leave after receiving training.
26. Which of Kickul's factors, includes the psychological contract item, job training?
- (a) Rewards and opportunities
  - (b) Job security and work responsibilities
  - (c) Work facilitation
  - (d) Autonomy and growth
27. A management philosophy of selecting and promoting people based on their being the most capable person for the job is considered which of the following?

- (a) Nepotism
  - (b) Meritocracy
  - (c) Merit privilege
  - (d) Family practice
28. The first step in the small business development process is:
- (a) Planning
  - (b) Organizing
  - (c) Controlling
  - (d) Retaining
29. The tasks a new business owner must identify to develop a critical path analysis include:
- (a) Number of hours the owner is involved
  - (b) Prerequisite tasks
  - (c) Who is responsible for the task
  - (d) All of the above
30. The critical path chart is a living document that should be \_\_\_\_\_ during the process of actually accomplishing the tasks.
- (a) Stopped
  - (b) Started
  - (c) Modified
  - (d) Evaluated
31. The location decision should address all of the \_\_\_\_\_ points required for your industry and should enhance the \_\_\_\_\_ points.
- (a) Orthodox / unorthodox
  - (b) Unorthodox / orthodox
  - (c) Ordinary / unordinary
  - (d) Unordinary / ordinary
32. The \_\_\_\_\_ describes attempts to sell current products to new customers.
- Product-customer exploitation strategy
- (a) Product development strategy
  - (b) Customer development strategy
  - (c) Product-customer expansion
33. All of the following are signals of potential decline in organizational performance EXCEPT:
- (a) Poor communication within the organization

- (b) Intolerance of work incompetence
  - (c) Fear of conflict and taking risks
  - (d) Negative cash flow
34. \_\_\_\_\_ is a common short-run strategy designed to address organizational weaknesses that are leading to performance declines.
- (a) Retrenchment
  - (b) Turnaround
  - (c) Expansion
  - (d) Diversification
35. \_\_\_\_\_ is a strategy designed for situations in which the organization's performance problems are very serious, as reflected by its performance measures.
- (a) Retrenchment
  - (b) Turnaround
  - (c) Expansion
  - (d) Diversification
36. \_\_\_\_\_ is a radical redesign of the organization's business processes.
- (a) Reengineering
  - (b) Downsizing
  - (c) Bankruptcy
  - (d) Expanding
37. Which of the following restructuring actions involves laying off employees from their jobs?
- (a) Reengineering
  - (b) Downsizing
  - (c) Bankruptcy
  - (d) Expanding
38. \_\_\_\_\_ involves dissolving or reorganizing a business under the protection of bankruptcy legislations.
- (a) Reengineering
  - (b) Downsizing
  - (c) Bankruptcy
  - (d) Expansion
39. Valuation techniques generally fall into any of the following categories EXCEPT:
- (a) Asset valuations
  - (b) Earnings valuations

- (c) Cash flow valuation
  - (d) Depreciation valuation
40. Which of the following agencies was created specifically to foster the creation, growth, and expansion of minority-owned businesses in the United States?
- (a) SCORE
  - (b) Minority Business Development Agency
  - (c) The World Trade Organization
  - (d) The Federal Reserve
41. Entrepreneurships require financial backing in order to get started in the business world. Which of the following is not one of the methods commonly utilized to obtain the financial resources needed?
- (a) Equity
  - (b) Commercial loans
  - (c) Personal finances provided by friends
  - (d) Venture capitalists
  - (e) Public offerings
42. \_\_\_\_\_ financing is raising money by selling part of the ownership of the business to investors.
- (a) Debt
  - (b) Equity
  - (c) Venture capitalist
  - (d) Public offering
  - (e) Spin-off
43. Of the following, which one would not be considered an alternative to independent entrepreneurship?
- (a) Franchise
  - (b) Spin-off
  - (c) Intrapreneurship
  - (d) Extrapreneurship
  - (e) Business unit within a larger corporate structure
44. Of the following, which is best identified as an independent entrepreneurship that produces a product or service that originated in a large company?
- (a) Diversification
  - (b) Intrapreneurship
  - (c) Trade-off
  - (d) Franchise

- (e) Spin-off
45. Of the following, which is best identified when a business with an established name and product is sold to additional owners along with the rights to distribute product?
- (a) Spin-off
  - (b) Intrapreneurship
  - (c) Trade-off
  - (d) Entrepreneurship
  - (e) Franchise
46. Management tactics purported to maximize innovation for an entrepreneurship include all but which of the following items?
- (a) Cutting of losses
  - (b) Culture
  - (c) Benchmarking
  - (d) Customer orientation
  - (e) Capabilities
47. In franchising, the entrepreneur assumes fewer risks because the franchise provides all but which one of the following?
- (a) Established market for the product
  - (b) Management assistance in operating the business
  - (c) Economies of scale for purchasing
  - (d) Oversale of rights
  - (e) Favorable image for the product
48. Which of the following is the reason for business failure \_\_\_\_\_.
- (a) Lack of market research.
  - (b) Poor financial control.
  - (c) Poor management.
  - (d) All the above.
49. Goods or services reach the market place through \_\_\_\_\_.
- (a) marketing channels.
  - (b) multilevel pyramids.
  - (c) monopolies.
  - (d) multiplication.
50. To provide financial assistance to entrepreneurs the government has set up a number of \_\_\_\_\_.
- (a) financial advisors.

- (b) financial intermediaries.
  - (c) Industrial estates.
  - (d) financial institutions.
- 51 State Industrial corporations engage in the development of\_\_\_\_\_.
- (a) industrial estates.
  - (b) institutional estates.
  - (c) individual investors.
  - (d) agricultural entrepreneurs
52. Competitor analysis begins with:
- (a) Gathering samples of the competitors' product(s).
  - (b) Discovering each competitors advertising budget.
  - (c) Documenting the current strategy of each primary competitor.
  - (d) Identifying which competitors are most successful.
- 53 Marketing research begins with:
- (a) Setting the advertising budget.
  - (b) Definition of objectives or purpose.
  - (c) Identifying direct marketing strategy.
  - (d) Collecting a list of primary and secondary sources of information.
- 54 Which stage of marketing research is considered to be the most difficult for an entrepreneur due to lack of knowledge or experience in marketing?
- (a) Analyzing and interpreting the results
  - (b) Gathering data from primary sources
  - (c) Gathering data from secondary sources
  - (d) Defining the purpose or objectives
55. The major interacting components that enable a firm to successfully provide products to the marketplace are called the:
- (a) Marketing plan.
  - (b) Marketing mix.
  - (c) Marketing system.
  - (d) Marketing structure
56. The marketing mix consists of:
- (a) Product, price, research, and promotion.
  - (b) Product, research, distribution, and promotion.
  - (c) Product, price, distribution, and promotion.
  - (d) Product, price, distribution, and research.

57. Market segmentation is the process of:
- Describing market conditions.
  - Dividing the market into smaller homogeneous groups.
  - Presenting future opportunities.
  - Exploring new market opportunities.
58. The management team of a new venture:
- is encouraged to operate the business as a sideline.
  - must operate the business full-time.
  - can expect to draw a large salary.
  - should be employed elsewhere to assure adequate income.
59. The \_\_\_\_\_ budget is used to project cash flows for the cost of goods produced.
- operating
  - production
  - capital
  - depreciation
60. Fixed expenses:
- Are incurred regardless of sales volume.
  - Can be estimated by taking into consideration the production.
  - Includes labor, raw materials, and commissions.
  - Must be linked to strategy in the business plan

**Ans:** (1)(d), (2)(a), (3)(c), (4)(a), (5)(c), (6)(a), (7)(c), (8)(b), (9)(c), (10)(d), (11)(c), (12)(b), (13)(c), (14)(d), (15)(d), (16)(a), (17)(d), (18)(a), (19)(d), (20)(c), (21)(b), (22)(a), (23)(d), (24)(c), (25)(b), (26)(a), (27)(b), (28)(a), (29)(d), (30)(c), (31)(a), (32)(a), (33)(d), (34)(b), (35)(b), (36)(a), (37)(b), (38)(a), (39)(b), (40)(d), 41(c), 42(b), 43(d), 44(e), 45(e), 46(c), 47(d), 48(d), 49(c), 50(b), 51(d), 52(c), 53(c), 54(b), 55(b), 56(b), 57(a), 58(d), (59) (b), (60)(c)

## II Short Answer Type Questions:

- Give a brief review of various industrial policy resolutions with reference to Small Scale industries.
- Describe programmes for small scale sector under Five Year Plans in India.
- Explain tax –benefits available to small scale industries.
- Discuss the measures taken for the promotion and development of small sector.
- What are the salient features of Small Sector Industrial Policy?
- Is the government policy for helping small business protective or developmental in nature? Justify.

- 7 Describe the various policies and programmes of the Government of India for fostering the growth and development of Small Scale Sector in the country.
- 8 Write a note on Institutional support for the promotion of small enterprises in India.
- 9 Discuss the role of non- financial institutions in promotion of small enterprise sector of the country.
- 10 Discuss the advantages of 'lease financing'.
- 11 Assess the role of SIDCO in uplifting the Small Scale Industries.
- 12 What are the "DISTRICT INDUSTRIES CENTRE"? What are its functions?
- 13 Explain the functions of State Financial Corporation.
- 14 What are the various incentives offered by the State and Central Governments for the promotion and growth of small scale industries in India?
- 15 Explain the importance of Trade Fairs and Exhibitions in entrepreneurial; development.
- 16 Explain the role of SISI (Small Scale Industries Service Institute)
- 17 What is the difference between the "incentives" and "subsidies"? What are their aims?
- 18 Briefly describe the role of Small Industries Development Organization (SIDO) and NSIC in the development of Small Scale Industries?
- 19 Explain how Human Resource is Important in the organization.
- 20 What status does small scale enjoy in contributing to the Indian exports? What suggestions do you wish to make to improve the situation? Discuss
- 21 Write a note on Directorate of Industries and DIC's?
- 22 Write a note on role and functions of NISBUD?
- 23 How are SIDCs helpful in promotion of small enterprises?
- 24 Discuss the importance of SFCs in promotion of small and medium enterprises?
- 25 What is the importance of working capital in small enterprise?
- 26 Discuss various pre-shipment formalities?
- 27 Write short notes on various support institutions set up by state Govt. and Govt. of India for entrepreneurial promotion and support in India.
- 28 What are Marketing Management issues involved in management of small business?
- 29 Criteria's used for selecting a product/idea once identified.
- 30 Will internet and E-commerce help solving the problems of new ventures? If yes, explain how?
- 31 What is the function of Pollution Board?
- 32 What are the different financial statements and how are they useful for the entrepreneur?
- 33 Explain Tandon committee and Nayak committee norms for financing working capital.
- 34 Suggest suitable measures for developing human resource in new enterprise
- 35 What is role of District Industries Centre in starting a new enterprise?

### **III Long Answer Type Questions:**

- 1 "The chief problem of SSI's in India is that of Marketing and not Production" explain.



- 2 Explain in detail the functions and role of SIDO in the production and development of Small Scale Industries.
- 3 Give a critical appraisal of industrial estates in promoting Small business in India.
- 4 Why today organizations give emphasis on the development of human resource into competitive advantage?
- 5 How Financial aspect of the industries are taken care of .Discuss
- 6 How export marketing helps in the upliftment of various industries in India.
- 7 “Diversification may be more risky as compared to expansion”. Discuss .What are the practical problems faced in expansion and diversification.
- 8 Discuss the assistance provided by various financial and non financial institutions.
- 9 Do you think that reservation policy is beneficial to the growth of small scale sector?
- 10 Give an account of the role of Government in developing rural entrepreneurship in India.
- 11 What do you mean by Institutional support system? Examine the present position of Institutional support system available to MSE’s in India? Out of these what are the Institutional sources Financing Small Business Enterprises in India?
- 12 Small scale enterprise management requires marketing, production, finance and human resource management. Do you agree? Give your opinion.
- 13 Discuss the purpose and main services provided by NSIC of India?
- 14 Discuss in detail the role of various support institutions in small enterprise management?
- 15 What are the key success factors in service marketing? Explain in detail.
- 16 Explain the institutions set up in India for promoting Export marketing?
- 17 Discuss various procedure formalities and documentation for export marketing in small businesses?
- 18 What is the role of NSIC and NIESBUD in setting up of SME’s. Explain the role and functions of both these agencies.
- 19 Explain the Marketing process involved in marketing the products/services of an SME. How to estimate demand for products in the market? Explain demand forecasting techniques.
- 20 Discuss various support institutions set up at the center and state level for promotion of setting up of MSME enterprises in India? Discuss the role of NSIC and MSME D-1 in setting of MSME’s in India in detail.
- 21 What is SIDO ? Describe its role in new venture creation in India.
- 22 Explain the various schemes and facilities available for setting up a new unit.
- 23 How can the educated unemployed youth be motivated to set up new units in backward areas of the country?
- 24 What assistance EDI is providing to entrepreneurs in India? What are the activities and functions of EDI?
- 25 Name some of the organizations in India which are assisting the entrepreneurs in one way or the other? Explain the objectives of each one of these.
- 26 List some of the best practices in New Product development in the context of entrepreneurial firms?

- 27 How MSME is helping new Industry in traditional areas in all functions areas for smooth start and functioning.
- 28 What all steps Govt. has taken to help Start-ups in new and innovative areas?
- 29 What are the different ways of raising money for financial growth of an organization? What can be possible advantages / disadvantages of them?
- 30 A). What are the problems that can arise from bad cash Management?  
B) What steps can be taken to minimize problems resulting from mismanaging accounts receivable?

# **QUESTION BANK**

## **CONSUMER BEHAVIOUR**

**MS-211**

**QUESTION BANK**  
**CONSUMER BEHAVIOUR - MS 211**  
**MBA III**

**UNIT - I**

**(a) Multiple Choice Questions:**

- 1 Which of the following is NOT a market research tool?
  - (a) Interviews
  - (b) Questionnaires
  - (c) Introspective reflection
  - (d) None of the above
  
- 2 What does OSL stand for?
  - (a) Over Stimulation Line
  - (b) Optimum Stimulation Level
  - (c) Outside Sensory Level
  - (d) None of the above
  
- 3 Disappointment following a purchase is called:
  - (a) Post-purchase annoyance
  - (b) Post-purchase dissonance
  - (c) Post-purchase consonance
  - (d) None of the above
  
- 4 Which of the following is NOT a category of pre-purchase expectation?
  - (a) Equitable performance
  - (b) Expected performance
  - (c) Expected performance
  - (d) None of the above
  
- 5 Neutral sources who give opinion about the product are
  - (a) Paid by the manufacturer
  - (b) Not paid by the manufacturer
  - (c) Hired by the manufacturer
  - (d) None of the above
  
- 6 The individual responsible for the flow of information is called:
  - (a) The gatekeeper
  - (b) The initiator
  - (c) The decider
  - (d) None of the above

- 7 What does OEM stand for?
- (a) Organisation for Energy Markets
  - (b) Overseas Equipment Markets
  - (c) Original Equipment Manufacturer
  - (d) None of the above
- 8 The last stage of consumer decision making process is
- (a) Problem recognition
  - (b) Post purchase evaluation
  - (c) Evaluation of alternatives
  - (d) None of the above
- 9 Which one is not a base for market segmentation?
- (a) Demographic
  - (b) Geographic
  - (c) Mass marketing
  - (d) None of the above
- 10 A consumer can collect information from
- (a) Internal source
  - (b) External source
  - (c) All of these
  - (d) None of the above
11. \_\_\_\_\_ refers to the information a consumer has stored in their memory about a product or service.
- (a) Cognitive dissonance
  - (b) Product knowledge
  - (c) Product research
  - (d) Marketing research
12. Darla considers herself to be a gourmet, and she has dined at many of the finest restaurants in the United States. On a recent trip to New Orleans, she refused to eat at a restaurant that was purported to have some of the best Cajun food because it had oil cloth and plastic flowers on the tables. Which situational influence explains Darla's refusal to eat at this restaurant?
- (a) Its marketing mix
  - (b) Task features
  - (c) Current conditions
  - (d) Physical features

13. The price of products and services often influence whether \_\_\_\_\_, and, if so, which competitive offering is selected.
- (a) Consumers will purchase them at all
  - (b) Consumers see a need to buy
  - (c) Consumers will decide to buy immediately
  - (d) People would recommend the product
14. \_\_\_\_\_ can influence the consumers' thoughts about products.
- (a) Marketing and popularity
  - (b) Advertising, sales promotions, salespeople, and publicity
  - (c) Sales promotion, popularity, and marketing
  - (d) Billboards
15. It important for marketers to devise communications that offer \_\_\_\_\_, and are placed in media that consumers in the target market are likely to use.
- (a) Consistent messages about their products
  - (b) Better pricing
  - (c) Product information to the customers
  - (d) A new marketing strategy
16. \_\_\_\_\_ are factors that have been shown to affect consumer behavior.
- (a) Brand name, quality, newness, and complexity
  - (b) Advertising, marketing, product, and price
  - (c) Outlets, strategies, concept, and brand name
  - (d) Quality, advertising, product positioning, and strategy
17. The reason that higher prices may not affect consumer buying is \_\_\_\_\_.
- (a) Most consumers prefer brand names which have higher prices
  - (b) 70% of the total population looks for quality services and is willing to pay higher prices
  - (c) Consumers believe that higher prices indicate higher quality or prestige
  - (d) Most consumers feel that the price is actually affordable
18. Consumer behavior differs when you are installing a fire protection system for your warehouse full of steel desks and when you are purchasing a fire protection system for your home, which is full of irreplaceable antiques. Which situational influence explains this consumer behavior?
- (a) Its marketing mix
  - (b) Task features
  - (c) Current conditions
  - (d) Physical features

19. In studying consumer behaviour, it is often useful to categorize people on the basis of some similarity. Descriptions such as age, gender, income, or occupation are called:
- (a) demographics
  - (b) psychographics
  - (c) personal profiles
  - (d) physiognomies
  - (e) personality
20. When consumers are making buying decisions, some observers have said that their behaviour resembles acting in a play, complete with lines, props, even costumes. They may alter their consumption decisions depending upon the part they are playing at the time. This view of consumer behaviour is often called:
- (a) consumer activism
  - (b) consumption play theory
  - (c) dramatism
  - (d) role theory
  - (e) situational analysis
21. The expanded view of the exchange which includes the issues that influence the consumer before, during, and after a purchase is called:
- (a) The marketing mix
  - (b) The consumption process
  - (c) The strategic focus
  - (d) The extended exchange theory
  - (e) None of the above
22. Recently marketers have come to realize the value of what is being called relationship marketing. In marketing terms, it means:
- (a) coordinating the packages of family brands to communicate the same "look"
  - (b) developing friendships with foreign governments so that Canadian products can be sold in their countries at a fair price
  - (c) instituting practices which show companies' awareness of their responsibilities to the environment and society
  - (d) building bonds between brands and customers that will last a lifetime
  - (e) using new electronic capabilities to insure that all channel members work smoothly together, for example, in seeing that products get to retailers before their inventories run out

23. Which of the following is NOT one of the criteria which have to be met if the segmentation process is to be valid:
- (a) the segment is large enough to be profitable
  - (b) consumers within a segment have similar product needs and differ from consumers in other segments
  - (c) the consumers in a segment have to be alike demographically
  - (d) the important differences among segments can be identified
  - (e) consumers within a particular segment will respond in the desired way to the marketing mix designed for them.
24. Of the following pieces of legislation intended to protect the consumer, which was the earliest:
- (a) Textile Labelling Act
  - (b) Food and Drug Act
  - (c) Motor Vehicle Safety Act
  - (d) Hazardous Products Act
  - (e) National Trademark and True Labelling Act
25. The major academic journal for the field of consumer behaviour is:
- (a) Journal of Advertising Quarterly
  - (b) Consumer Monographs
  - (c) Journal of Consumer Research
  - (d) Professional Marketing Research Journal
  - (e) Consumer Reports
26. The "pyramid of consumer behaviour" illustrates the focus of several disciplines when studying consumer behaviour. Focus on the individual's consumer behaviour (such as how one reads certain sections of a magazine) is termed:
- (a) idiosyncratic
  - (b) macro
  - (c) micro
  - (d) unitary
  - (e) a discipline
27. Current consumer research is likely to include attention to the "dark side" of consumer behaviour. This growing emphasis refers to the fact that:
- (a) it is difficult to measure the contribution of the "art" of consumer behaviour research to the corporate bottom line
  - (b) many consumer behaviour findings are being stolen by competitors, via computers
  - (c) not all consumer behaviour or marketing activity is necessarily beneficial to society



- (d) understanding of consumption for its own sake should be the focus of research rather than because the knowledge can be applied by marketers
  - (e) not all marketers make money for their companies
28. The dominant set of assumptions which has influenced Western research on art and science since the late 16th Century has been termed positivism. All of the following are tenets of positivism EXCEPT:
- (a) human reason is supreme
  - (b) there is a single objective truth that can be discovered by science
  - (c) we should stress the functions of objects and celebrate technology
  - (d) there are multiple and simultaneous events which shape a particular view of an occurrence and help us interpret the nature of reality
  - (e) the world is an ordered rational place with a clearly defined past, present, and future
29. Interpretivists tend to challenge the beliefs of the positivists. The interpretivists' view is that:
- (a) positivists stress science and technology too much
  - (b) we each construct our own meanings of the world we live in
  - (c) symbolic, subjective experience is important
  - (d) there are no right or wrong answers
  - (e) all of the above
30. While marketers cannot create needs, they:
- (a) control the mass media — almost the same thing
  - (b) can always sell to somebody
  - (c) are close to being able to create needs in the next five years
  - (d) may affect an environment in which specific needs may be activated
  - (e) can imply that products have magical properties which will transform lives
31. Which of the following is not included in the decision-making unit of a buying organization?
- (a) individuals who supply the product
  - (b) individuals who make the buying decision
  - (c) individuals who influence the buying decision
  - (d) individuals who control buying information
  - (e) individuals who use the product or service
32. During which stage of the business buying process is a buyer most likely to conduct value analysis, carefully studying components to determine if they can be redesigned, standardized, or made less expensive?
- (a) General need recognition

- (b) Performance review
  - (c) Proposal solicitation
  - (d) Product specification
  - (e) Order-routine specification
33. Many marketers use the self-concept premise that people's possessions contribute to and reflect their identities; that is, "we are what we have." Under this premise, consumers \_\_\_\_\_.
- (a) Use brand personalities
  - (b) Are affected by subconscious motivations
  - (c) Buy products to support their self-images
  - (d) Conduct the information search
  - (e) Are attracted to products that fit in with their existing attitudes
34. Blake is in the process of buying a new car. He is highly involved in the purchase and perceives significant differences among his three favourite models. Blake's next step is most likely to be \_\_\_\_\_.
- (a) opinion leadership
  - (b) evaluation of alternatives
  - (c) postpurchase behavior
  - (d) purchase decision
  - (e) cognitive dissonance
35. Bill thought he had received the best deal on his new car. Shortly after the purchase, Bill started to notice certain disadvantages of his new car as he learned more about other cars available. Bill is experiencing \_\_\_\_\_.
- (a) purchase decision
  - (b) postpurchase culture
  - (c) selective perception
  - (d) information evaluation
  - (e) postpurchase cognitive dissonance
36. As a purchasing agent, Benni Lopez buys goods for use in the production of products that are sold and supplied to others. Benni is involved in \_\_\_\_\_.
- (a) consumer buying behavior
  - (b) retail buyer behavior
  - (c) interpretive business research
  - (d) business buyer behavior
  - (e) post-purchase dissonance

37. You regularly purchase cleaning supplies for your custodial staff. This purchase is a \_\_\_\_\_.
- (a) straight rebuy
  - (b) new task
  - (c) modified rebuy
  - (d) modified straight rebuy
  - (e) consumer buy
38. What is the first stage of the consumer decision process?
- (a) information search
  - (b) problem recognition
  - (c) alternative evaluation
  - (d) purchase
  - (e) post purchase behavior
39. The level of concern for, or interest in, the purchase process triggered by the need to consider a particular purchase is known as \_\_\_\_\_.
- (a) personal involvement
  - (b) product involvement
  - (c) purchase involvement
  - (d) enduring involvement
  - (e) activated involvement
40. Very high levels of purchase involvement tend to produce \_\_\_\_\_.
- (a) extended decision making
  - (b) nominal decision making
  - (c) affective decision making
  - (d) limited decision making
  - (e) none of the above
41. \_\_\_\_\_ is the buying behaviour of final consumers.
- (a) Consumer buyer behavior
  - (b) Business buying behavior
  - (c) Global purchasing
  - (d) Reseller buyer behavior
42. In 'stages of adoption process' customer decides to become regular user in
- (a) Awareness stage
  - (b) Interest stage

- (c) Evaluation stage
  - (d) Adoption
43. Adopter group 'laggards' are
- (a) deliberate
  - (b) guided by respect
  - (c) skeptical
  - (d) tradition bound
44. Social class group which earns through exceptional ability is best classified as
- (a) upper middles
  - (b) working class
  - (c) lower uppers
  - (d) upper uppers
45. Tendency to which results of innovation are communicated to others is classified as
- (a) relative advantage
  - (b) divisibility
  - (c) communicability
  - (d) compatibility
46. Person's own living or interacting and acting pattern is classified
- (a) lifestyle
  - (b) personality and self concept
  - (c) social class
  - (d) None of above
47. Needs of customers are triggered by
- (a) internal stimuli
  - (b) external stimuli
  - (c) both a and b
  - (d) none of above
48. Group which can exert influences on other because of specialized knowledge and skills is called
- (a) opinion leader
  - (b) leading adopters
  - (c) influential
  - (d) all of above

49. A need that is aroused up to sufficient level is called
- (a) want
  - (b) motive or drive
  - (c) Both a and b
  - (d) none of above
50. Customers keeping such information that supports their attitudes towards brand is classified as
- (a) selective attention
  - (b) selective distortion
  - (c) selective retention
  - (d) all of above
51. Marketing managers should adapt the marketing mix to \_\_\_\_\_ and constantly monitor value changes and differences in both domestic and global markets.
- (a) Sales strategies
  - (b) Marketing concepts
  - (c) Cultural values
  - (d) Brand images
52. The whole sellers and retailers buying behavior is classified as
- (a) business buyer behavior
  - (b) derived demand
  - (c) business buying process
  - (d) cognitive dissonance
53. The demand of business buyers is derived from
- (a) final consumer demand
  - (b) raw materials suppliers
  - (c) production controller
  - (d) logistic managers
54. In business buying process, the group who has formal authority of supplier selection is classified as
- (a) user
  - (b) influencer
  - (c) decider and gatekeeper
  - (d) buyer

55. The stage in buying behavior which follows the reviews of supplier proposals by business buyer is
- (a) supplier selection
  - (b) proposal solicitation
  - (c) supplier search
  - (d) order-routine specification'
56. The demand which is affected by price changes in short term is
- (a) elastic demand
  - (b) inelastic demand
  - (c) realistic demand
  - (d) unrealistic demand
57. Maslow's hierarchy of needs, food, water, sleep, and to an extent, sex, are considered \_\_\_\_\_ motives.
- (a) Safety
  - (b) self-actualization
  - (c) Physiological
  - (d) Belongingness
58. Maslow's hierarchy of needs includes all EXCEPT which of the following?
- (a) Cognition
  - (b) physiological
  - (c) safety
  - (d) Belongingness
59. Maslow's hierarchy of needs is based on which premise?
- (a) All humans acquire a similar set of motives through genetic endowment and social interaction.
  - (b) Some motives are more basic or critical than others.
  - (c) The more basic motives must be satisfied to a minimum level before other motives are activated.
  - (d) all of the above
60. Kelly is hungry, and this inner force is making him search for the type of food he wants to eat. He decides that an Arby's roast beef sandwich will satisfy his hunger. This inner force that is compelling him to search for food is known as a(n) \_\_\_\_\_.
- (a) Motive
  - (b) personality trait
  - (c) emotion

(d) perception

**Ans.** (1)(c), (2)(b), (3)(b), (4)(c),(5)(b), (6)(a), (7)(c), (8)(b), (9)(c), (10)(c). (11)(b) (12)(d),(13)(a), (14)(b),(15)(a), (16)(a),(17)(c),(18)(b), (19)(a), (20)(d), (21)(b), (22)(d), (23) (c), (24)(e), (25)(c), (26)(b), (27)(c), (28)(d), (29)(e), (30)(d), (31)(a), (32)(d), (33)(c), (34)(b), (35)(e), (36)(d), (37)(a), 38(B), 39(C),40(A),41(A), 42(d), 43(d), 44(c), 45(c), 46(a), 47(c), 48(b), 49(b), (50)(c),(51)(a),(52)(a),(53)(a),(54)(d),(55)(a),(56)(a),(57)(c), (58)(a),(59)(d),(60) (c).

## **II Short Answer Type Questions:**

1. Who are the participants in the Industrial buying process?
2. What are the post purchase actions consumers depict?
3. Enumerate the primary sources of information available to consumers.
4. What is the nature of evaluative criteria that consumers use?
5. How does the store image influence the image of brands it carry?
6. What are the situations triggering problem recognition amongst consumers?
7. How do organizational buyers manage risk in buying?
8. Outlining the key differences between individual buying and organizational buying. Explain what variations in marketing effort will have to be made by a manufacturer of stationery items, who now intends to enter organizational markets, after successfully established himself in the individual consumer market.
9. Why is it important to study the post purchase behavior?
10. What factors are likely to increase the pre purchase search for information?
11. Distinguish between compensatory and non compensatory decision rules using an example.
12. Describe various situations that can trigger need recognition amongst consumers.
13. Explain different types of buying behavior.
14. Distinguish between perceptual vigilance, perceptual selection and perceptual defense.
15. Explain the relevance of Maslow's Hierarchy of Needs to marketer.
16. Write short notes on:
  - (a) Ompensatory Decision Rules
  - (b) Guttman's means end chain
17. Briefly explain the role of involvement in consumer decision making.
18. Why should marketers study post purchase consumer behaviour?
19. What is meant by psychographic segmentation? Give examples of three brands using this segmentation base.
20. Briefly explain the Theory of Reasoned Action using an example related to consumer behaviour
21. Differentiate the following:

- (a) Internal and external search
  - (b) Positivism and experientialism
  - (c) Attitude based and attribute based choice
  - (d) Evoked set Vs inert set
  - (e) Traditional Vs Transitional Shoppers
22. How do low-involvement decisions differ from high-involvement decisions in terms of relevance, price, frequency, and the risks their buyers face? Name some products in each category that you've recently purchased.
  23. What is post purchase dissonance and what can companies do to reduce it?
  24. Explain what marketing professionals can do to influence consumers' behavior.
  25. Why is consumer behavior studied?
  26. Differentiate between Innate Needs and Learned Needs.
  27. How is the Knowledge of consumer behaviour useful to the marketer?
  28. Define consumer behaviour. What is the interrelationship between the consumer behaviour discipline and the marketing concept?
  29. Differentiate between Goals and Needs.
  30. What is the scope of Consumer behavior and Consumer buying behavior process.

### **III Long Answer Type Questions:**

1. How can the study of CB assist marketers in segmenting markets and positioning products?
2. What is Consumer Buying Behavior? Also state why it is important to study CB.
3. Why consumers make the purchases that they make? What factors influence consumer purchases?
4. What are various types of consumer buying behavior and what are its determinants?
5. Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. Explain how and also justify the statement.
6. What are the Stages to the Consumer Buying Decision Process for complex decisions?
7. "The buying process starts long before the actual purchase and has consequences long afterward". Justify the statement taking a real life example.
8. What is the significance of Problem Recognition in decision-making process?
9. How one can define customer satisfaction and dissatisfaction? What are the various factors under consideration?
10. How can marketers use post purchase communications to reduce product returns and order cancellations?
11. What do you understand by extensive problem solving, limited problem solving and routines response behavior?
12. What kind of decision process can you expect in the following cases and why?
  - (a) Purchase of a greeting card for a close friend.
  - (b) Purchase of an after shave lotion/moisturizer.



- 13 What are the areas of consumer behavior applications in marketing?
- 14 Briefly discuss the steps involved in consumer research design.
- 15 Discuss three methods of collecting Qualitative data for Consumer Research.
- 16 What internal factors influence Problem Recognition? Discuss the influence of life style in Problem Recognition.
- 17 What is the difference between generic and selective problem recognition? Under what condition marketers would strive to stimulate generic selective problem recognition?
- 18 What are consumer's evaluative criteria? How these criteria relates to information search?
- 19 Under what conditions should marketers encourage extended information search and why?
- 20 What is meant by in-store purchase decision and what factors might influence this? Why is it important?
- 21 What actions can a marketer of consumer durable brands take to reduce post purchase dissonance among customers?
- 22 How would you characterize consumer attitude towards replacement?
- 23 Discuss the role of social and behavioral sciences in developing the consumer decision making model
- 24 Discuss the interrelationship among customer expectation and satisfaction, perceived value and customer retention
- 25 Describe the interrelationships between consumer research, market segmentation and targeting, and the development of marketing mix for a manufacturer of high definition TV sets.
- 26 Define the term consumer behavior. Why is consumption viewed as a process? How can the study of consumer behavior help managers in developing a better strategy?
- 27 Briefly explain the consumer decision making process giving suitable examples.
- 28 Identify one example of how a consumer behavior principle can assist the manager in each of the following areas:
  - (a) Sales Promotion
  - (b) Public Relations
  - (c) Pricing
  - (d) Distribution
- 29 "An understanding of the consumer behavior underlies all marketing activity and is necessary for organizations to be profitable." Elaborate.
- 30 What factors are likely to influence the extent of pre- purchase information search? What role does perceived risk play in this?
- 31 Explain the various types of rules that consumers may use for alternative evaluation and selection. Use a suitable example to illustrate your answer.
- 32 You are the brand manager of a new line of light weight autofocus, economically priced digital cameras. Describe how an understanding of consumer behaviour will help you in your segmentation strategy and promotion strategy. What are the consumer behaviour variables that are crucial to your understanding of this market ?

- 33 Describe the scope of consumer behavior as a field of study and explain how it is linked to the development of marketing strategy.
- 34 Explain in detail the consumer decision making process for a high involvement product in detail.
- 35 Discuss the importance of studying consumer behavior using examples from the Indian context to illustrate your answers.
- 36 Compare and contrast organizational and industrial buyer behavior and critically examine various emerging issues of consumer behavior in Indian Context.
- 37 Enumerate the changing concepts of opinion leadership, word of mouth, viral marketing etc. influencing consumer decision making processes.
- 38 Examine the changing concept of consumer behavior and explain the key dimensions of consumer behavior
- 39 Enumerate various approaches to conduct research in understanding consumer behavior vis-a vis marketing decisions.
- 40 “It is important to please initial customers, since they will in turn influence many subsequent customers' brand choices.” Explain this statement with appropriate example.
- 41 Describe the various Types of decision rules that consumers may use to choose between various brands .Use example of a laptop purchase to illustrate your answer.
42. Frame a questionnaire with open and closed questions for conducting interviews of industrial consumers towards their buying behavior
43. Design a mailing questionnaire for surveying the psychological variables involved in purchase decision of individual consumers.
- 44 Assume that you are working in GODREJ as marketing manager .You know that internal Factors such as perception, motivation, learning and personality influent consumer decision making .In your opinion how do each of these Internal factors impact the purchase of the product and how might you use these factors in developing the marketing strategy for your firm.
45. Mr Sharma's middle class family of four owns a 2 year old semi-automatic Videocon washing machine.Their clothes are washed by their domestic help who is comfortable operating the semi-automatic machine and charges rupees 600 per month for this however delicate clothes and woolens are dry cleaned and on this day spend rupees 1000 per month on an average .The Sharma's live on the first floor in a small flat with just one balcony on a recent visit to her neighbor’s house .Mrs. Sharma realize she could think of replacing her washing machine she was reasonably satisfied with her current arrangement but when her neighborhood told her about the front load fully automatic washing machines introduced by some manufacturers including was Videocon she started to consider the possibility for replacement. However she had heard that fully automatic machines required more water and electricity to function also considering the expenditure involved she was not completely convinced about the Purchase.
1. As a marketer of consumer manufacturing washing machines how will you convince Mrs. Sharma and create a favorable attitude towards fully automatic washing machines?

2. describe message Sharma's process of buying a new fully automatic washing machine at what stage of the buying process would you influence her choice in favor of your brand

## **UNIT - II**

### **I Test Your Skills:**

#### **(a) Multiple Choice Questions:**

- 1 The rational element of motivation is called:  
(a) A goal  
(b) An incentive  
(c) A drive  
(d) None of the above
- 2 A motive which operates below the conscious level is called:  
(a) A conscious motive  
(b) A dormant motive  
(c) An emotional motive  
(d) None of the above
- 3 Rules for purchasing are called:  
(a) Risk reducers  
(b) Heuristics  
(c) Purchase regulations  
(d) None of the above
- 4 According to Freud, which of the following is our conscious self?  
(a) The id  
(b) The superego  
(c) The ego  
(d) None of the above
- 5 When a stimulus that is close to the conditioned stimulus evokes the conditioned response, this is called:  
(a) Generalization  
(b) Extinction  
(c) Discrimination  
(d) None of the above
- 6 An external trigger that encourages learning is called:  
(a) A response

- (b) A cue
  - (c) Reinforcement
  - (d) None of the above
- 7 The emotional component of attitude is called:
- (a) Cognition
  - (b) Conation
  - (c) Affect
  - (d) None of the above
- 8 The effect whereby someone holding two conflicting attitudes at once feels discomfort is called:
- (a) Attitude disconfirmation
  - (b) Affective re-adjustment
  - (c) Cognitive dissonance
  - (d) None of the above
- 9 Intelligent interruption in communication is called:
- (a) Noise
  - (b) Interference
  - (c) Encoding
  - (d) None of the above
- 10 What does VALS stand for?
- (a) Value Added Living Systems
  - (b) Values and Life Styles
  - (c) Variable Living Styles
  - (d) None of the above
11. Which of the following statements is true about the goal theory of motivation?
- (a) People with easier goals will perform better than people with difficult goals.
  - (b) A person's level of commitment to a goal will not regulate the level of effort expended.
  - (c) Research has shown that there is little support for the goal theory and its effects on motivation with regard to the relationship between goal-setting and performance.
  - (d) People with difficult goals will perform better than people with easier goals.
12. People will forget much that they learn. They tend to retain information that supports their attitudes and beliefs. This is called \_\_\_\_\_.
- (a) Selective retention
  - (b) Selective distortion
  - (c) Selective attitude

- (d) Selective attention
  - (e) Perceptual vigilance
13. A person's \_\_\_\_\_ comprises internal factors, such as ability, intelligence and personality, and will determine how an individual responds to certain stimuli.
- (a) Sensory limit
  - (b) Cognitive set
  - (c) Perceptual set
  - (d) Psychological threshold
14. Which of the following will influence an individual's perceptions?
- (a) Previous experiences.
  - (b) Individual needs.
  - (c) Sensory limitations.
  - (d) All of the above.
15. Which two of the following are terms used by Cook to describe the two kinds of information used in a social encounter?
- (a) Secondary information.
  - (b) Impressionistic information.
  - (c) Static information.
  - (d) Primary information.
  - (e) Dynamic information.
16. Which three of the following does Kelley suggest are the basic criteria that we use when making attributions?
- (a) Consistency.
  - (b) None of these.
  - (c) Consensus.
  - (d) Internal factors.
  - (e) External factors.
17. What best describes the Adult ego state?
- (a) It may be associated with having fun, playing, impulsiveness, rebelliousness, spontaneous behaviour and emotional responses.
  - (b) In this state we may be objective, rational, reasonable, seeking information and receiving facts.
  - (c) It refers to feelings about right and wrong and how to care for other people
  - (d) None of the above

18. Which of the following are employees with an internal locus of control orientation more likely to display than employees with an external control orientation?
- (a) An increased probability of gaining managerial positions.
  - (b) Greater satisfaction with their jobs.
  - (c) Greater satisfaction with participatory management.
  - (d) All of the above.
19. Which factors are used to interpret a person's task performance?
- (a) Internal attributive control.
  - (b) Unstable factors.
  - (c) Stable factors.
  - (d) Internal attributions.
  - (e) External attributions.
  - (f) All of these.
20. The process by which the perception of a person is formulated on the basis of a single favorable or unfavorable trait or impression, where other relevant characteristics of that person are dismissed is called:
- (a) Stereotyping.
  - (b) Clouded judgment.
  - (c) The angel effect.
  - (d) The halo effect
21. Which of the following is true?
- (a) Self-concept is instinctive
  - (b) Self-concept is learned
  - (c) Self-concept is imposed on us by our parents.
  - (d) None of the above
22. Ourselves as others see us is called:
- (a) The real self
  - (b) The ideal self
  - (c) The looking-glass self
  - (d) None of the above
23. The subjective self, as we see ourselves, is called:
- (a) The real self
  - (b) The ideal self
  - (c) The looking-glass self
  - (d) None of the above

24. The way we think other people see us is called:
- (a) The real self.
  - (b) The looking-glass self
  - (c) The ideal self
  - (d) None of the above
25. The process of monitoring our behavior to conform with feedback from others is called:
- (a) Self-expression
  - (b) Self-monitoring
  - (c) Self-behaving
  - (d) None of the above
26. Which of the following is true?
- (a) Low self-monitors worry about what other people think of them
  - (b) High self-monitors believe themselves to be apart from the rest of humanity.
  - (c) Low self-monitors behave according to some inner drive.
  - (d) None of the above
27. Ducking when a stone is thrown at you is an example of:
- (a) Species response tendencies
  - (b) Maturation
  - (c) Learning
  - (d) None of the above
28. The tendency for elderly people to move more slowly is an example of:
- (a) Species response tendencies
  - (b) Maturation
  - (c) Learning
  - (d) None of the above
29. In Pavlov's experiments, the meat powder acted as:
- (a) An unconditioned response
  - (b) An unconditioned stimulus
  - (c) A conditioned stimulus
  - (d) None of the above
30. In Pavlov's experiment, the bell acted as:
- (a) An unconditioned response
  - (b) An unconditioned stimulus
  - (c) A conditioned stimulus
  - (d) None of the above

31. If the conditioned stimulus comes before the unconditioned stimulus, this is called:
- (a) Forward conditioning
  - (b) Backward conditioning
  - (c) Simultaneous conditioning
  - (d) None of the above
32. If the unconditioned stimulus comes before the conditioned stimulus, this is called:
- (a) Forward conditioning
  - (b) Backward conditioning
  - (c) Simultaneous conditioning
  - (d) None of the above
33. Which works best in advertising?
- (a) Forward conditioning
  - (b) Backward conditioning
  - (c) Simultaneous conditioning
  - (d) None of the above
34. What is the correct term for a situation where a stimulus no longer evokes the conditioned response?
- (a) Generalisation.
  - (b) Discrimination
  - (c) Extinction
  - (d) None of the above
35. When a stimulus that is close to the conditioned stimulus evokes the conditioned response, this is called:
- (a) Generalisation.
  - (b) Discrimination
  - (c) Extinction
  - (d) None of the above
36. All of the following factors would be listed as social factors that influence consumer behaviour EXCEPT:
- (a) Roles and status
  - (b) Family.
  - (c) Occupation.
  - (d) Reference groups.
37. Which of the following would correctly be labelled as a cultural factor that would influence consumer behaviour?
- (a) Social class.



- (b) Reference groups.
  - (c) Lifestyle.
  - (d) Family.
38. Which of the following would be the BEST description of the major AIO dimensions that describe a person's pattern of living?
- (a) Attitudes, Interests, and Opinions.
  - (b) Activities, Interests, and Opinions.
  - (c) Activities, Innovation, and Occasions.
  - (d) Attitudes, Income, and Observations.
39. "We are what we have" would be associated with which of the following concepts?
- (a) Attitudes.
  - (b) Beliefs.
  - (c) A person's self-concept.
  - (d) Personality.
40. Another term for a motive (especially after it has become activated or directed) is a:
- (a) Need.
  - (b) Action.
  - (c) Drive.
  - (d) Cue.
41. Basic needs such as hunger and thirst are called:
- (a) Safety needs.
  - (b) Psychological needs.
  - (c) Social needs.
  - (d) Physiological needs.
42. \_\_\_\_\_ describes changes in an individual's behaviour arising from experience.
- (a) Learning.
  - (b) A cue.
  - (c) Motivation.
  - (d) Stimulus object.
43. Which step of the buyer decision process immediately precedes the purchase decision?
- (a) Need recognition.
  - (b) Information search.
  - (c) Post purchase behaviour.
  - (d) Evaluation of alternatives.

44. If a consumer has discomfort caused by post purchase conflict, the consumer is experiencing:
- (a) Subliminal persuasion.
  - (b) Cognitive dissonance.
  - (c) Stimulus ambiguity.
  - (d) Confirmation.
45. The stage in the adoption process where the consumer considers whether trying the new product makes sense is called:
- (a) Adoption.
  - (b) Evaluation.
  - (c) Interest.
  - (d) Trial.
46. Ads affecting consumers subconscious minds are classified as
- (a) Online Advertising
  - (b) Subliminal Advertising
  - (c) Luminal Advertising
  - (d) Both B And C
47. Tendency to which experiences of potential customers fits with innovation is called
- (a) Relative Advantage
  - (b) Divisibility
  - (c) Communicability
  - (d) Compatibility
48. Types of consumer buying behavior are
- (a) Two Types
  - (b) Three Types
  - (c) Four Types
  - (d) Five Types
49. Highly involved consumer buying behavior and customers perceive fewer differences among brands is called
- (a) Complex Buying Behavior
  - (b) Variety Seeking Buying Behavior
  - (c) Dissonance Reducing Buying Behavior
  - (d) Habitual Buying Behavior
50. Cultural factors must include
- (a) Beliefs And Attitudes

- (b) Social Class
  - (c) Occupation
  - (d) Roles And Status
51. What is the first stage in the purchase decision process?
- (a) Situation Analysis
  - (b) Information Search
  - (c) Price Comparison
  - (d) Need Or Problem Recognition
  - (e) An Advert
52. What is the final stage in the purchase decision process?
- (a) Purchase
  - (b) Post-Purchase Evaluation
  - (c) Word Of Mouth
  - (d) Pre-Purchase Evaluation
  - (e) Price
53. What is a consumer's awareness set?
- (a) The Products That A Consumer Has Heard Of That May Solve Their Problem
  - (b) The Adverts That A Consumer Likes
  - (c) Everything A Consumer Knows About A Product
  - (d) The Products That A Consumer Is Seriously Considering Buying
  - (e) The Manufacturers That A Consumer Has Heard Of
54. What is at the highest level of Maslow's hierarchy of needs?
- (a) Esteem Needs
  - (b) Self-Actualisation Needs
  - (c) Social Needs
  - (d) Safety Needs
  - (e) Physiological Needs
55. What does the term 'evoked set' mean?
- (a) Products That Have Caused Complaints
  - (b) A Customer's Close Friends
  - (c) A Consumer's Shortlist Of Possible Purchases
  - (d) Products That Stand Out
  - (e) Products Whose Advertising Is Memorable

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  - (e) Products Whose Advertising Is Memorable
57. James recently purchased a new car, however now he is worried about whether he made the right decision. Consumer behaviourists have a term for this state of mind. What is it?
- (a) Purchase Concern
  - (b) Dithering
  - (c) Post-Purchase Dissonance
  - (d) Product Evaluation
  - (e) Consumer Re-Evaluation
58. 14-year-old Beth is a member of the Girls Aloud fan club. She accesses their Facebook page regularly and is strongly influenced by what Girls Aloud say and wear. What kind of reference group is this fan club for Beth?
- (a) Aspirant Group
  - (b) Inclusive Group
  - (c) Disassociative Group
  - (d) Non-Membership Group
  - (e) Membership Group
59. What kind of buying situation is it when a consumer buys a product regularly and there is very little financial (or any other) risk associated with its purchase? Examples might be: their favourite drink, a bar of chocolate or their daily newspaper.
- (a) Extended Problem-Solving
  - (b) Complex Problem-Solving
  - (c) Impulse Problem-Solving
  - (d) Limited Problem-Solving
  - (e) Routine Problem-Solving
- 60 John has always loved Citroen cars and so he is delighted when he hears that a Citroen has won Top Gear's award for car of the year. It takes his friends a long time to convince him that it was actually just 'new hatchback of the year' and the overall winner was a Jaguar. John has unintentionally changed the information he heard to match his own beliefs and attitudes. What is the term for that?
- (a) Attitude Reinforcement
  - (b) Selective Distortion
  - (c) Enhanced Perception
  - (d) Selective Retention

(e) Selective Hearing

**Ans.** (1)(a), (2)(b), (3)(b), (4)(c), (5)(a), (6)(b), (7)(c), (8)(b), (9)(b), (10)(b), (11)(d), (12)(a), (13)(c), (14)(d), (15)(c & e), (16)(a & c), (17)(b), (18)(d), (19)(b,c,d,e), (20)(d), (21)(a), (22)(b), (23)(b), (24)(c), (25)(d), (26)(a), (27)(c), (28)(d), (29)(b), (30)(a), (31)(b), (32)(c), (33)(b), (34)(c), 35(c), 36(c), 37(a), 38(b), 39(c), 40(c), 41(d), 42(a), 43(d), 44(b), 45(b), 46(b), 47(d), 48(c), 49(c), 50(b), 51(d), 52(d), 53(a), 54(b), 55(c), 56(c), 57(c), 58(e), 59(e), 60(b),

## **II Short Answer Type Questions:**

- 1 What are acquired needs?
- 2 Explain the concept of id, ego and superego.
- 3 Explain Weber's law and how marketers can use it for policy formulation?
- 4 What is the significance of cognitive response model for developing advertisement?
- 5 What are the marketing implications of a more frugal life style.
- 6 Explain the VALS 2 typology.
- 7 Write short notes on:
  - (a) Consumer values and lifestyles
  - (b) Personality and self concept
- 8 Explain the concept of belief, attitude and behavior. Give examples of each
- 9 Explain a multi attribute model.
- 10 Explain the Tri Component Attitude Model and its relevance for marketers
- 11 Consumers use products to enhance their self Images. Comment
- 12 Briefly discuss the Behavior Intention Model of attitudes. Can markets 'manage' attitudes? Use examples to support your answer.
- 13 Explain any four defense mechanisms to deal with the frustration.
- 14 What is meant by psychographic segmentation? Give examples.
- 15 Describe the various types of risk that consumers may perceive in a purchase situation and the risk- reduction strategies that they may adopt.
- 16 Describe the applications of the Tri-component attitude model to marketing strategy decision.
- 17 Discuss how self-concept can influence consumer behaviour.
- 18 Describe any two attitude change strategies that marketers can adopt
- 19 Apply Herzberg's two factor theory of motivation to marketing
- 20 Differentiate the following
  - a) Generic and product-specific goals.
  - b) Actual and ideal self.
  - c) Dissonance and attribution theory.
  - d) Conditioned and unconditioned stimuli.

e) Parenthood and post parenthood.

- 21 Describe the personal and psychological factors that may influence what consumers buy and when they buy it.
- 22 Explain how Maslow's hierarchy of needs works.
- 27 Explain how looking at lifestyle information helps firms understand what consumers want to purchase.
- 28 Draw a framework for cross cultural consumer behavior in international perspective.
- 29 Why have multi-attribute attitude models become so popular among marketing researchers? What are the elements that are specified in such models?
30. What do you understand by 'Self Image'?
31. What are the stages of consumer decision process?
- 32 What are components of Tri-component Attitude Model?
- 33 What is Group Dynamics?
- 34 What is Opinion Leadership?
- 35 What are stages in adoption process?
- 36 What are individual factors affecting consumer behavior?
- 37 What is 'Brand Loyalty'?
- 38 What do you understand by Learning?
- 39 Define societal marketing concept.
- 40 Name various cross-cultural factors which have an influence on consumer behavior.

### **III Long Answer Type Questions:**

- 1 What is a motive? What are the various roles that motives play in influencing consumer behavior?
- 2 What general factors can trigger motive arousal? Mention each type to illustrate your point?
- 3 Discuss and critically evaluate Maslow's hierarchy of Needs. Suggest any product for which the marketer might be able to appeal at least three of the stages in the hierarchy model at the same time.
- 4 How do personality traits explain consumer behavior? Mention three examples of how personality traits can influence consumer research?
- 5 What are the implications for marketers in creating a personality for their brands?
- 6 What is perception? How does it influence consumer behavior? Which important factors influence consumer perception?
- 7 What do you understand by absolute threshold and differential threshold? How do marketers apply the concept of differential threshold or (just noticeable difference) in their marketing strategies. Explain by taking examples from the FMCG category.
- 8 What is consumer involvement? Discuss two examples each of low and high involvement incase of consumer non – durable and durable products?
- 9 Mention two examples each of classical conditioning and instrumental conditioning used in advertising?

- 10 How can marketers use measures of recognition and recall to study the extent of consumer learning?
- 11 What are attitudes? What functions attitudes perform to help consumers?
- 12 Discuss the three(tri) – component model of attitudes. What is the relevance of this model to advertising objectives?
- 13 Suggest the application of multi – attribute model of attitudes in changing consumer attitudes.
- 14 Is it true that- the consumer usually receives the most information from commercial sources, but the most influential information comes from personal sources or public sources that are independent authorities? Why or why not?
- 15 What is the role of belief and attitudes in evaluation of alternatives?
- 16 Explain with example: evoked, inert and inept set of brands for a particular product category.
- 17 By perceived risk a consumer’s decision to modify, postpone, or avoid a purchase decision is heavily influenced. What is perceived risk and the factors affecting amount of perceived risk?
- 18 How do the consumer arrives at attitudes (judgments, preferences) toward various brands through an attribute evaluation procedure?
- 19 What is cognitive dissonance? What are various ways of reducing it?
- 20 Explain how the product manager of a chocolate brand might change consumer attitudes toward the company’s brand by:
- (a) Changing beliefs about the brand.
  - (b) Changing beliefs about competing brands.
  - (c) Changing the relative evaluation of attributes.
  - (d) Adding an additional attribute.
- 21 For each of the following products and activities identify the core values most relevant to their purchase and use:
- (a) Donating money to charities
  - (b) Donating blood
  - (c) Cellular phones
  - (d) Fat free foods.
- 22 Most human needs are dormant much of the time. What factors cause their arousal? Find two examples of ads that are designed to latent consumer needs and discuss their effectiveness
- 23 Why is it difficult for consumer to evaluate the quality of services than the quality of products?
- 24 What is the relation between Brand loyalty and brand equity?
- 25 Describe in learning terms the conditions under which family branding is a good policy and those under which it is not.

- 26 Why and how do the psychological factors influence consumer buying behavior? As a potential buyer of a latest brand of DVD, briefly explain the social and cultural factors that affect your buying decisions.
- 27 Explain the applications and principles of classical and instrumental conditioning to marketing.
- 28 Explain in detail the factors that determine which marketing stimuli consumers will pay attention to.
- 29 Explain how marketers can link their products to consumer value using the means-end chain. Use suitable examples.
- 30 What do you understand by absolute threshold and differential threshold? How do marketers apply the concept of differential threshold or "just noticeable difference" in their marketing strategy? Explain by taking examples from the FMCG Category.
- 31 (a) Explain the application of classical conditioning theory to marketing strategy.  
(b) Describe the basic principles of perceptual organization and explain their relevance to marketing strategy.
- 32 (a) A marketer of health foods is attempting to segment the market on the basis of consumer self- concept. Describe the various types of self-concept and explain how this knowledge could be used to develop marketing strategy.  
(b) Briefly describe any three strategies available to marketers to change consumer attitudes towards their brands.
- 33 Distinguish between learning via classical conditioning and instrumental conditioning. Give examples of both types of learning from the field of economics behavior.
34. Explain the Freudian and neo-Freudian systems of personality, as they might apply to the behaviour of different consumers.
35. Explain and apply cognitive learning theory in a marketing situation.
36. Discuss the differences between low- and high-involvement media. How would you apply the knowledge of hemispheric lateralization to the development of TV commercials and print advertisements?
37. Why are both attitudinal and behavioral measures important in measuring brand loyalty?
38. Neutrogena, the cosmetic company, has introduced a new line of shaving products for men. How can the company use stimulus generalization to market these products? Is instrumental conditioning applicable to this marketing situation? If so, how?
39. Describe how the Rokeach classification of values can be used by marketers for positioning and advertising brands.
- 40 What are the various power bases of reference groups? Give examples of how these power bases may influence consumers in their consumption decisions.
- 41 What do the terms acculturation and enculturation mean and how do they relate to consumer socialization?
- 42 Identify and discuss the five factors that influence the amount of search performed by consumers in a typical decision-making process.
- 43 What types of programs or tactics would you suggest the owner institute to break the fear of Baby Boomers and change their attitude toward rock climbing



- 44 What do you think motivates one to rock climb or try this sport? Is the value provided utilitarian or hedonic? If so what would be your motivation?
- 45 Briefly state the various stages of the Consumer decision making process that a consumer will go through when purchasing a Laptop for the first time. What is meant by cognitive dissonance and how will it be overcome in this case
- 46 How do consumers store and retain information. What do you understand by the process of retrieval?
- 47 (a) Why is Theory of reasoned action Model called the extended Fishbein's model? Give examples to explain the difference.  
 (b) Distinguish between Likert scale and semantic differential scales for measuring attitudes.
- 48 What are reference groups? What are the various reference group appeals being used by marketers. Explain with suitable examples.
- 49 Discuss the use of the Family Life Cycle (FLC) concept by marketers to segment the market. Which would be the most appropriate FLC segment to be targeted for the following products.  
 i) Ready to eat breakfast cereal.  
 ii) A Home Furnishing retail store.
- 50 What are the characteristics of a business buyer? How does the buy class (straight rebuy, new task and modified rebuy) influence the business buying behavior?

### **UNIT - III**

#### **I Test your Skills:**

##### **(a) Multiple Choice Questions:**

- 1 The set of shared beliefs, behaviours and attitudes associated with a large group of people is called:  
 (a) Religion  
 (b) Culture  
 (c) Social Framework  
 (d) Ethics
- 2 A custom with a strong moral component is called:  
 (a) Taboo  
 (b) A more  
 (c) An imperative  
 (d) Ethic
- 3 Which of the following is NOT one of Hofstede's dimensions?  
 (a) Masculinity-femininity

- (b) Individualism-collectivism
  - (c) Wealth-poverty
  - (d) Environment
- 4 A culture in which the norms are embedded deeply in its members is called
- (a) A high-context culture
  - (b) A repressive culture
  - (c) A low-context culture
  - (d) None of the above
- 5 Which of the following is NOT a stage in acculturation?
- (a) Honeymoon
  - (b) Rejection
  - (c) Quittance
  - (d) Confidence
- 6 The groups we see occasionally, with whom we have a shared interest, are called:
- (a) Primary groups
  - (b) Secondary groups
  - (c) Familiarity groups
  - (d) Tertiary groups
- 7 The view that lower-class people imitate upper-class people is called:
- (a) Trickle-down theory
  - (b) Imitation theory
  - (c) Class differential theory
  - (d) None
- 8 Insistent demands for products is called:
- (a) Pester power
  - (b) Irritation power
  - (c) Child pressure
  - (d) Peer pressure
- 9 The person with the most power is called:
- (a) The most powerful person
  - (b) The least dependent person
  - (c) The most independent person
  - (d) Interdependent
- 10 Those who seek out new intellectual experiences are called:
- (a) Cognitive innovators

- (b) Sensory innovators
  - (c) Attitudinal innovators
  - (d) Intelligent
11. How do consumers respond to various marketing efforts the company might use? The starting point is the \_\_\_\_\_ of a buyer's behavior.
- (a) belief
  - (b) subculture
  - (c) postpurchase feeling
  - (d) stimulus-response
  - (e) postpurchase dissonance
12. Four important subcultures mentioned by the author include all except \_\_\_\_\_.
- (a) Hispanics
  - (b) African Americans
  - (c) Mature consumers
  - (d) Opinions leaders
  - (e) Asian Americans
13. Each culture contains smaller \_\_\_\_\_, or groups of people with shared value systems based on common life experiences and situations.
- (a) Alternative evaluations
  - (b) Cognitive dissonances
  - (c) Subcultures
  - (d) Motives
  - (e) Attitudes
14. \_\_\_\_\_ is(are) the most basic cause of a person's wants and behavior.
- (a) Culture
  - (b) Brand personality
  - (c) Cognitive dissonance
  - (d) New product
  - (e) Selective perception
15. Marketers use various mythical creatures and personalities, such as the Pillsbury Doughboy or Sasquatch, to create an identity for their products. The personalities become well-known in popular culture, and are effective representatives for their products. Such figures are called:
- (a) Spokespersons
  - (b) Marketing figures
  - (c) Role icons

- (d) Product determinants
  - (e) None of the above
16. \_\_\_\_\_ are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors.
- (a) Subcultures
  - (b) Social classes
  - (c) Perceptions
  - (d) Purchase decisions
  - (e) Lifestyles
17. A young native Canadian moves from the Northwest Territories to attend university in Toronto, Ontario. The disorientation he feels is called
- (a) Culture shock.
  - (b) Counterculture.
  - (c) Cultural lag.
  - (d) Cultural relativism.
18. The values, beliefs, behaviour, and material objects that constitute a people's way of life is defined as
- (a) Norms.
  - (b) Culture.
  - (c) Mores.
  - (d) Folkways
19. What we call "civilization", based on permanent settlements and specialized occupations, emerged on the earth about \_\_\_\_\_ years ago.
- (a) 12 million
  - (b) 2 million
  - (c) 40 thousand
  - (d) 12 thousand
20. What is the official language of 20 percent of the world's people?
- (a) English
  - (b) Spanish
  - (c) Chinese
  - (d) French
21. Different social classes tend to have different attitudinal configurations and \_\_\_\_\_ that influence the behavior of individual members.
- (a) Personalities

- (b) Values
  - (c) Finances
  - (d) Decision makers
22. \_\_\_\_\_ is the single factor that best indicates social class.
- (a) Time
  - (b) Money
  - (c) Occupation
  - (d) Fashion
23. Which of the following statements about social classes in the United States is true?
- (a) The middle class is the largest class
  - (b) Less than five percent of the population in the U.S. belong to the upper class
  - (c) The working class is defined as “family folk” who depend heavily on relatives for economic and emotional support
  - (d) The middle class is the group most likely to demand instant gratification
24. 14% of the population that is differentiated mainly by having high incomes is classified as \_\_\_\_\_.
- (a) The working class
  - (b) The middle class
  - (c) Upper Americans
  - (d) Lower middle class
25. Upper Americans prioritize spending on \_\_\_\_\_.
- (a) Technology related products, and gifts
  - (b) Pubs and discos
  - (c) Gambling events
  - (d) Travel, club memberships, and prestigious schools for children.
26. The population of American consumers that want to do the right things and buy what is popular is generally referred to as the \_\_\_\_\_.
- (a) Lower middle class
  - (b) Upper American class
  - (c) Working class
  - (d) Middle class
27. In terms of consumption decisions, middle class consumers prefer to \_\_\_\_\_.
- (a) Buy at a market that sells at a wholesale rates
  - (b) Buy what is popular

- (c) Buy only the brands which sell at affordable prices
  - (d) Analyze the market and select the best at the lowest prices
28. What is the middle class concerned about?
- (a) European travel and club memberships for tennis, golf, and swimming
  - (b) Prestigious schooling facility for their children
  - (c) Fashion and buying what experts in the media recommend
  - (d) Buying only “value for money” products
29. Increased earnings in the middle class have led to spending on more “worthwhile experiences” for children, such as \_\_\_\_\_.
- (a) The latest television sets and other entertainment products
  - (b) Ski trips, college education, and shopping for better brands of clothes at more expensive store
  - (c) The best branded school gear, bags and shoes
  - (d) Having great parties among high society circles
30. The group of Americans referred to as “family folk” is also commonly referred to by marketers as the \_\_\_\_\_.
- (a) Social class
  - (b) Working class
  - (c) Middle class
  - (d) Upper American class
31. According to research, there are four factors that influence consumer buyer behavior:
- (a) Psychological, Personal, Social, CRM Systems
  - (b) Cultural, Organizational, Personal, Psychological
  - (c) Cultural, Social, Personal, Psychological
  - (d) None Of The Above
32. The psychological factors influencing consumer behavior are;
- (a) Motivation, Perception, Learning, Beliefs And Attitudes
  - (b) Culture, Subculture, Social Class
  - (c) Reference Groups, Family, Roles And Status
  - (d) All Of The Above
33. Consumers who purchase a Harley-Davidson motorcycle can receive which of the following in addition to the purchase of the product?
- (a) Membership In A Group

- (b) A 20 Year Warrantee
  - (c) Free Maintenance for Five Years
  - (d) Invitations to Harley Jamborees, Harley 101 Safety Courses, And Camp Harley
  - (e) Greater Attention from The Police
34. Which type of group's presumed perspectives or values are being used by an individual as the basis for his or her current behavior?
- (a) Cohort Group
  - (b) Generation Group
  - (c) Community Group
  - (d) Reference Group
  - (e) Modeling Group
35. Which of the following is NOT a criterion used to classify groups?
- (a) Membership
  - (b) Strength of Social Tie
  - (c) Number of Members
  - (d) Type of Contact
  - (e) Attraction
36. Angie is a teenager, living at home with her parents and two brothers. Even though she wants to venture out more on her own, her parents will not allow it, and she obeys their wishes. Her family represents a(n) \_\_\_\_\_ group.
- (a) Primary Group
  - (b) Secondary Group
  - (c) Consumer Group
  - (d) Restrictive Group
  - (e) Intimate Group
37. Groups with negative desirability are referred to as \_\_\_\_\_.
- (a) Primary Reference Groups
  - (b) Secondary Reference Groups
  - (c) Dissociative Reference Groups
  - (d) Aspiration Reference Groups
  - (e) Unattractive Reference Groups
38. Individuals frequently purchase products thought to be used by a desired group in order to achieve actual or symbolic membership in the group. This type of group is referred to as a(n) \_\_\_\_\_.

- (a) Primary Reference Group
  - (b) Secondary Reference Group
  - (c) Dissociative Reference Group
  - (d) Aspiration Reference Group
  - (e) Attractive Reference Group
39. Which group of teens sees themselves and others as cool and at the center of the action?
- (a) Influencers
  - (b) Conformers
  - (c) Market Leaders
  - (d) Trend Setters
  - (e) Market Mavens
40. Which of the following is a characteristic of a consumption subculture?
- (a) An Identifiable, Hierarchical Social Structure
  - (b) A Set Of Shared Beliefs Or Values
  - (c) Unique Jargon, Rituals, And Modes Of Symbolic Expression
  - (d) A And B
  - (e) A, B, And C
41. If product performance exceeds customer expectations, customer is
- (a) Satisfied
  - (b) Dissatisfied
  - (c) Delighted
  - (d) None Of Above
42. That minor stimuli which determines when and how customer will respond in certain way is called
- (a) Perception
  - (b) Cues
  - (c) Motives
  - (d) Both A And C
43. Less involved consumer buying behavior in which customers perceive few difference between brands is called
- (a) Complex Buoying Behavior
  - (b) Variety Seeking Buying Behavior
  - (c) Dissonance Reducing Buying Behavior
  - (d) Habitual Buying Behavior
44. According to brand personality traits, 'sophistication' is concluded as brand being



- (a) Reliable And Intelligent
  - (b) Daring And Imaginative
  - (c) Cheerful And Wholesome
  - (d) Charming And Upper Class
45. Social class who rely on relatives for assistance in trouble times and economic support considered as
- (a) Upper Middles
  - (b) Working Class
  - (c) Middle Class
  - (d) Upper Uppers
46. Well-known brand 'Apple' is related to brand personality trait of
- (a) Ruggedness
  - (b) Competence
  - (c) Sophistication
  - (d) Excitement
47. In 'adoption process for new products', customer seek information in the
- (a) Awareness Stage
  - (b) Interest Stage
  - (c) Evaluation And Trial Stage
  - (d) All Of Above
48. Mental process in which customer ends up as buyer of a new product is called
- (a) Adoption Process
  - (b) Cognitive Dissonance
  - (c) Pre Purchase Behavior
  - (d) Post-Purchase Behavior
49. In social class grouping, white and blue collar workers with average pay can be classified as
- (a) Upper Middles
  - (b) Working Class
  - (c) Middle Class
  - (d) Upper Uppers
50. Buyer decision process starts with
- (a) Need Recognition
  - (b) Information Search

- (c) Evaluation Of Alternatives
  - (d) Both B And C
51. According to research, there are four factors that influence consumer buyer behavior:
- (a) Psychological, Personal, Social, CRM Systems
  - (b) Cultural, Organizational, Personal, Psychological
  - (c) Cultural, Social, Personal, Psychological
  - (d) None Of The Above
52. The psychological factors influencing consumer behavior are;
- (a) Motivation, Perception, Learning, Beliefs And Attitudes
  - (b) Culture, Subculture, Social Class
  - (c) Reference Groups, Family, Roles And Status
  - (d) All Of The Above
53. Which of the following statements is not true?
- (a) Sigmund Freud assumed that people are largely unconscious about the real psychological forces shaping their behavior
  - (b) The term motivation research refers to qualitative research designed to probe Consumers hidden, subconscious motivations
  - (c) Abraham Maslow sought to explain why people are driven by particular needs at particular times
  - (d) Selective retention means that marketers must try to understand the mind-sets of Consumers and how these will affect interpretations of advertising and sales information
54. The consumers' five steps of adopting a new product refer to which of the following?
- (a) Awareness, interest, evaluation, trial, adoption
  - (b) Awareness, promotion, evaluation, trial, adoption
  - (c) Adoption, interest, evaluation, trial promotion
  - (d) Awareness, interest, cash cows, trial, adoption
55. Contactual reference groups are:
- (a) Close groups that we currently belong to, or perhaps belonged to in the past, but no longer want to associate ourselves with.
  - (b) Close groups with which we interact regularly and where there is a degree of proximity.
  - (c) Groups of people that the consumer can identify or admire (often from afar), and aspires to be like them in some way.
56. The value-expressive influence of reference groups is:

- (a) When a consumer uses the reference group to actively get information from opinion leaders or expert groups.
  - (b) When a person is influenced in their choice of brand by the preferences of those with whom they socialize, including family members and work colleagues.
  - (c) When someone buys a particular brand to enhance their image, and because they admire characteristics of people who use the brand.
57. Parental yielding is when:
- (a) A parent makes all purchases on behalf of a child.
  - (b) A parent is influenced by a child's request and 'surrenders'.
  - (c) A parent passes responsibility for purchases for children to another parental decision-maker.
58. Cultural capital is:
- (a) The financial resources available to a person.
  - (b) The relationships and social networks influencing behaviour.
  - (c) The knowledge that is accumulated through upbringing and education, consisting of a set of distinctive tastes, skills, knowledge, and practices.
59. When companies try and create WOM around their brands, this is called:
- (a) Endogenous WOM
  - (b) Exogenous WOM
  - (c) Fake WOM
60. A teenager has lunch in McDonald's with her friends, even though she doesn't really like McDonald's and privately prefers to eat the food at Subway. This is an example of which of the following types of conformity?
- (a) Informational conformity
  - (b) Normative conformity
  - (c) Compliance
  - (d) Internalization

**Ans.** (1)(a), (2)(b), (3)(c), (4)(a), (5)(c), (6)(b), (7)(a), (8)(a), (9)(b), (10)(a), (11)(d), (12)(d), (13)(c), (14)(a), (15)(e), (16)(b), (17)(a), (18)(b), (19)(d), (20)(c), (21)(b), (22)(c), (23)(c), (24)(c), (25)(d), (26)(d), (27)(b), (28)(c), (29)(b), (30)(b), 31(c), 32(a), 33(a), 34(d), 35(c), 36(a), 37(c), 38(d), 39(a). 40(e), 41(c), 42(b), 43(d), 44(d), 45(b), 46(d), 47(b), 48(a), 49(c), 50(a), 51(b), 52(b), 53(b), 54(b), 55(b), 56(c), 57(b), 58(c), 59(b), 60(c)

## II Short Answer Type Questions:

- 1 What is meant by flexible globalization?

- 2 What does the term group mean? Name two reference groups important to you?
- 3 Discuss the significance of the family in CB.
- 4 How does the changing role of a women in India affect decision making?
- 5 What factors affect the diffusion of innovation?
6. Differentiate the following:
  - a) Depth Vs Focus groups
  - b) Cross-Cultural Vs Sub-Cultural influence
  - c) Primary formal group Vs Secondary formal group
  - d) Expert power Vs Referent power
  - e) Informational influence Vs Comparative influence
- 7 What do you understand by 'consumer socialization'?
- 8 How would you use the family life cycle concept to plan your marketing effort for
  - i. launching compute training courses
  - ii. marketing of housing schemes offering 1, 2 or 3 bedroom houses in metropolitan town.
- 9 Describe the role of young children in family consumption process.
- 10 Write briefly about Influencers. List any four lifestyle profiles.
- 11 Why are consumers' needs and goals changing constantly? What factors influence the formation of new goal? Explain.
- 12 List and explain five stages of Traditional Family Life Cycle.
- 13 Write short notes on:
  - (a) Luxury Innovators
  - (b) Ego Defensive
  - (c) Cultural Values
  - (d) Utilitarian Need
  - (e) Classical conditioning and consumer learning
  - (f) Characteristics of culture
- 14 How does consumption behaviour typically change with stages in the family lifecycle?
- 15 Define normative reference groups.
- 16 What do you mean by primary reference groups?
- 17 Mention commonly used reference group appeals.
- 18 Mention two basic advantages of using reference group appeals.
- 19 Sometimes a person may become an Opinion Receiver/Seeker for the same product also. Elucidate

### III Long Answer Type Questions:

- 1 What is culture? What is meant by cross – cultural influences? Why are such influences important for marketers?
- 2 What is a subculture? How does it influence Consumer Behavior?
- 3 What barriers do the foreign companies face to successfully launch their products?

- 4 Why is it important for marketers to study sub-cultures in a country?
- 5 What are the advantages and disadvantages of globalized marketing strategies? What are the limits of implementing a truly standardized marketing strategy world wide? When are such strategies most likely to work?
- 6 Marketing researchers generally use the objective method to measure social class rather than the subjective or reputation methods. Why do researchers prefer the objective method?
- 7 What is the impact of Social class on consumer behavior? What are the different social class categories in India? Which is the predominant consumption related social class? What are its characteristics?
- 8 What is the nature of reference groups? What kind of power a reference group can exert on consumers? What are the marketing applications of reference group influence?
- 9 Describe the correlation between social status and income. Which one is a more useful variable for segmentation.
- 10 What is the nature of family decision – making? Discuss the significance of family in consumer behavior?
- 11 How are the family roles influencing the marketing efforts in India?
- 12 Discuss the structure of s traditional and modern Indian family and how the structure would influence buying behaviour?
- 13 What is the importance of WOM communication in marketing?
- 14 What is the nature of reference group? What kinds of power a reference group can exert on consumers?
- 15 Many celebrities who are considered to be persuasive role models often appear in T.V beer commercials. Does the use of such celebrities in beer advertising constitute an unethical marketing practice? Discuss
- 16 How do marketers use the concept of reference group influence in their strategy?
- 17 Describe how a manufacturer might use knowledge of the following product characteristics to speed up the acceptance of pocket – sized cellular telephones:
  - a) Relative Advantage
  - b) Compatibility
  - c) Complexity
  - d) Trial ability
  - e) Observability
- 18 What are the various ways of disposing the product after usage by consumers?
- 19 What is the significance of innovations for the society? Discuss the diffusion process of an innovation? In the light of any new innovative high involvement product how would marketer identify the innovator?
- 20 Explain how marketer can influence the adoption and speed up the diffusion process.
- 21 The sale of dish washers has really not picked up in India. Assess the product on dimensions that influence the speed of diffusion. Act as a consultant and recommend what should be done to improve the effectiveness of marketing of dishwashers.
- 22 How does family influence the consumer socialization of children? What role does television advertising play in consumer socialization?

- 23 Why is subculture analysis especially significant in country such as the United States.
- 24 What are the advantages and disadvantages of global promotional strategies?
- 25 What is cross cultural consumer analysis? How can a multinational company use cross cultural research to design each factor in its marketing mix? Illustrate your answer with examples.
- 26 How do people's consumption pattern change as they move through the stages of the family life cycle? Explain.
- 27 Explain new culture acts as an 'invisible hand' that guides consumption related attitudes, behavior and values
- 28 Explain how social class membership affects consumer behavior.
- 29 Describe the various consumer adopter categories with regard to diffusion of new product.
- 30 Which of the stages of the family life cycle would constitute the most lucrative segment/segments for the following products and services?  
(a) Domino's pizza  
(b) Mobile telephones  
(c) Mutual funds  
Justify your answer.
- 31 "Products and marketing programmes should be adapted to local culture, otherwise they are likely to fail." Discuss.
- 32 (a) Describe the various types of influence reference groups exert on consumers.  
(b) Discuss the role of the family in consumer socialization.
- 33 Describe the nature of situational influence on consumer behavior, and briefly discuss the four broad categories or types of situations.
- 34 Pablo is planning on opening a Mexican restaurant in the town where he lives. He is considering how to design the physical environment of the restaurant. Discuss the components of the physical surroundings that can influence consumption behavior and make some recommendations to Pablo regarding each component.
- 35 Discuss the five determinants of the degree of reference group influence on a consumer.
- 36 Apple has launched came out with the video iPod, which allows users to download video content from the Internet. Very soon after the introduction of this innovation, television shows were made available for consumers to purchase or to obtain for free. This has brought about a rather radical change in the way viewers consume television, and some have predicted that this will create significant changes in the current business model for television networks and program producers. Discuss five of the many factors discussed in the chapter that will influence the spread of this innovation
- 37 You are a marketing manager and want to use the power of reference groups to influence consumers. Reference group influence can take three forms. Name and describe each, and explain how you could use each type of influence in an advertisement.
- 38 There are several types of groups that influence individual's beliefs, attitudes, and behaviors. Discuss three different types of groups that can influence consumers.
- 39 What is cross cultural consumer analysis? How can a multinational company use cross cultural research to design each factor in its marketing mix?
- 40 Explain the factors used to identify social class and discuss the marketing applications of

social class information about consumers.

- 41 Bring out how culture, sub culture and sub culture influences consumer buying behavior.
- 42 Explain various types of references groups in details with examples.
- 43 Does Reference Group appeal vary by product? Discuss in reference to Bearden's and Etzel's model?
- 44 What do you mean by the term "family"? How is it relevant for a marketer?
- 45 Discuss the Family Life Cycle? How do buying preferences and consumption patterns change through various stages of the FLC?

## UNIT - IV

### I Test your Skills:

#### Multiple Choice Questions:

1. According to the EC consumer behavior model, personal characteristics and environmental characteristics are classified as:
  - (a) independent variables
  - (b) dependent variables
  - (c) intervening variables
  - (d) decision variables
  
2. The major environmental variables influencing EC purchasing are:
  - (a) Price, brand, frequency of purchase, and tangibility.
  - (b) Social, cultural, community, regulatory, political, and legal.
  - (c) Age, gender, ethnicity, education, and lifestyle.
  - (d) Price, social, cultural, ethnicity, and lifestyle.
  
3. Pricing, technical support, and logistics support are several of the \_\_\_\_\_ that can be controlled by EC vendors and sellers
  - (a) independent variables
  - (b) dependent variables
  - (c) intervening variables
  - (d) decision variables
  
4. Because online buyer's decisions depend on numerous independent and intervening variables, decisions made by customers are classified as:
  - (a) independent variables
  - (b) dependent variables
  - (c) intervening variables

- (d) decision variables
5. Banner advertising on Web sites helps trigger a realization that there is a gap between reality and a desired state, which occurs in the \_\_\_\_\_ stage of the EC purchase decision-making process.
- (a) need identification
  - (b) information search
  - (c) evaluation, negotiation, and selection
  - (d) purchase, payment, and deli
6. Marketing and advertising approaches has evolved from mass marketing to market segmentation to one-to-one marketing. This evolution occurred because:
- (a) The marketing focus shifted from customers to products.
  - (b) The internet enabled companies to better communicate with customers and understand their needs and buying habits.
  - (c) Companies sought to decrease the number of marketing campaigns.
  - (d) Concerns about privacy had diminished.
7. The core of the “new marketing model” consists of:
- (a) Four P’s—product, place, price, and promotion.
  - (b) Customer profiles.
  - (c) Online marketing channels.
  - (d) Customer relationships.
8. Personalization and user profiling strategies include each of the following EXCEPT:
- (a) Segmenting the market based on demographics.
  - (b) Using questionnaires to collect information directly from the user.
  - (c) Placing cookies on a user’s hard drive to collect information with or without the user’s knowledge.
  - (d) Building from previous purchases or purchase patterns.
9. The two key factors limiting the use of personalization to more precisely target marketing efforts to individual customers are:
- (a) Matching profiles with product offerings and delivering those offerings.
  - (b) Communication costs and filtering costs.
  - (c) Privacy and trust issues.
  - (d) Lack of customer loyalty and service customization costs.



10. By increasing customer loyalty, EC companies can achieve each of the following benefits Except:
- (a) Lower marketing and advertising costs.
  - (b) Lower warranty claims costs.
  - (c) Lower transaction costs.
  - (d) Lower resistance to competitors.
11. What has been the impact of the introduction of EC on customer loyalty in general?
- (a) Loyalty has decreased because of customers' ability to shop, compare, and shift vendors.
  - (b) Loyalty has increased because of targeted relationship marketing.
  - (c) There has been little change in loyalty because the impacts have cancelled each other out.
  - (d) It is not known whether loyalty has increased or decreased.
12. According to research, customer satisfaction with an Internet store:
- (a) Cannot be predicted.
  - (b) Depend on two types of factors: information quality and customer service quality.
  - (c) Drops dramatically when certain web site features fail to perform properly, such as the content's reliability, loading speed, or usefulness.
  - (d) Is higher for new customers than former customers.
13. Issues related to trust in EC include all of the following EXCEPT:
- (a) As a result of trust-transference programs through portal affiliation, seal of approval programs, online shopping communities, and customer endorsements, customers are fully confident in online purchasing transactions.
  - (b) When parties trust each other, they have confidence that transaction partners will keep their promises. However, both parties in the transaction assume some risk.
  - (c) Trust is particularly important in global EC transactions due to the difficulty of taking legal action in cases of a dispute or fraud..
  - (d) If people do not trust the security of the EC infrastructure, they will not feel comfortable about using credit cards to make EC purchases.
14. Procter & Gamble (P&G) used the Internet in the new product development of Whitestrips, a teeth-brightening product. Based on this experience, P&G:
- (a) Decided to add Internet research to its traditional marketing test model.
  - (b) Could not determine the target market segments for the Whitestrips.
  - (c) Learned that the cost of online surveys were about the same as similarly sized telephone surveys, but online surveys expedited research considerably,

- (d) Reduced the time-to-market from concept to market launch by approximately two years.
15. All of the following are correct about market research methods EXCEPT:
- (a) It is important first to understand how groups of consumers are classified or segmented.
  - (b) Markets can be segmented to increase the percentage of responses and to formulate effective marketing strategies that appeal to specific consumer groups.
  - (c) Direct mail marketing methods are usually cost-effective.
  - (d) Market segmentation is done with the aid of tools such as data modeling and data warehousing.
16. Social class, lifestyle, personality, and activities are descriptors used in \_\_\_\_\_ market segmentation.
- (a) Geographic
  - (b) Demographic
  - (c) Psychographic
  - (d) Cognitive, affective, behavioral
17. To avoid getting false information from participants of online surveys, marketers learn about customers by observing their behavior using each of the following EXCEPT:
- (a) Transaction logs that record user activities at a company's Web site.
  - (b) Cookies that allow a Web site to store data on the user's PC.
  - (c) Spyware that gathers user information through an Internet connection without the user's knowledge.
  - (d) Data mining to analyze clickstream data.
18. According to Inmon, B2C clickstream data can reveal information each of the following EXCEPT:
- (a) What goods the customer wanted to but could not find.
  - (b) What goods the customer examined but did not purchase.
  - (c) Which ads and promotions were effective and which were not.
  - (d) Whether there are too many products for the customer to wade through.
19. Web analytics and mining tools and services:
- (a) Simply report which pages were clicked and how long a visitor stayed there.
  - (b) Offer advanced functions that help marketers decide which products to promote, and merchandisers achieve a better understanding of the nature of demand.
  - (c) Are used to redesign web sites quickly and on the fly.

- (d) Provide most companies with knowledge about how to use clickstream data effectively.
20. Once a company knows a consumer's preferences, the company can predict, without asking the consumer directly, what other products or services that consumer might enjoy through \_\_\_\_\_.
- (a) Active web bugs
  - (b) Spyware
  - (c) Collaborative filtering
  - (d) Personalization
21. Internal records are an important source of information. Which of the following are not deemed as internal records?
- (a) Marketing and sales records.
  - (b) Competitor information.
  - (c) Accounting records.
  - (d) Customer service records.
  - (e) Manufacturing records.
22. Dunn and Bradstreet is the world's largest research organization that specializes in information management and marketing intelligence. Which is one of its largest subsidiaries that are focused upon the retail industry?
- (a) Nielsen.
  - (b) Info Act Workstation.
  - (c) Homescan.
  - (d) Key Account Scantrack.
23. There are various types of research designed to obtain different types of information. What type of research is used to define problems and suggest hypotheses?
- (a) Secondary research.
  - (b) Descriptive research.
  - (c) Primary research.
  - (d) Causal research.
24. Which of the following is not a defined use of marketing research?
- (a) To identify and define marketing opportunities and problems.
  - (b) To improve understanding of the marketing process.
  - (c) To generate, refine and evaluate marketing actions.
  - (d) To justify previous marketing decisions.

- (e) To monitor marketing performance.
25. Which of the following is not a sales forecasting method?
- (a) Leading indicators.
  - (b) Binomial regression.
  - (c) Time lag analysis.
  - (d) Time series analysis.
26. What type of research would be appropriate in the following situation?  
Nestlé wants to investigate the impact of children on their parents' decisions to buy breakfast foods.
- (a) Focus groups.
  - (b) Qualitative research.
  - (c) Secondary research.
  - (d) Quantitative research.
  - (e) Mixed methodology.
27. What type of research would be appropriate in the following situation?  
A college or university bookshop wants to get some insights into how students feel about the shop's merchandise, prices and service.
- (a) Qualitative research.
  - (b) Mixed methodology.
  - (c) Quantitative research.
  - (d) Focus groups.
  - (e) Secondary data.
28. What type of research would be appropriate in the following situation?  
L'Oreal wants to determine whether a new line of deodorants for teenagers will be profitable
- (a) Quantitative research.
  - (b) Mixed methodology.
  - (c) Focus groups.
  - (d) Primary research.
  - (e) Qualitative research.
29. Why is market research an essential tool for the marketing manager?
- (a) Monitor changing needs and attitudes, etc.
  - (b) Develop more appropriate marketing mixes.
  - (c) Monitor progress and diagnose the root causes of marketing problems.
  - (d) Define and locate market segments.
  - (e) Understand segments' needs and wants.

- (f) All of the above.
30. The Internet is a powerful mechanism for conducting research. However it does have its drawbacks. Which of the following signify these drawbacks?
- (a) The possible inclusion of individuals not being targeted, that could skew the results.
  - (b) Lack of information about the population responding to the questionnaire. Eye contact and body language, (two useful research indicators) are excluded from the analysis.
  - (c) All of the above.
  - (d) None of the above.
31. \_\_\_\_\_, or styles, last longest and may define an era.
- (a) Fads
  - (b) Fashions
  - (c) Forecasting
  - (d) Trends
32. \_\_\_\_\_ require either major change in an area of behavior that is relatively unimportant to the individual or a minor change in an area of behavior that is very important to the user.
- (a) Technologically continuous innovations
  - (b) Dynamically continuous innovations
  - (c) Differentiated continuous innovations
  - (d) Subordinate influenced continuous innovations
33. Probably the most important factor to the success of an innovation is its perceived \_\_\_\_\_, that is, the extent to which it is viewed as providing clear benefits for the target market that are superior to those offered by competitive market offering.
- (a) Continuous Advantage
  - (b) Pro-Bias Advantage
  - (c) Competitive Advantage
  - (d) Relative Advantage
34. Being the first firm to market a product successfully in an emerging market often leads to what is called the \_\_\_\_\_.
- (a) Relative Advantage
  - (b) Pioneering Advantage
  - (c) Comparative Advantage

- (d) Success Advantage
  - (e) Win-Win Advantage
35. The \_\_\_\_\_ of an innovation refers to the extent to which the innovation is consistent with present needs, motives, values, beliefs, and behaviors.
- (a) Complexity
  - (b) Adoption Process
  - (c) Consumption Paradigms
  - (d) Compatibility
  - (e) Dynamics
36. \_\_\_\_\_ or consumers' ability to try out an innovation without incurring risk to valued resources (financial, esteem, status, time, information), is another factor critical to successful diffusion of innovations.
- (a) Trialability
  - (b) Observability
  - (c) Complexity
  - (d) Plausibility
  - (e) Liability
37. The \_\_\_\_\_ refers to the spread of an innovation from its creative source across space and time.
- (a) Flow Process
  - (b) Diffusion Process
  - (c) Distribution Process
  - (d) Channeling Process
  - (e) Word-Of-Mouth Process
38. By \_\_\_\_\_, we mean a preference for existing, familiar products, and behaviors over novel ones.
- (a) Continuous Innovations
  - (b) Discontinuance
  - (c) Innovation Resistance
  - (d) Discontinuous Innovations
  - (e) Dynamically Continuous Innovations
39. The notion of \_\_\_\_\_ reflects the human desire for balance, order, and consistency between beliefs and behaviors.
- (a) Social Equilibrium
  - (b) Pro-Innovation Bias
  - (c) Neighborhood Effect

- (d) Psychological Equilibrium
  - (e) Discontinuance
40. By \_\_\_\_\_ we mean we mean that the consumer stops purchasing or using the product.
- (a) Bandwagon Effects
  - (b) Consumption Paradigms
  - (c) Multi-Step Media Flow
  - (d) Discontinuance
  - (e) Cultural Production System
41. In 'stages of adoption process', stage in which customer considers whether to try product or not to is classified as
- (a) Awareness Stage
  - (b) Interest Stage
  - (c) Evaluation And Trial Stage
  - (d) Adoption
42. stages in adoption process' involves
- (a) Awareness
  - (b) Interest
  - (c) Evaluation And Trial
  - (d) All Of Above
43. According to brand personality traits, 'excitement' is concluded as brand being
- (a) Outdoorsy And Tough
  - (b) Daring And Imaginative
  - (c) Cheerful And Wholesome
  - (d) Charming And Upper Class
44. Highly involved consumer buying behavior while perceiving significant differences between brands is called
- (a) Complex Buoying Behavior
  - (b) Variety Seeking Buying Behavior
  - (c) Dissonance Reducing Buying Behavior
  - (d) Habitual Buying Behavior
45. Procedure in marketing which consists of enlisting opinion leaders as "brand ambassadors" is called
- (a) Leading Marketing
  - (b) Buzz Marketing

- (c) Online Marketing
  - (d) None Of Above
46. If customer 's expectations and products performance matches, customer is
- (a) Satisfied
  - (b) Dissatisfied
  - (c) Delighted
  - (d) None Of Above
47. In buyer decision process, stage in which purchase intention is transformed in to purchase decision is called
- (a) Need Recognition
  - (b) Information Search
  - (c) Purchase Decision
  - (d) Both B And C
48. 'Maslow's hierarchy of needs' includes
- (a) Physiological Needs
  - (b) Self Actualization Needs
  - (c) Esteem Needs
  - (d) All Of Above
49. Tendency of difficult understanding related to use of market offering is called
- (a) Relative Advantage
  - (b) Complexity
  - (c) Communicability
  - (d) Compatibility
50. Adopter group who is suspicious of change is classified as
- (a) Late Majority
  - (b) Early Majority
  - (c) Laggard
  - (d) Early Adopter
51. Which of these is considered to be a better indicator of likely buyer behaviour?
- (a) Personality
  - (b) Attitude
  - (c) Intention To Act
52. Which of these is not a method of changing attitudes?



- (a) Change The Priority Of Attributes
  - (b) Change The Media
  - (c) Introduce A New Attribute
  - (d) Change Brand Associations
53. How many stages are there in the general purchase decision process?
- (a) Seven
  - (b) Three
  - (c) Nine
  - (d) Five
54. In a marketing context, the term 'evoked set' means:
- (a) A Small Group Of Preferred Brands
  - (b) Memories Of Past Purchases
  - (c) Special Purchases
  - (d) All Purchase Decisions
55. Hedonic consumption is about:
- (a) Hair Care Products
  - (b) Emotional Impact Of Purchases
  - (c) Fantastic Images
  - (d) Hysterical Imagery
56. Which one of the following does NOT reflect the correct use of the term 'tribe' when used to describe communities characterized by people who share:
- (a) Lifestyles
  - (b) Fantasies
  - (c) Experiences
  - (d) Emotions
57. Behavioural economics is a rejection of which classical theory?
- (a) Economics
  - (b) Psychology
  - (c) Consumption
  - (d) Sociology
58. In order to change existing behaviours, people need to be presented with a choice that makes decision making feel:
- (a) Effortless
  - (b) Spontaneous

- (c) Involving
- (d) Considered

59. The ultimate goal of marketing is to:

- (a) Facilitate Consumer Experimentation
- (b) Satisfy Consumer Needs For Information
- (c) Raise Consumer Awareness
- (d) Ensure Long-Run Consumer Behaviour

60. Long-run consumer behaviour in the context of both low and high involvement decision making is positively influenced by:

- (a) Image
- (b) Quality
- (c) Price
- (d) Information

**Ans.** (1)(b), (2)(a), (3)(b), (4)(d), (5)(b), (6)(b), (7)(d), (8)(b), (9)(f), (10)(e), (11)(e) (12)(b), (13)(c), (14)(a), (15)(d), (16)(e), (17)(d), (18)(b), (19)(a), (20)(a), (21)(b), (22)(a), (23)(b), (24)(d), (25)(b), (26)(b), (27)(d), (28)(b), (29)(f), (30)(e), (31)(d), (32)(b), (33)(d), (34)(b), (35)(d), (36)(a), (37)(b), (38)(c), (39)(d), (40)(d), (41)(c), (42)(d), (43)(b), (44)(a), (45)(b), (46)(a), (47)(c), (48)(d), (49)(b), (50)(c), (51)(c), (52)(b), (53)(d), (54)(a), (55)(b), (56)(b), (57)(c), (58)(d), (59)(d), (60)(b)

## II Short Answer Type Questions:

- 1 How does emotional view of decision making affect consumer behaviour in case of automobiles?
- 2 Discuss any one method of data collection.
- 3 Give the reasons for growing importance of online survey method in comparison to traditional methods.
- 4 How does the behavior of consumers vary in the case of B2B and B2C modes of online marketing?
- 5 What are the marketing challenges associated with On-line consumers (Centaur)?
- 6 Write short notes on:
  - (a) Diffusion of innovations
  - (b) Post purchase behavior
  - (c) Trends in online shopping in India.
- 7 Define the concept of Information processing.
- 8 Write Short notes on the following:
  - i. Perceptual organization
  - ii. EBM Model

- iii. Online Consumer behavior
9. How do simple problem recognition and complex problem recognition vary? How can marketers apply the knowledge of this variation?
  10. How can marketers influence the information search process of their consumers? Illustrate by taking suitable example.
  11. Write short notes on any two:
    - (a) Howard- Sheth Model
    - (b) Projective Techniques
    - (c) Factors inhibiting online purchasing
    - (d) Characteristics of social class
  12. Explain the Situational factors of importance in the selection of a survey method.
  13. The X-Cel Corporation feels that simulation offers the best way to assess potential store layouts, packaging, and pricing. Which techniques may best allow the firm to accomplish these goals while avoiding the problems of small samples and the costs of constructing 14physical props?
  14. Build a profile of a consumer innovator and an opinion leader.
  15. Discuss the difficulties and challenges in predicting Online Consumer Behavior.
  16. Carefully study the Indian media for advertisement's using celebrities. Find at least three examples of
    1. Celebrities used as experts
    2. Celebrities used for product endorsement
 Celebrities used as spokesperson
  17. Which factors influence consumer satisfaction? How can marketers effectively handle dissatisfaction? Discuss.
  18. Explain how by altering components of the Multi-Attribute Model and changing beliefs about the competitor's brands the marketers can alter consumer attitudes?
  19. Explain any two types of qualitative research methods.
  20. Write a note on the classification of New Product Innovations. Also give examples.
  21. Explain what you mean by "Adopter Categories".
  22. Define the following:
    - a) Dynamically continuous innovation
    - b) Diffusion of Innovation
  23. Write a note on the profile of an Innovator.
  24. Mention the five factors that can act as triggers to the diffusion/Adoption process.
  25. Differentiate the following:
    - a) Traditional consumer and On-line consumer behavior
    - b) Search engine marketing and E-mail marketing
    - c) Economic Vs Passive view of consumer decision making
    - d) Qualitative and quantitative research
    - e) Mobile and Viral marketing
    - f) Exposure, attention and comprehension

### III Long Answer Type Questions:

- 1 Discuss the Nicosia Model of Consumer Behavior with an example.
- 2 You are planning to buy a digital camera to take along with you on your forth coming vacation trip. Using the Howard Sheth Model of buying behaviour, explain the various stages of the decision process and variables that would influence you while arriving at the purchase decision.
- 3 Compare and contrast the Engel – Blackwell – Miniard Model with the basic model of decision making
- 4 Compare and contrast the Howard Sheth model with the Nicosia model.
- 5 Explain Consumer Decision Process, with help of an example.
- 6 How does the decision process engaged in by the consumer affect the post – purchase process?
- 7 Consumer research forms the factual basis for all marketing decision making. Comment and briefly explain the consumer research process.
- 8 What actions can a marketer of consumer durable brands take to reduce post – purchase dissonance among consumers? What is motivation Research? What is its importance in studying Consumer Behavior
- 9 Briefly discuss the steps involved in consumer research design
- 10 Why is observation becoming a more important component of research? Describe two new technologies that can be used to observe consumption behaviour and explain why they are better to use than questioning consumers about the behaviour being observed.
- 11 Discuss the research instrument for the following consumer behaviour variables:
  - (a) Memory testing
  - (b) Social classes
  - (c) Materialism
  - (d) Web behaviour
- 12 List out the uses of consumer research in the field of
  - (a) Durable goods
  - (b) Industrial goods
  - (c) Consumer services
- 13 What can consumers take to avoid or reduce dissonance before and after the purchase?
- 14 What is the danger of overexposure? How can this danger be reduced?
- 15 “Advertisement is going to become entertainment and entertainment will become more like advertising”. What does this mean.
- 16 How do online consumers seek information regarding products?
- 17 Who is an On-line consumer? Describes various myths associated with On-line consumer.
- 18 Discuss the enhanced Adoption Process model?
- 19 What major contributions do contemporary models of consumer behavior make?
- 20 What is a model? How can our study of consumer behavior benefit from using model?

- 21 Briefly discuss the decision making steps given in the models. Outline two 0 situations that can influence purchase decision.
- 22 Describe the advantages of qualitative research and the major types of qualitative techniques for researching consumer behavior.
- 23 Write short notes on any three of the following:
  - (a) Factors likely to increase prepurchase search for information
  - (b) Economic model of buyer behaviour
  - (c) Howard Sheth Model
  - (d) Post purchase dissonance
24. Explain the various online methods of bringing new customers to a B2B site when a B2B vendor wants to grow by adding new customers or products.
25. Explain the importance of time, social systems and communication channels to the diffusion process.
26. Discuss the adoption process and the consumer adopter categories and show how marketers can use these categories in their strategies.
27. How does the Howard Sheth model explain the consumer decision process? Describe in detail, using the example of the last consumer durable purchased by your family.
28. What are the challenges that marketing manager faces with regard to predicting behavior of consumers. How the study of online consumers does is more difficult? Discuss.
29. Consumer behaviour is a complex, dynamic and difficult to predict and yet marketers must invest in consumer behaviour research. Discuss.
30. Explain what is meant by diffusion of innovation and draw a profile of the various types of the adopter categories.
- 31 Discuss the barriers to the Diffusion of Innovation/Adoption Process.
- 32 Write a note on the classification of New Product Innovations. Also give examples.
- 33 Marketers don't create needs; needs preexist. Discuss this statement.
- 34 Explain the problem of Indian Consumer in relation to service organizations.
- 35 Give three kinds of reaction which consumer can express, when frustrated with product or service. Provide suitable examples.