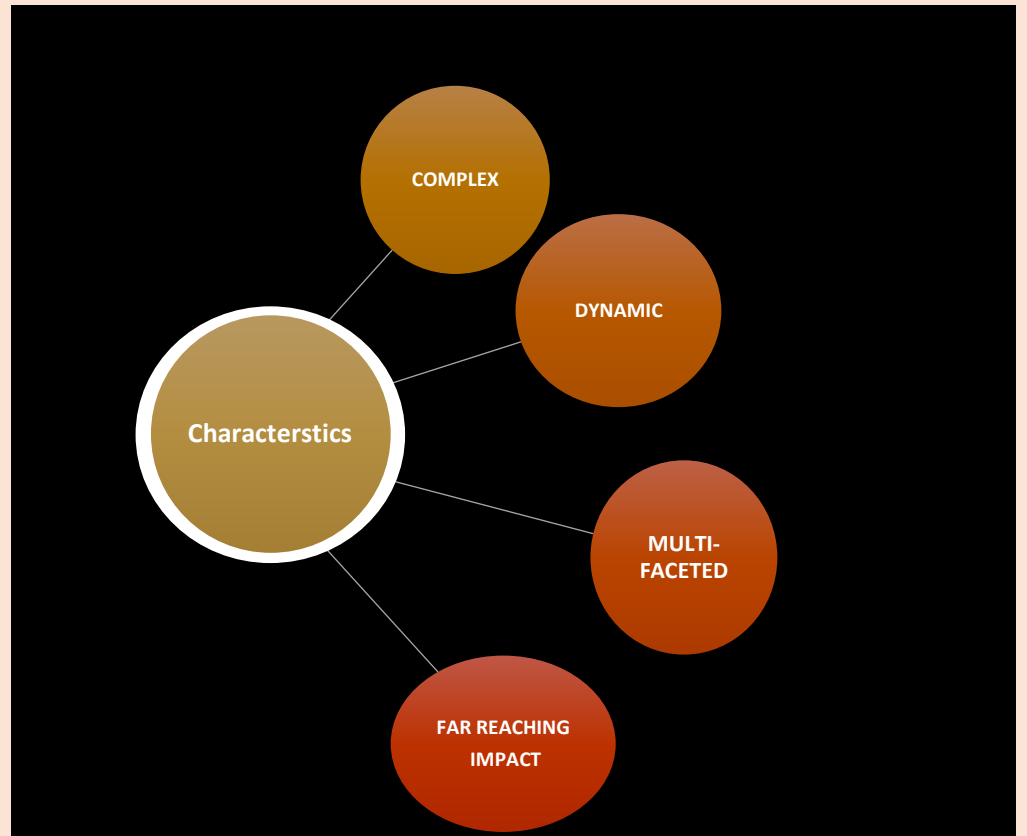


CH:2- BUSINESS ENVIRONMENT

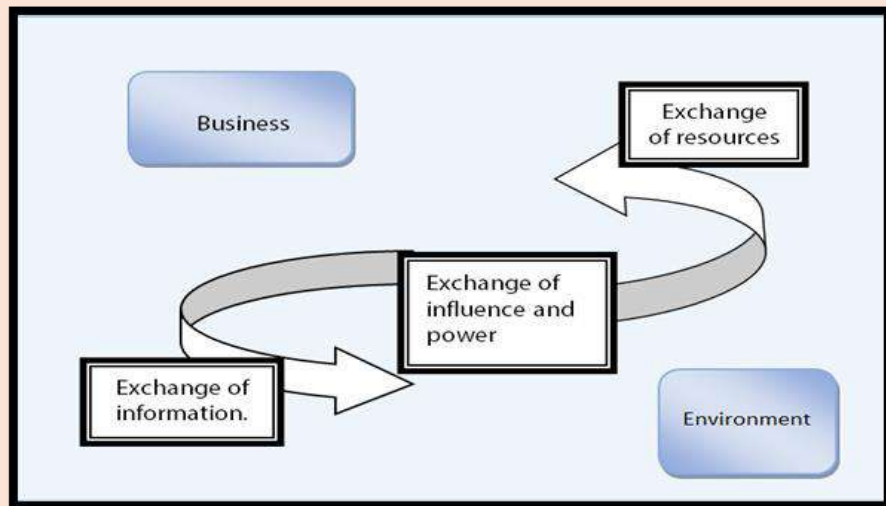


INTRODUCTION	<p>Business environmental represent all external forces, factors or condition that exert some degree of impact on the business decisions, strategies and action taken by the firm. The success of a business is generally depending on its business environmental</p>
FACTORS	<p>“The environment includes factors outside the firms which can lead to opportunities for, or threats to the firms.</p> <div style="text-align: center;"> </div>
IMPORTANCE OF BUSINESS ENVIROMENT	<ul style="list-style-type: none"> • Determining Opportunities and Threats • Giving Direction for Growth • Continuous learning • Image Building <p>Meeting Building</p>

**CHARACTERISTIC
OF BUSINESS
ENVIROMENT**



**REALATIONSHIP
BETWEEN
ORGANIZATION
AND
ITS ENVIROMENT**



**ORGANISATION
RESPONSE TO ITS
ENVIROMENT**

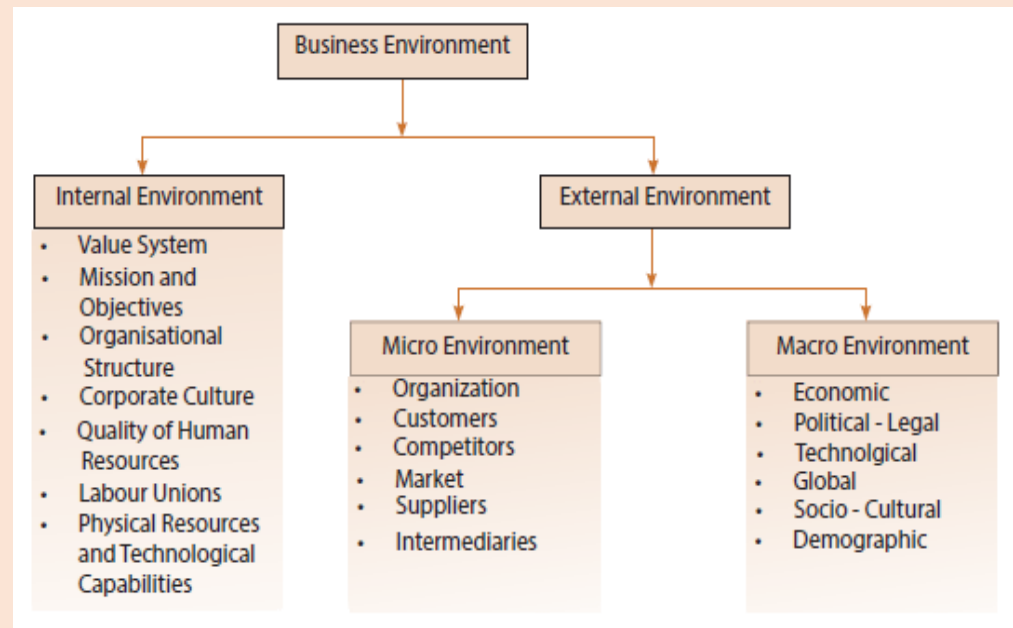
Three classes of responses are described below

Administrative Response: These include the formation or clarification of the organization mission the development of objective, mission the development of o objectives, policies and budgets, or the creation of scanning units.

Competitive Response: Competitive responses to the environment typically are associated with for – profit firms but can also apply to non-profits and governmental organization

Collective Responses: Collective responses help control interdependencies among organization and include such methods as bargaining contracting co-opting, and creating joint Ventures, federations, strategic alliances and consortia Contemporary.

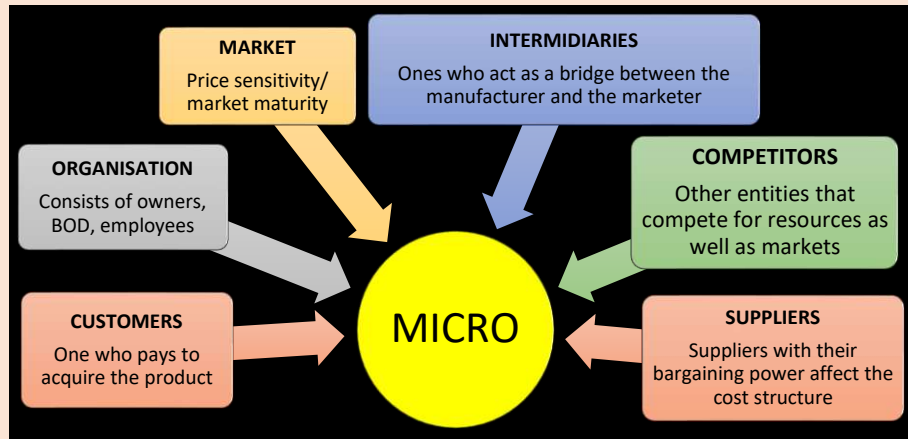
COMPONENTS OF BUSINESS ENVIROMENT



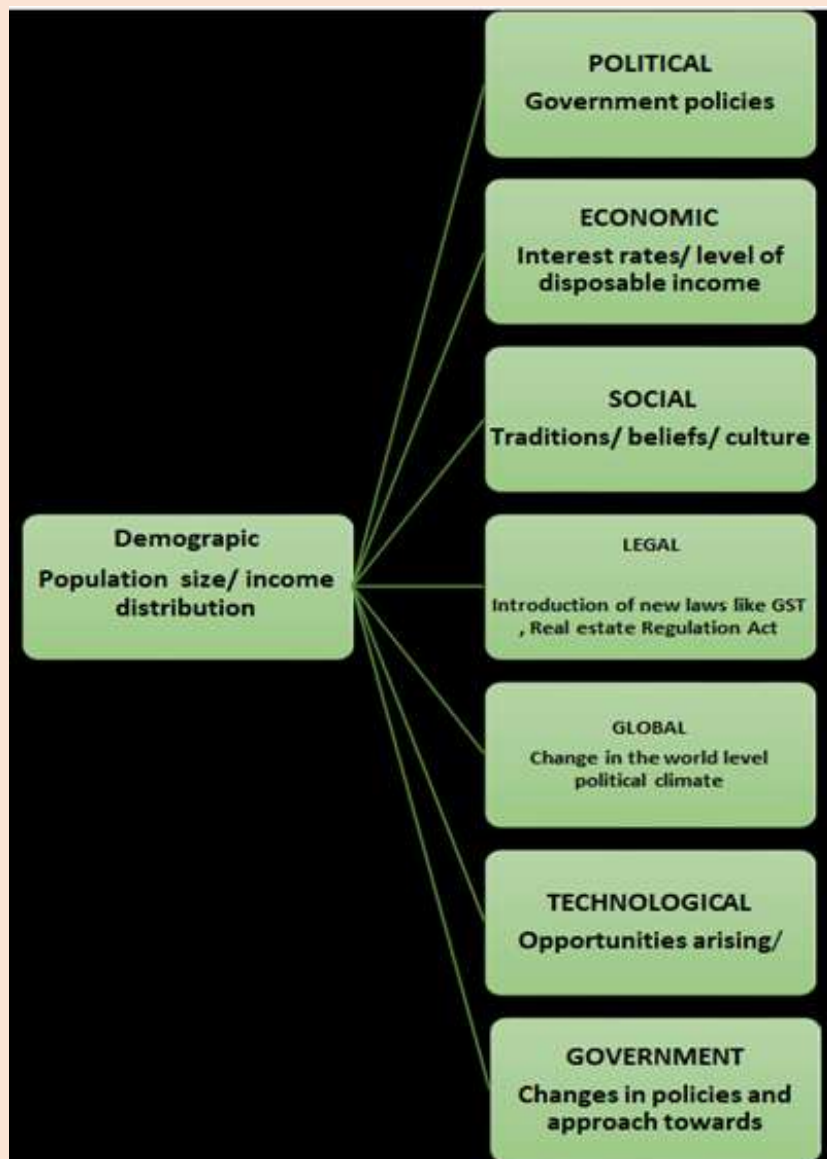
MICRO AND MICRO ENVIROMENT



MICRO ECONOMICS



MACRO ECONOMICS



FACTOR THAT AFFECT THE

- Economic System
- Economic Conditions or factors

For more Info Visit [www. KITest.in](http://www.KITest.in)

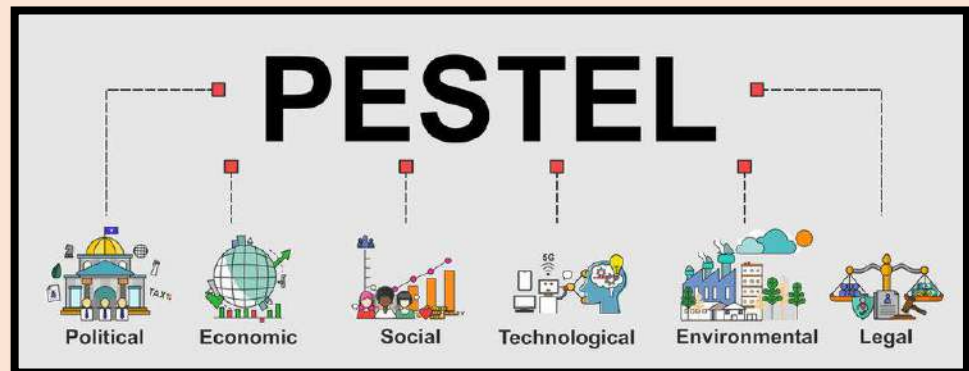
ECONOMIC ENVIRONMENT

- Economic Policies

PESTLE ANALYSIS

The term PESTLE is used to describe a framework for analysis of macro environmental factors.

PESTLE analysis involves identifying the political economic socio-cultural, technological, legal and environmental influence on an organization.



Questions

?

Answers

?

Question 1

Key goal in the firm's growth phases is:

- | | |
|------------------------|--------------------------|
| (a) Expansion of sales | (b) Expansion of capital |
| (c) Cutting costs | (d) Expansion of profits |

Answer: a

Explanation:

After the successful introduction of a product the company tries to increase its market share or sales in the growth phase which is its percentage of sale volume compared to competitors in the same category the company focus on additional promotional and distribution effort to reach as many potential end user as possible.

Question 2

For more Info Visit [www. KITest.in](http://www.KITest.in)

The World Trade Organization (WTO) is stimulating:

- (a) Privatization (b) Liberalization
(c) Localization (d) Globalization

Answer: d

Explanation:

Globalization refers to: integration of world into huge market by removing the trade Barrier among countries US Canada and Mexico have signed the North America Free Trade Agreement (NAFTA) to remove all the trade barrier among the countries Thus World Trade Organization (WTO) has stimulated the cross borders trade.

Question 3

Competitors are a part of:

- (a) External business environment (b) Internal business environment
(c) Both External and Internal environment (d) Neither External nor internal environment

Answer: a

Explanation:

External Environment consist of the factors that are outside the company's thus The company has no control over them Competitors are the part of the same Before Making any strategy business must be aware of its competitor actions to the environment changes.

Question 4

An activity which is related with continuous and regular production and distribution of goods and services for satisfying human wants is called:

- (a) Production (b) Distribution
(c) Service (d) Business

Answer: d

Explanation:

Business is very wide term and is put to different usages It can be referred as the activity consisting of purchase sale, manufacturing, processing and marketing of goods and services it exists for profits and satisfying human wants in many ways therefore society and business cannot function without each other.

Question 5

Generally, the main reason behind starting a business is:

- (a) Social service (b) Earning profits
(c) Earning name (d) Spiritual reasons

Answer: b

Explanation:

Every business service as a common purpose to earn profits all other reasons are secondary

Question 6

Which of the following is not included in an analysis of the business environment?

- (a) Economic trends (b) Animal behavior
(c) Social behavior (d) Political trends

Answer: b

Explanation:

The acronym for macro analysis is STEEP the five areas of Internal are:

- ❖ Socio Cultural and Demographics
- ❖ Technology
- ❖ Economic Condition
- ❖ Ecology and Physical Environment
- ❖ Political and Legal trend

Question 7

Causes unnecessary delays file backups, storage problem and the like-

- (a) Fungus (b) Bacteria
(c) Virus (d) Protozoa

Answer: c

Explanation:

Virus causes unnecessary delays file backup storage problems and the like. Therefore, the existing technology is not best suited every time The connections are unstable problems high cost competing standard are other constraints.

Question 8

Which of the following is correct?

- (a) Privatization got momentum in India After 1947 (b) Privatization and liberalization has no co- relation
(c) Privatization facilities liberalization (d) Liberalization facilities privatization

Answer: d

Explanation:

Liberalization refers to the process of eliminating unnecessary controls & restrictions on the smooth functioning of business enterprises there by facilitating privatization showing inevitable historical reaction to the indiscriminate expansion of the state sector & the associated problem.

Question 9

Which of the following is a part of internal environment scanning?

- (a) Political environment (b) Customer preferences
(c) Chain of command (d) Law and order

Answer: b

Explanation:

Customer preferences is a part of internal environment scanning as the organization survive on the basis of meeting "customer needs and wants" and providing benefits to their customer failure to do so will result in a failed business strategy.

Question 10

Production differentiation is an example of:

- (a) Brand loyalty (b) Value statement
(c) Brand equity (d) Competitive advantage

Answer: d

Explanation:

Product differentiation is an example of competitive advantage to explain it is a critical aspect of analyzing the internal business environment. Competitor action section affects the ability of the business to make profit and gain an advantage over each other thus for seeking to provide better value for money.

Question 11

Mission statement is derived from:

- (a) Company policies (b) The companies
(c) Vision statement (d) Mahatma Gandhi

Answer: c

Explanation:

Mission statement is derived from the vision statement as mission statement defines the company objective business and its approach to reach those objects or the desired future position of the company. Thus, elements of mission and vision are often combined to provide a statement of purpose, goal & values of the company.

Question 12

Who started the process of liberalization?

- (a) Yashwant Singh (b) Jashwant Singh
(c) Man Mohan Singh (d) Mahatma Gandhi

Answer: c

Explanation:

Man Mohan Singh started the process of liberalization.

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Question 13

Which if these are not included in (NAFTA) North American Free Trade Agreement?

- (a) US (b) India
(c) Mexico (d) Canada

Answer: b

Explanation:

US, Canada and Mexico have signed the North American Free Trade Agreement to remove all trade barriers among these countries India Is not a part of NAFTA

Question 14

The term PESTLE analysis is used to describe a framework for analyzing:

- (a) Macro Environment (b) Micro Environment
(c) Both Macro and Micro Environment (d) None of above

Answer: a

Explanation:

A PESTEL analysis is a framework or tool used by markets to analysis and monitor the Macro environmental (external marketing environmental) factors that have an impact on an organization the result of which is used to identify and weaknesses which is used In a SWOT analysis.

Question 15

When did Government of India introduce a change in Economic policy?

- (a) 1892 (b) 1991
(c) 1895 (d) 1781

Answer: b

Explanation:

Government of India introduced a change in Economics policy 1991 This policy abolished Licensing in most of the cases allowed private participation in most industries, disinvestment was carried out in public sector enterprise and opened up the economy considerably.

Question 16

Where is company mission statement derived from?

- (a) From the vision of the company (b) From the company policies
(c) Memorandum of Association of the Company (d) All of the above

Answer: a

Explanation:

Elements of mission and Vision statements are often combined to provide a statement of the purpose goal and value of the companies However some time the two are used interchangeably where your vision is your ultimate goal your mission is how get there.

Question 17

Liberalization in India did not result in:

- | | |
|--|--|
| (a) A high growth rate | (b) A healthy and flourishing stock market |
| (c) Easy availability of goods at competitive prices | (d) Low foreign exchange reserves |

Answer: d

Explanation:

Benefits of liberalization include:

- ❖ It has led to expansion of Indian Economy
- ❖ Easy entry of foreign business organization in India.
- ❖ High growth rate.
- ❖ Availability of goods at competitive prices
- ❖ Healthy stock market
- ❖ Low inflation rate
- ❖ But it does not result in low foreign exchange reserves.

Question 18

Which of the following is not an example of mission statement?

- | | |
|--|---|
| (a) NIKE – to bring inspiration and innovation To every athlete in the world | (b) FACEBOOK – power to share and make the World open & connected |
| (c) GOOGLE – to organize the world`s information And make it universally accessible and useful | (d) ICSI – to develop high caliber professionals facilitating good corporate governance |

Answer: d

Explanation:

ICSI “to develop high caliber professionals facilitating good corporate governance”.It is a vision statement of ICSI. Thus, option (d) is not an example of mission statement.

Question 19

Business environment consist of which element?

- | | |
|--------------------|-------------------|
| (a) Internal | (b) External |
| (c) Both (a) & (b) | (d) None of these |

For more Info Visit [www. KITest.in](http://www.KITest.in)

Answer: c

Explanation:

Business environment factors is a sum of several and internal forces that affects the Functioning of the business. Thus, it contains both internal and external element.

Question 20

Which of the following is not an economic policy?

- (a) Industrial Policy (b) Fiscal Policy
(c) Exim Policy (d) Technology Policy

Answer: d

Explanation:

Economic policies are:

- ❖ Industrial policy
- ❖ Fiscal policy
- ❖ Exim policy
- ❖ Foreign investment

Thus, technological policy is not economic policy.

Question 21

All are element of macro environment except:

- (a) Society (b) Government
(c) Competitors (d) Technology

Answer: c

Explanation:

Macro environment factor include political economic social, technological and legal factor On the other hand, company micro environment factors Include customers, suppliers, competitors, employees, shareholders, and media.

Question 22

Who occupies the central position in the marketing environment?

- (a) Consumer (b) Customer
(c) Organization (d) All of the above

Answer: a

Explanation:

The consumer occupies the core / central position of all business activities and here occupies the center of the marketing environment.

Question 23

What demographic factors are relevant to business?

- (a) Size (b) Growth rate
(c) Educational (d) All of these

Answer: d

Explanation:

Demographic factors like the size, growth rate, age composition, sex composition etc. of the population, family size economy stratification of the population, education, Levels, language, caste, religion, etc. are the factors that are relevant to business.

Question 24

Businesses environmental represent all.

- (a) External forces (b) Internal forces
(c) Both (d) None

Answer: a

Explanation:

Business environment represents all external forces, factors or conditions that exert Some degree of impact on the business decision, strategies and action taken by the firms

Question 25

According to Peter Drucker aim of the business is to ___and___

- (a) Create and retain customer (b) Retain customer and create profit
(c) Create and retain consumer (d) Retain consumer and maximize wealth

Answer: a

Explanation:

Peter Drucker - 'the purpose of business is to create and retain a customer'

Question 26

Organization depends upon which environment for Input:

- (a) Technological Environment (b) Social – Economic Environment
(c) External Environment (d) Legal Environment

Answer: c

Explanation:

Organization depend upon External environment for Input.

Question 27

The most important factor, which is controlling and changing people`s life.

- (a) Technology (b) Skill
(c) Both (d) None

Answer: a

Explanation:

The most important factor, which is controlling and changing people`s life, is technology Man could realize the dream of walking on the moon traveling in spaceships and giving to the other side of the globe within a few hours.

Question 28

Socio - cultural environment consists of factors related to:

- (a) Market demand (b) Internal factors
(c) Human relationship (d) None of these

Answer: c

Explanation:

Socio - cultural environment consists related to human relationship and the of social Attitudes and cultural values which has bearing on the operations of the organization

Question 29

Population shifts from one region of a nation to another under

- (a) Population size (b) Geographic Distribution
(c) Ethic Mix (d) both a & b

Answer: b

Explanation:

Geographic Distribution: Population shifts one region of a nation to another or from nonmetropolitan to metropolitan areas may have an impact on a company's strategic competitiveness.

Question 30

___ with their own bargaining power affect the cost structure of the industry.

- (a) Intermediaries (b) Suppliers
(c) Consumer (d) Government

Answer: b

Explanation:

When your supplier has increased bargaining power, it affects your ability to serve your target market in a number of ways. Supplier power can impact the price the target market will pay for goods the quantity and quality of item available for purchase and even which companies will be able to remain in the marketplace.

Question 31

___ is an economic system based on the principle of free enterprise.

- (a) Capitalism (b) Socialism
(c) Mixed Economy (d) Marxism

Answer: a

Explanation:

A free enterprise economic system is a crucial component of capitalist economic policy. It dictates that the government will not unduly interfere with economic transactions.

Question 32

Company images and brand equity is Factor affecting business.

- (a) Externally (b) Internally
(c) Government policy (d) None

Answer: b

Explanation:

Company image and brand equity The image of the company in the outside market has the impact on the internal environmental of the company it help in raising the finance making joint venture, other alliances, expansions and acquisitions, entering sale and purchase Contracts, launching new products, etc.

Question 33

“The environment includes factors outside the firms which can lead to opportunities for or threats to the firm. Although there are many factors the most important of the Factors are socioeconomic, technological, suppliers, competitors, and Government is said by-

- (a) Charles Darwin in Darwinism (b) Gluek & Jauch
(c) Both (d) None

Answer: b

Explanation:

According to Gluek and Jauch: “The environment includes factors outside the firm which can lead to opportunities for or threats to the firm. Although there are many factors the most important of the factors are socioeconomic Technological, supplier, competitors, and government.

Question 34

In response to the changes in the environment organization in general should:

- (a) Understand the impact of change on the strategy and make appropriate modification (b) Make effort that changes are reverted back so that organization can function smoothly
(c) Ignore the changes (d) None of the above

Answer: a

Explanation:

In response to the changes in the environment organization in general should understand of changes on the strategy and make appropriate modification for the organization

Question 35

To survive over the long term, a company must have-

- (a) The ability to prosper (b) The ability to change
(c) Both (d) None

Answer: c

Explanation:

To survive over the long term, a company must have two capabilities the ability to prosper and the ability to change.

Question 36

.....are important and specific occurrences taking place in different environment Sectors.

- (a) Event (b) Trends
(c) Issues (d) Expectation

Answer: a

Explanation:

Event are important and specific occurrences taking place in different environment sector event are certain happening in the internal or external organization environment which can be observed and tracked.

Question 37

From the following which is elected by the shareholder and is charged with overseeing the general management of the organization to ensure that it is being run in way that best serves the shareholders' interests.

- (a) Owners (b) Board of Directors
(c) Employees (d) None

Answer: b

Explanation:

Board of Directors: board of directors are found in companies formed under the companies Act 1956. The board of directors is elected by the shareholders and is charged with overseeing The general management of the organization to ensure that it is being run in way that best serves the shareholders 'interests.

Question 38

Trends relate to:

- (a) Happening of event in internal environment (b) Grouping of similar or related event
(c) Demands made by interested group (d) None of the above

Answer: b

Explanation:

Trends are the general tendencies or the courses of action along which event take Place. Trends are grouping of similar or related event that tend to move in a given direction Increasing or decreasing in strength of frequency of observation; usually suggests a pattern of change in a particular area.

Question 39

Which economy is the outcome of compromise between two diametrically opposing schools of thought.

- (a) Socialism (b) Mixed
(c) Capitalism (d) Both a & b

Answer: b

Explanation:

Mixed economy: Mixed economy is the outcome of compromise between two diametrically opposing schools of thought.

Question 40

_____ is the process by which organization monitor their relevant environment to identify Opportunities and threats affecting their business for the purpose of taking strategic decision

- (a) Forecasting (b) Assessment
(c) Scanning (d) None of the above

Answer: c

Explanation:

Scanning is the process by which organization monitor their relevant environment to identify Opportunities and treats affecting their business for the purpose of taking strategic decisions.

Question 41

Which environmental factors regulate the values and beliefs, traditions and customs of society?

- (a) Political – legal factors (b) Technological factors
(c) Economic factors (d) Socio- cultural factors

Answer: d

Explanation:

Socio – cultural factors are those which regulates the values and belief, traditions and Customs of society

Question 42

Micro Economics is which factors of Economics.

- (a) Internal (b) External
(c) Both (d) None

Answer: b

Explanation

There are two major types of external environment:

- I. Micro Environment
- II. Macro Environment

The environment in which an organization exists can, therefore be described in terms of the opportunities and treats operating in the external environment apart from the Strength and weakness existing in the internal environment.

Question 43

Which refers to the nature and direction of the economy in which a company. Competes or may compete

- (a) Economic environment
- (b) Social environment
- (c) Both
- (d) None

Answer: a

Explanation:

Economic environment refers to the nature and direction of the economy in which a company competes It includes general economic situation in the nation, conditions in resource market (men, money, material, machine, method) which influence the supply of inputs to the enterprise there, cost, quantity, availability, and reliability of supplies.

Question 44

It includes supply of credit to the business and a boost to trade and industry.

- (a) Monetary policy
- (b) Investment policy
- (c) Industrial policy
- (d) None

Answer: a

Explanation:

It includes all those activities and intervention that aim at smooth supply of credit to the business and a boost to trade industry.

Question 45

___response not merely recognize and ward off threats but also covert threat into opportunities

- (a) Aggressive
- (b) Dynamic
- (c) Static
- (d) Passive

Answer: b

Explanation:

Dynamic response: At a still higher level, are those businesses that regard the external environment forces as partially manageable and controllable by their actions.their Feedback system are highly dynamic and powerful

They not merely recognize and Ward o – threats: they convert threats into opportunities They are highly conscious and condent of their own strengths and the weaknesses of their external environmental `adversaries' Example Vodafone.

Question 46

A threat is:

- (a) An unfavorable condition in organization Environment which create risk or damage To the environment
- (b) An inherent limitation or constraint
- (c) An unfavorable condition in organization Environment which consolidates its strength
- (d) None of the above

Answer: a

Explanation:

An unfavorable condition in organization environment which creates risk or damage to the environment is threat.

Question 47

It includes government policy in respect of public expenditure, taxation and public debt.

- (a) External Debt
- (b) Industrial policy
- (c) Fiscal policy
- (d) Export – Import policy

Answer: c

Explanation;

Fiscal policy: It includes government policy in respect of public expenditure, taxation and public debt.

Question 48

Which of the following is not a factor of Demographic Environment?

- (a) Ethnic Mix
- (b) Legal
- (c) Population size
- (d) Geographic Distribution

Answer: b

Explanation;

Factor of Demographic Environment are population size, Geographic Distribution & ethnic Mix.

Question 49

Process of strategy formulation starts with:

- (a) Appraisal of external and internal Environment of the an organization
 (b) Performance analysis
 (c) Choice of strategy
 (d) None of the above

Answer: a

Explanation:

Process of strategy formulation starts with Appraisal of external and internal environment of the an organization.

Question 50

Which are the other business that compete for resources as well as market:

- (a) Competitors
 (b) Consumers
 (c) Consumers
 (d) Supplier

Answer: a

Explanation:

Competitors are other business entities that compete for resources as well as markets. competition shapes business A study of the competitive scenario is essential for the marketer particularly threats from competition

PAST EXAMINATION QUESTION

MAY - 2018

Question 1

SWOT stand for:

- (a) Strength, weakness, Opportunity Threats
 (b) Strong, weak, Opportunity, threats
 (c) Strength, weak, opportunity things
 (d) None of these

Answer: a

Explanation:

SWOT analysis (strength, weakness, opportunities and threats analysis) is a framework For identifying and analyzing the internal and external factors that can have an impact On the viability of a project, product, place or person.

Question 2

The two E's in PESTLE stand for:

- (a) Economic and environment
 (b) Endless and Economic
 (c) Entry and Exit
 (d) End and EXIT

Answer: a

Explanation:

“PESTLE” is a mnemonic which its expansion denotes P for political, E for economic, S for social, T for technological, L for legal and, E for environment”.

Question 3

Which of the following are not characteristics of business environment:

- | | |
|--------------------|-------------------------|
| (a) Complex | (b) Dynamic |
| (c) Single faceted | (d) for reaching impact |

Answer: c

Explanation:

Characteristics of business environment are as follows:

- Complex
- Dynamic
- Multi - faceted
- Far reaching impact

Question 4

Which of the following is on a FMCG COMPANY?

- | | |
|---------------|-------------|
| (a) Patanjali | (b) Colgate |
| (c) Bajaj | (d) Amul |

Answer: c

Explanation:

“FMCG Companies, such as Unilever, Procter and GSK, create and distribute products that are typically bought consumer frequently (essentially then more from a retailer shelves to the consumers very quickly) Bajaj is not FMCG as it deals in heavy vehicles.

Question 5

Demographic environment relates to:

- | | |
|--|---|
| (a) Characteristic of population in an District, country or in the world | (b) Controlling and changing people's life |
| (c) Influence, almost all enterprises in a similar manner | (d) Positive and negative impact of significant international event |

Answer: a

Explanation:

Demographic environment relates to characteristic population in an area district, country Or in the world.

NOV- 2018

Question 1

Business Environment analysis help in:

- (a) Give directions for growth
(b) Determine opportunities and treats
(c) Image building
(d) All of the above

Answer: d

Explanation:

Business environment analysis help in:

- + Determining opportunities and treats
- + Giving direction for growth
- + Continuous learning
- + Image Building
- + Meeting Competition

Question 2

Describe a framework for analysis of macro environmental factor

- (a) SOCIAL
(b) PESTLE
(c) POLITICAL
(d) MIXED

Answer: b

Explanation:

“PESTLE” describe a framework for analysis of macro environmental factor Political, economic, Social, Technological, Legal and environment.

Question 3

Which is not feature of business environment :-

- (a) Simple
(b) Complex
(c) Multi fact
(d) Dynamic

Answer: a

Explanation:

Features of Business Environment:

- + Complex
- + Dynamic
- + For reaching impact
- + Multi - faced

i.e. Business Environment was not at all simple

Question 4

A is inherent capacity which an organization can use to gain strategic advantage over its competitors.

- (a) Strength
(b) Opportunities
(c) Threat
(d) Weakness

Answer: a

Explanation:

A strength is inherent capacity which an organization can use to gain strategic

advantage over its competitors.

Question 5

___ is important and specific occurrence taking place in different environmental Sectors

- | | |
|------------|-----------------|
| (a) Events | (b) Trends |
| (c) Issues | (d) Expectation |

Answer: a

Explanation:

Events are important specific occurrence taking place in different environmental Sector events are certain happening in the internal or external organization environment Which c.d.r 1 observed and tracked

MAY - 2019

Question 1

Which of the following is not correct about business Environment?

- | | |
|-------------------------|-------------|
| (a) Constantly changing | (b) Simple |
| (c) Multifaceted | (d) Complex |

Answer: b

Explanation:

- + **Characteristic of business environment:**
- + Totality of External Forces:
- + Specific
- + and General Forces:
- + Interrelatedness:
- + Dynamic Nature:
- + Uncertainty Complexity

Question 2

Which of the following is an economic activity?

- | | |
|----------------------|---------------------|
| (a) Self Interest | (b) Social Interest |
| (c) Selfless concern | (d) Sentimental |

Answer: a

Explanation:

In a market economy individuals own most of the resources available (e.g labor, land, and capital) and use voluntary decisions, made in self – interest to control the marketplace Self – interest is arguably the single largest motivator of the economic activity

Question 3

..... are important & specific occurrence taking place in different

environmental Sectors

- (a) Expectations (b) Events
(c) Issues (d) Trends

Answer: b**Explanation:**

The four important factors of environmental scanning are events, trends, issues, and expectations. Events are occurrence which takes place in different environmental sector of a business Sometimes these events follow a pattern and tend to move in a specific direction.

Question 4**Which environment affects the day to day business activities:**

- (a) Internal (b) Micro
(c) External (d) Macro

Answer: b**Explanation:**

Macro environment factors include political, economic, social, technological, and legal Factors. On the other hand, company micro environment factors include customers, Suppliers, competitor's employees, shareholders and media.

Question 5**An inherent capacity which an organization can use to gain Strategic advantage over its competitors is called**

- (a) Weakness (b) Threat
(c) Opportunity (d) Strength

Answer: d**Explanation:**

An inherent capacity which an organization can use to gain Strategic advantage over its competitors' is called strength.

Question 6**Which of the following is not a part of economic environment of business:**

- (a) Family structure (b) Availability of capital
(c) Monetary policy (d) Industrial policy

Answer: a**Explanation:**

Economic Environment of business :-

- Availability of capital
- Monetary policy
- Industrial policy is where family structure is not part of it.

Question 7**Environmental Analysis help in:**

- | | |
|---|---|
| (a) Providing input for strategic decision Making | (b) Turning threat's to firms advantage |
| (c) Anticipate opportunities and to take Optimal response | (d) All of the above |

Answer: d**Explanation:****Environmental Analysis helps in:**

- + Providing input for strategic decision making
- + Turning threat`s to firm advantage
- + Anticipate opportunities and make to take optimal response.

Question 8**The term.....issued to describe a framework for analysis of macro environmental factors**

- | | |
|------------|------------|
| (a) Global | (b) Social |
| (c) PESTLE | (d) Legal |

Answer: c**Explanation:**

PEST analysis (political, economic, socio-cultural and technological) describes a framework of macro environmental factors used in the environmental scanning component of Strategic management.

Question 9**Business environment consists of**

- | | |
|-----------------------|-----------------------|
| (a) Macro Elements | (b) Micro Elements |
| (c) Both of the above | (d) None of the above |

Answer: c**Explanation:**

The combination of internal and external factors that influence a company`s operating situation. The business environment can include factors such as client and supplier; its competition and owners; improvement in technology; laws and government activities; and market; social and economic trends.

DEC - 2020**Question 1****Which of the following is not an example of socio-cultural environment?**

- | | |
|------------------------------|------------------------|
| (a) Role of women in society | (b) Raising income |
| (c) Family structure | (d) Educational levels |

Answer :b

Raising income is not an example of socio-cultural environment

Question 2

Factors like Trends, Events of different interest groups are needed to be considered in ----

- (a) Environmental analysis (b) Environmental scanning
(c) Environmental inference (d) Environmental response

Answer : b

Environmental scanning

Question 3

Which of the following is not an important characteristic of business environment?

- (a) Image building (b) continuous learning
(c) Giving direction for shrinking (d) opportunities and threats

Answer: c

Business environment is compound in nature.

- ✚ Business environment is constantly changing process.
- ✚ Business environment is different for different business units.
- ✚ It has both long-term and short-term impact.
- ✚ Unlimited influence of external environment factors.
- ✚ It is very uncertain.
- ✚ Inter-related components.
- ✚ It includes both internal and external environment.

Hence, Giving direction for shrinking is not the characteristic

Question 4

ABC company is aiming towards Joint venture and partnership with other firms to manage uncertainty. This is an example of following type of Organizational response to the environment?

- (a) Collective response (b) Competitive Response
(c) Micro environmental response (d) Administrative response

Answer:a

Collective response

JAN - 2021

Question 1

The business should continuously _____ and to the environment if it is to survive and prosper.

- (a) Identify. Appraise (b) Monitor, adapt

(c) Identify, Monitor

(d) Monitor, appraise

Answer: b

Explanation:

If they do not adapt to their environment, the competitive edge they offer to their customers would likely be gone. The importance of adapting to change in business should be noted by owners. They should monitor what changes need to happen so that they can still provide a great experience for their consumers.

Question 2

Which one of the following is not a factor of Demographic Environment?

(a) Ethnic Mix

(b) Legal

(c) Population size

(d) Geographic Distribution

Answer: b

Explanation:

The four demographic characteristics that most businesses are interested in are:

- The size of the population.
- Geographical distribution of the population.
- The ethnic mix and.
- Income Distribution.

Question 3

_____ is a road map of company's future.

(a) Objective

(b) Goal

(c) Vision

(d) Aim

Answer: c

Explanation:

A business roadmap is a vision of your company's major objectives and strategies.

Question 4

Competition is beneficial to the competing firms besides benefiting environment?

(a) Effective and efficient

(b) Economic and entrepreneurial

(c) Environmental and endless

(d) Economic and environmental

Answer: d

Explanation:

A PESTLE analysis is a tool used to gain a macro picture of an industry environment. PESTLE stands for Political, Economic, Social, Technological, Legal and Environmental factors.

Question 5

Competition is beneficial to the competition firms besides benefiting the__?

- (a) Intermediaries (b) Customers
(c) Producers (d) Financiers

Answer: b

Explanation:

Consumers because competition will force producers to improve their quality of product and reduce price of the product to increase their sales so consumers can get quality products at cheaper rates.

Question 6

Which of the following is not a part of the economic environment?

- (a) Market and trade cycles (b) Consumer buying patterns
(c) Strength of consumer spending (d) Interest and exchange rates

Answer: b

Explanation:

Economic Environment includes interest rates, inflation rates, and changes in disposable income of people, market indices and trade cycle.

JULY - 2021

Question 1

An organization is planning to create joint venture to cope up with environmental uncertainty. this is an example of the following type of organizational response to its environment

- (a) Administrative response (b) Collective response
(c) Competitive response (d) None of the above

Answer: a

Explanation:

Administrative response- The online instructor provides ongoing answers for students' non-content related questions. This type of response is helpful for students' successfully fulfilling the course requirements during a course. Learn more in: Instructor Feedback, Learner Satisfaction, and Online Learning

Question 2

Which of the following capability a company require to survive in long term?

- (a) Frequent change in work force (b) The ability to change
(c) Vision to acquire profit (d) Expansion in territory of business

Answer: b

Explanation:

i.e. ability to prosper and ability to change

Question 3

While scanning environment, events are which of the following?

- (a) Group of similar events (b) Demand made by interested groups
(c) Current concerns on events (d) Observed and tracked

Answer: d

Explanation:

The four important factors of environmental scanning are events, trends, issues, and expectations. Events are occurrences which takes place in different environmental sectors of a business. Sometimes these events follow a pattern and tend to move in a specific direction.

Question 4

A strategic response where business Are very passive in their behaviour is called

- (a) Least resistance (b) Dynamic
(c) Proceed with caution (d) Strategic action

Answer: a

Explanation:

Least Resistance

This is a passive approach that some businesses maintain. The aim here is the survival of the business. So, they simply react to the changes and cope with their new situations in order to survive, not thrive. So, these businesses do not predict or analyze their environment

Question 5

The event of conducting ComGames in India is an example of element of Macro Environment:

- (a) Political-Legal Environment (b) Technological Environment
(c) Socio-Cultural Environment (d) Global Environment

Answer: d

Explanation:

The global environment refers to the environmental factors that impact the entire planet. This might leave you wondering about the components of global environment. Well, in other words, the global environment is the sum total of all local, regional, and national environments in the world.

Question 6

What are the three classes of organization's internal responses that business can opt?

- (a) Automatic Response, Comprehensive Response and Collective Response (b) Administrative Response, Competitive Response and Collective

- | | |
|---|---|
| (c) Administrative Response,
Comprehensive Response and
Collective Response | Response
(d) Automatic Response, Competitive
Response and Collective Response |
|---|---|

Answer: c**Explanation:**

From a broader perspective, organizational communication takes three different forms such as: Internal operational communication, External operational communication, and. Personal communication.

Question 7**An effective organisational strategy includes which of the following activities**

- | | |
|--|--|
| (a) Capitalises on opportunities through
the use of threats | (b) Neutralise the threats by minimising
the impact of weaknesses |
| (c) Neutralise the opportunity by
minimizing the impact of weaknesses | (d) Capitalise on the weakness through
the use of threats |

Answer: d**Explanation:**

Opportunities: External factors that the entity can capitalize on or use to its advantage

DEC – 2021**Question 1****1% rank company of for bees 500 as per 2019**

- | | |
|----------------------------|-------------------------|
| (a) Indian Oil Corporation | (b) Reliance Industries |
| (c) Both | (d) None |

Answer: a**Explanation:**

Indian Oil Corporation: 2018 list. Indian Oil Corporation continued on top place in the 2018 Fortune India 500 rankings, while Reliance Industries and Oil & Natural Gas Corporation was second and third respectively.

Question 2**1strank company of Forbes 500 as per 2020**

- | | |
|-------------------|-------------|
| (a) reliance | (b) Walmart |
| (c) either a or b | (d) none |

Answer: b**Explanation:** Walmart**Question 3****Oldest non funding institution set up for facilitating business**

- | | |
|---------|-----------|
| (a) RBI | (b) SEBI |
| (c) CCI | (d) IRDAI |

Answer: a

Explanation: RBI

Question 4

Simultaneous purchase and sale of goods

- (a) Arbitrage (b) unarbitrage
(c) heritage (d) none

Answer: a

Explanation:

Arbitrage: Arbitrage is the simultaneous purchase and sale of the same asset in different markets in order to profit from tiny differences in the asset's listed price. It exploits short-lived variations in the price of identical or similar financial instruments in different markets or in different forms.

Question 5

Intellectual property and copyrights belong to which part of the PESTLE Analysis?

- (a) Political (b) Legal
(c) Economical (d) Technological

Answer: d

Explanation:

Technological factors can be determine barriers to entry, minimum efficient production level and influence outsourcing decision,. Furthermore, technological shifts can affect cots, quality, and lead to innovation. Intellectual property and copyrights belong to technological part of the PESTLE analysis.

Question 6

Business should identify, appraise and respond to ____ and ____ in its environment.

- (a) Consumers and Creditors (b) Rules and regulations
(c) Opportunities and threats (d) Buyers and sellers

Answer: c

Explanation:

Business environment represents all external forces, factors or conditions that exert some degree of impact on the business decisions, strategies and actions taken by the firm. The success of a business is generally has to identify, appraise and respond to the various opportunities and threats in its environments.

Question 7

Events, Trend issues and expectations are factors of-

- (a) Environmental Scanning (b) Micro Environment
(c) Environmental analyses (d) Macro Environment

Answer: a

Explanation:

Environment Scanning shall bring out some of the very interesting aspects of the environment. The factors which are an outcome of environmental scanning are events, trends, issues and expectations of the different interest groups.

Question 8

The term PESTLE Analysis is used to describe a framework for analyzing

- | | |
|--------------------------|--------------------------|
| (a) Macro Environment | (b) Micro Environment |
| (c) External Environment | (d) Internal Environment |

Answer: a

Explanation:

The term PESTLE is used to describe a framework for analysis of macro environmental factors. PESTLE analysis involves identifying the political, economic, socio-cultural, technological, legal and environmental influences on an organization and providing a way of scanning the environmental influences that have affected or are likely to affect an organization or its policy. 'PESTLE analysis is an increasingly used and recognized term, replacing the traditional framework for monitoring environment known as PEST analysis. PESTLE is an acronym for:

P-political

E-economic

S-socio-cultural

T-technological

L-legal

E-environmental

Question 9

Which of the following are not addressed by the Micro environment?

- | | |
|---------------|-----------------------|
| (a) Consumer | (b) Intermediaries |
| (c) Suppliers | (d) Local Authorities |

Answer: d

Explanation:

In micro economics following are addressed:

- Customers
- Organization
- Market
- Intermediaries
- Competitors
- Suppliers

Question 10

Which of the following is not an example of socio-cultural environment?

For more Info Visit [www. KITest.in](http://www.KITest.in)

- (a) Role in women in society
(c) Family Structure

- (b) Rising Income
(d) Educational levels

Answer: b

Explanation:

Rising income is not an example of socio-cultural environment. Whereas role of women in society, family structure, educational levels is an example of socio-cultural activities.

JUNE – 2022

Question 1

Proactive and Reactive response are involved in

- (a) Collective Response
(c) Competitive Response
- (b) Administrative Response
(d) All of the above

Answer: b

Explanation:

Administrative responses are the most common organisational responses to the environment of business and can either be proactive or reactive aimed at defining the purpose of the organisations.

Question 2

Physical resources and technological advancement are _____ components

- (a) Internal
(c) Macro
- (b) External
(d) Micro

Answer: c

Explanation:

Macro environment has broader dimensions. It mainly consists of economic, technological, political, legal and socio cultural factors.

Question 3

A strategic response where business are very passive in their behaviour is called as

- (a) Least Resistance
(c) Dynamic Response
- (b) Proceed with caution
(d) Observe and tracked

Answer: a

Explanation:

Least resistance are very passive in their behaviour and are solely guided by the signals of the external environment and they are simple goal maintaining units.

Question 4

A _____ is interest capacity which an organization can use to gain strategic advantage over its competitions

- (a) Strength
- (c) Opportunities

- (b) Threat
- (d) Weakness

Answer: a

Explanation:

A strength is an interest capacity which an organisation can use to gain strategic advantage over its competition. An example of strength is superior research and development skills which can be used for new product development so that the company gains competitive advantage.

Question 5

In PESTLE Analysis 's' stands for

- (a) Social
- (c) Socio - economics

- (b) Socio - cultural
- (d) Society

Answer: b

Explanation:

"PESTLE" is a mnemonic which in its expanded form denotes P for Political, E for Economic, S for Socio-cultural, T for Technological, L for Legal and E for Environmental.

Question 6

An effective organizational strategy include which of the following activities?

- (a) Conversely examine the opportunities through the use of threats

- (b) Neutralizes the threats by minimizing the impact of business

- (c) Neutralizes the opportunities by minimizing the impact of weakness.

- (d) The company must not look outside of the organisation to determine opportunities and threats

Answer: b

Explanation:

An effective organisational strategy, therefore is one that conversely examine the opportunities through the use of strengths and neutralizes the threats by minimizing the impact of weakness.

Question 7

Fiscal policy EXIM policy industrial policy to are types of

- (a) Private
- (c) Business

- (b) Government
- (d) Semi- Government

Answer: b

Explanation:

Fiscal policy, CXJM policy, industrial policy etc. are types of government policies.