



# INDIAN SCHOOL AL WADI AL KABIR

## DEPARTMENT OF COMMERCE

### MCQs: BUSINESS ENVIRONMENT

READ THE FOLLOWING PARAGRAPH AND ANSWER QUESTION FROM 1 TO 4

'Runners Ahead' is an emerging software consultancy company. The company has decided to prepare an emergency plan to meet unpredictable challenges which change the business in a very fast manner particularly in the field of Information Technology. The changes in the IT sector are very fast. So the chances of success are high; like in the case of new software launched where the company has the advantage of entering the market early. However, things are not so easy. Every time circumstances pose new challenges. The organization has decided to monitor the external business environment so that it can adopt suitable measures to increase its client base. Recently the company has been given a project by the government to study and analyses its new policy. The policy of the government is to give a bigger role to the private sector by reducing its own role in the Public Sector Undertakings. In order, to meet new challenges the company has to exploit various aspects of business. Recently it has invented a new type of advanced software for social networking sites for the aged people catering to their specific needs. The company is expecting huge rise in its revenue through the help of this project.

1. "The changes in the IT sector are very fast. So the chances of success are high"  
Which features of business environment is highlighted in the above case?
  - (a) Specific and general forces
  - (b) Uncertainty
  - (c) Dynamic
  - (d) None of the above
2. Identify the importance of business environment highlighted in the above case.
  - (a) It enables the firm to identify opportunities and get the first mover advantage.
  - (b) Early warning signal
  - (C) Both (a)&(b) are correct
  - (d) Both (a)&(b) are incorrect
3. Which dimension of business environment is highlighted in the above case?
  - (a) Economic
  - (b) Legal
  - (c) Political
  - (d) Technological
4. "The organization has decided to monitor the external business environment so that it can adopt suitable measures to increase its client base." Which importance of business environment is highlighted in the above lines from the case study

- a) It helps in improving performance
- b) It helps in assisting planning and policy formulation
- c) It helps in coping with rapid changes
- d) None of the above

**5.** “The nature of the relationship of our country with foreign countries”, is a major element of which of the following components of the Business Environment?

- (a) Social Environment
- (b) Legal Environment
- (c) Political Environment
- (d) Economic Environment

**6.** As part of regulations to be followed by advertisers, the advertisement for a new brand of baby food for infants provides important information for potential buyers that it is “Not recommended for infants under the age of four months”. Which dimension of the business environment is highlighted in the above statement?

- (a) Social Environment
- (b) Legal Environment
- (c) Political Environment
- (d) Economic Environment

**7.** The sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance is known as \_\_\_\_\_

- (a) Business environment
- (b) Social environment
- (c) Political environment
- (d) Economic environment.

**8.** India has launched its most advanced Geo-imaging satellite which will allow better monitoring of the subcontinent, including its borders with neighbouring countries, by imaging the country 4-5 times a day. The satellite is capable of near real time monitoring of floods and cyclones. The factor constituting the Business Environment being discussed above is:

- (a) Social environment
- (b) Economic environment
- (c) Technological environment
- (d) Political environment

**9.** Aiming to revive Jammu and Kashmir’s attraction as a top location for film shooting the J&K film policy, 2021 offers a host of incentives to the filmmakers, such as subsidies and low long term interest rates, for films with patriotic and certain other themes shot in J&K, for giving work opportunities to local artistes, etc. This will have an impact on business enterprises in the state. Which component of business environment is highlighted above:

- (a) Specific and general forces
- (b) Technological environment
- (c) Economic environment
- (d) Totality of external forces

**10.** Mohammad Kanjiwal, a beekeeper since April 2021 is now part of the growing tribe of at least 50 urban dwellers across Maharashtra raising bees and harvesting honey in their balconies, rooftops and back gardens. As he had been focussed on eating right the thought of domesticating honey bees to promote healthy consumption habits and seeing honey being cultivated right before his eyes was mesmerising for him. Identify the factor constituting the general environment being discussed above.

- (a) Economic environment
- (b) Social environment
- (c) Technological environment
- (d) Political environment

**11.** The term business environment refers to ..... factors which impact functioning of a firm

- a) External factors
- b) Internal factors
- c) Management related factors
- d) Internal and External factors

**12.** .....are generally considered as controllable factors.

- a) Internal factors
- b) External factors
- c) Cost of production
- d) None of these

**13.** Which one of the following is a part of economic environment?

- (a) Public debt
- (b) Lifestyle of people
- (c) Technological changes
- (d) Level of education

**14.** Business environment is group of forces

- a) Specific
- b) General
- c) Internal
- d) Specific and general

**15.** As a result of major government initiatives, more and more people are going 'green'. In order to keep in line with the trend, 'Clap away' a carpet cleaning company has advertised that they only use natural cleaners that come from renewable resources and that all their service vehicles are hybrid vehicles that use both gas and electricity. Identify one of the points related to the importance of business environment and its understanding by a manager which is being highlighted in the above case.

- (a) It helps in assisting in planning and policy formulation.
- (b) It helps in coping with rapid changes.
- (c) It helps in improving performance.
- (d) It enables the firm to identify opportunities and getting the first mover advantage

**16.** With the introduction of photocopier machines in the market the carbon paper industry was badly affected. Which component of environment was responsible for it

- a) Economic
- b) Political
- c) Technological
- d) All of the above

**17.** Direction: In the questions given below are two statements labelled as Assertion (A) and Reason (R). In the context of the two statements, which one of the following is correct?

Assertion (A) Economic environment includes the social forces like customs and traditions.

Reason (R) Reserve bank of India is the key regulator of country's economic environment.

Alternatives: (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)

(b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).

(c) Assertion (A) is True but Reason (R) is False.

(d) Assertion (A) is False but Reason (R) is True

**18.** Direction: In the questions given below are two statements labelled as Assertion (A) and Reason (R). In the context of the two statements, which one of the following is correct?

Assertion (A) Business environment does not affect much the decision-making of the companies.

Reason (R) Business environment is related to all external forces outside the organisation.

Alternatives: (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)

(b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).

(c) Assertion (A) is True but Reason (R) is False.

(d) Assertion (A) is False but Reason (R) is True.

**19.** Direction: In the questions given below are two statements labelled as Assertion (A) and Reason (R). In the context of the two statements, which one of the following is correct?

Assertion (A): Business environment is the sum total of all the external forces.

Reason (R): The different elements of business environment are closely interrelated.

Alternatives: (a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)

(b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A).

(c) Assertion (A) is True but Reason (R) is False.

(d) Assertion (A) is False but Reason (R) is True.

**READ THE FOLLOWING PARAGRAPH AND ANSWER QUESTION FROM**

## Q20 TO Q22

Gallant' is a well-known FMCG (Fast Moving Consumer Goods) company in India. However, for the past few years its profitability is diminishing due to the presence of a new company 'Prakritik'. 'Prakritik' has gradually acquired a reasonable share in a wide variety segments like soaps, shampoos, detergents, dish wash and oral care. One of the key reasons is that 'Prakritik' has positioned itself as a natural/Ayurvedic brand and this approach has worked well with the Indian consumer. In order to compete with this threat 'Gallant' has acquired a premium Ayurvedic brand 'Madhumita' from another group. Moreover it's likely to increase its advertising budget to counter the threat from 'Prakritik'. In the context of the above case

20. Identify the related component of the business environment which has contributed effectively towards the success of Prakritik.

- (a) Economic aspect
- (b) Legal aspect
- (c) Political aspect
- (d) Social aspect

21. Identify one way in which 'Gallant' has responded to the changes in its business environment.

- (a) Acquisition
- (b) Brand building
- (c) Both (a) & (b)
- (d) Only (b)

22. What was the plan of the Gallant company to counter the threat from 'Prakritik'?

- (a) To increase its total budget
- (b) Increase its advertising budget
- (c) To increase its sales
- (d) To increase its expenditure

23. \_\_\_ feature of business environment states that various factors of business environment affect each other.

- (a) Pervasive
- (b) Continuous
- (c) Dynamic
- (d) Interrelatedness

24. Legal rules and regulations relevant to business are included in \_\_\_ environment of business.

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

25. .... is a part of economic policy of a country

- a) Industrial policy
- b) Import policy
- c) Export policy

d) All the above

**26.** Technological improvements and innovations results in \_\_\_\_\_

a) Render existing products obsolete

b) Increase in tax

c) Reduction in profit margin

d) none of the above

**27.** Which one of the following is a part of economic environment?

(a) Public debt

(b) Lifestyle of people

(c) Technological changes

(d) Level of education

**28.** The Economic Survey, 2019 suggests that the psychological biases can be used in the realm of tax compliance. It is in favour of using religious norms such “dying in debt is a sin” to improve tax compliance. Identify the related dimensions of business environment.

(a) Legal dimension and Social dimension

(b) Social dimension and Economic dimension

(c) Technological dimension and Political dimension

(d) Political dimension and Economic dimension

**29.** In order to boost and double India’s export of goods and services to over USD 1,000 billion by 2025, it is important to lower effective corporate tax rate, bring down cost of capital and simplify regulatory and tax framework. Identify the related dimension of business environment.

(a) Social dimension and Legal dimension

(b) Technological dimension and Political dimension

(c) Political dimension and Social dimension

(d) Economic dimension and Legal dimension

**30.** Any kind of external devices, like compact discs (CD’s) for computer, have become obsolete. Google, with its Google Drive service, Apple with its iCloud offering, enables the users store documents, photos, music and movies on webbased servers. Identify the feature of business environment being described in the above lines.

(a) Relativity

(b) Dynamic nature

(c) Uncertainty

(d) Interrelatedness