



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)

Academic Year 2011/2012 – 2nd Year Examination – Semester 3

IT3404: Business Management
PART 1 – Multiple Choice Question Paper

26th February, 2012
(ONE HOUR)

Important Instructions :

- The duration of the paper is 1 (One) hour.
- The medium of instructions and questions is English.
- The paper has 25 questions and 6 pages.
- All questions are of the MCQ (Multiple Choice Questions) type.
- All questions should be answered.
- Each question will have 5 (five) choices with one or more correct answers.
- All questions will carry equal marks.
- There will be a penalty for incorrect responses to discourage guessing.
- The mark given for a question will vary from 0 to +1 (*All the correct choices are marked & no incorrect choices are marked*).
- Answers should be marked on the special answer sheet provided.
- Note that questions appear on both sides of the paper.
If a page is not printed, please inform the supervisor immediately.
- Mark the correct choices on the question paper first and then transfer them to the given answer sheet which will be machine marked. Please completely read and follow the instructions given on the other side of the answer sheet before you shade your correct choices.

1. Which of the following statements best describe(s) management as a practice?
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|---|
| (a) Identify the needs of customers and workers and try to satisfy them.
(b) The art of getting work done through others.
(c) The system of correcting organizational deficiencies.
(d) An orderly way of carrying out jobs and duties to satisfy customers.
(e) An effective way of handling people to achieve organizational goals. |
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2. A person's ability to work effectively as a senior level manager depends mainly on his
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|--|---|-------------------|
| (a) technical skills.
(d) operational skills. | (b) conceptual skills.
(e) marketing skills. | (c) human skills. |
|--|---|-------------------|
3. "Efficiency" means
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| (a) Doing the things right.
(b) Doing the right thing.
(c) Ability to optimise the use of resources.
(d) Ability to determine appropriate objectives.
(e) Effectiveness. |
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4. Leading, as opposed to managing, mainly involves
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| (a) controlling others.
(b) directing and influencing others towards the achievement of organizational objectives.
(c) ensuring that activities conform to planned events.
(d) setting timetables and work schedules.
(e) commanding others into action. |
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5. When a product is launched with a low price in order to gain sufficient customers in the market, it is called:
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|---|---|------------------|
| (a) Market planning.
(d) Sales incentives. | (b) Market skimming.
(e) Market penetration. | (c) Market plan. |
|---|---|------------------|
6. Elasticity of demand is greater for
- | | |
|---|---|
| (a) Products having substitutes.
(c) Branded products.
(e) Capital goods. | (b) Natural products.
(d) Raw materials. |
|---|---|
7. Leaders who use their personal vision and energy to stimulate followers and have a major impact on their organization are known as
- | | |
|---|--|
| (a) transactional leaders.
(c) charismatic leaders.
(e) democratic leaders. | (b) autocratic leaders.
(d) transformational leaders. |
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8. The main objective of bookkeeping is to record all transactions of a business in books of accounts in order to

- (a) ascertain the profitability of a business.
- (b) control the managerial staff.
- (c) record only the material transactions.
- (d) find out the receivables.
- (e) find out the payables.

9. The distinction between direct and indirect costs depends on whether a cost is

- (a) controllable or uncontrollable.
- (b) variable or fixed.
- (c) long-term or short-term.
- (d) seasonal or routine.
- (e) predictable or unpredictable.

10. Which of the following affect(s) only the assets side of the accounting equation?

- (a) Paying Rs. 10,000/- to a creditor
- (b) Receiving Rs. 6000/- from a debtor
- (c) Owner introducing Rs. 15,000 to the Business
- (d) Goods Purchased from Mr. Silva on credit for Rs. 5000/-
- (e) Returning goods to a creditor

11. What are the proper demand states out of the states given below?

- (a) Powerful demand, Latent Demand, Declining Demand
- (b) Negative demand, No demand, Latent demand
- (c) Irregular demand, Latest Demand, Declining Demand
- (d) Declining demand, Unwholesome demand, No demand
- (e) Overfull demand, No demand, Latent demand

12. A ledger is defined as

- (a) a collection of all business transactions.
- (b) a listing of all accounts, titles and figures.
- (c) a collection of all accounts and their balances.
- (d) a book of original entry from which transactions are posted.
- (e) a book which records all receivables and payables.

13. The following lines represent independent cases. Fill in the blanks marked (I), (II), (III), (IV), (V) and (VI).

Total Income	Cost of sales	Other expenses	Net profit	Total assets	Total liabilities	Capital	Profits
325,000	(I)	35,000	30,000	(II)	15,000	120,000	55,000
450,000	350,000	(III)	75,000	1,000,000	(IV)	500,000	420,000
(V)	115,000	61,000	11,500	390,000	33,500	230,000	(VI)

- (a) I = 260,000 II=105,000 III = 25,000 IV = 80,000 V=187,500 VI=126,500
- (b) I = 290,000 II=190,000 III = 25,000 IV = 80,000 V=187,500 VI=126,500
- (c) I = 260,000 II=190,000 III = 25,000 IV = 80,000 V=187,500 VI=126,500
- (d) I = 290,000 II=105,000 III = 25,000 IV = 80,000 V=187,500 VI=126,500
- (e) I = 260,000 II=190,000 III = 25,000 IV = 80,000 V=187,500 VI=160,000

14. Which of the following represent current assets, non-current assets, owner's equity, non-current liabilities and current liabilities in the correct order?

- (a) Cash at bank, land and building, trade creditors, trade debtors, profits
- (b) Pre-paid expenses, land and buildings, trade creditors, bank overdraft, capital
- (c) Pre-payments, land and buildings, capital, bank loan, salary payable
- (d) Furniture and fittings, cash at bank, profits, pre-paid expenses, wages payable
- (e) Trade debtors, equipment, capital, bank loan, trade creditors

15. Which of the following managerial roles represent Interpersonal role, Informational role and Decisional role in the correct order?

- (a) Leader, Entrepreneur, Monitor
- (b) Liaison, Monitor, Disturbance Handler
- (c) Figurehead, Disseminator, Entrepreneur
- (d) Leader, Negotiator, Resource Allocator
- (e) Monitor, Spokesperson, Entrepreneur

16. Most of the software development companies operate in several countries having multiple branches doing development work. The most suitable organizational structure for this type of company is:

- (a) Divisional Structure. (b) Functional Structure. (c) Matrix Structure.
- (d) Network Structure. (e) Management Structure.

17. Which of the following statements are **TRUE** about the Knowledge society?

- (a) The value in intangibles is less valuable than tangibles.
- (b) Information is becoming more expensive than physical resources.
- (c) The electronics in cars are not as expensive as the metal used for production.
- (d) Agriculture industry is becoming knowledge intensive in the new era using satellite photos, weather forecasts and automatic measuring of moisture.
- (e) There is a trend to develop smart products that can take their own decisions depending on situations.

Use the following scenario to answer the questions 18 – 20.

The book printing industry faces numerous challenges from many local and foreign companies entering into the market with innovative designs to covers of books. Many companies are importing books and accessories making the printing industry very competitive. There are few suppliers of paper pulp, ink and other material in the industry and they are in huge demand. Therefore, there are many stock-outs and delays in the delivery of raw-materials which affect companies' production plans.

18. Which of the following statement(s) are **TRUE** about the forces working on a company in the book printing industry?

- (a) The threat of substitutes is high.
- (b) The threat of new entrants is very high.
- (c) The rivalry among the companies is very high.
- (d) The threat of new entrants is low.
- (e) The threat of suppliers is low.

19. Backward integration and becoming a supplier of raw-material is a good strategy to negate the force coming from
- (a) the threat of substitutes.
 - (b) the threat of new entrants.
 - (c) the threat of suppliers.
 - (d) the bargaining power of customers.
 - (e) the rivalry among the existing companies.
20. What are the strategies a company in the book printing industry can use to sell more of the existing products to the existing market?
- (a) Diversification strategy to identify new opportunities.
 - (b) Work collaboratively with bulk buyers of books to establish long lasting links.
 - (c) Introduce new products with new features.
 - (d) Carry out an effective marketing campaign.
 - (e) Increase the prices of products to get higher profit margins.
21. The marketing concept is a way of thinking or a management philosophy that affects
- (a) only marketing activities.
 - (b) most efforts of the organization.
 - (c) mainly the efforts of sales personnel.
 - (d) mainly customer relations.
 - (e) only the focus on the market strategy.
22. Which of Maslow's needs did Alderfer combine to form the 'existence' needs?
- (a) Physiological, safety and social
 - (b) Esteem and self realization
 - (c) Safety and social
 - (d) Social and self esteem
 - (e) Physiological and safety
23. Out of the following sentences about leadership, which are **TRUE**?
- (a) A Charismatic Leader is an enthusiastic, self-confident leader whose strong personality and actions influence people to behave in certain ways.
 - (b) A Transactional Leader is someone who inspires others to transcend their own self-interests and work for the larger good of the organization.
 - (c) Autocratic Style Leader acts in unilateral command and control fashion.
 - (d) Transformational leaders are focused on "transforming" their employees' priorities to reflect the interest of the group collaboratively.
 - (e) A Transactional Leader contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.
24. Which description of 'ethics' is more correct?
- (a) Ethics is the practice of making a principled choice between Right and Right.
 - (b) Ethics is the theory of making an emotional choice between Right and Wrong.
 - (c) Ethics is the practice of making a principled choice between what is statistically correct and wrong.
 - (d) Ethics is the practice of making a principled choice between Right and Wrong.
 - (e) Ethics is the practice of making a strategic decision to do a task efficiently.

25. Out of the following entities, select the ones that belong to the External environment of a business organization.

- (a) Suppliers, Competitors, Financial Institutions, Shareholders, Market
- (b) Strategies, Systems, Suppliers, Customers, Outsourced Companies
- (c) Board of Directors, Employees, Customers, Government, Financial Institutions
- (d) Customers, Media, Special interest groups, Competitors, Suppliers
- (e) Trade Unions, Competitors, Suppliers, Financial Institutions, Market
