



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)

Academic Year 2012/2013 – 2nd Year Examination – Semester 3

IT3404: Business Management

PART 1 – Multiple Choice Question Paper

**03rd March, 2013
(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 two** 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. The Hawthorne studies

- (a) began in an effort to determine whether employees worked harder if they received added attention.
- (b) began in 1947 under the direction of William Hawthorne.
- (c) indicate that non-economic factors do not affect employee behaviour.
- (d) indicate transaction analysis.
- (e) were conducted by Elton Mayo and his associates.

2. Neo-classical management theory emphasizes

- (a) the development of the best method to perform a job.
- (b) that people can respond rationally to rules.
- (c) that people can respond rationally to chains of authority and economic incentives.
- (d) the social needs, drives and attitudes of people.
- (e) information technology.

3. Contingency theory focuses on

- (a) the need for piece-rate incentives to be dependent on the profits of the organization.
- (b) success of the organization that depends on human relations.
- (c) the action which best fits the situation .
- (d) the need for well defined job specifications.
- (e) a manager's approach that should vary according to the situation.

4. If an organization utilizes its resources well in its efforts toward short-term objectives, it is said to be

- (a) short sighted.
- (b) Myopic.
- (c) Efficient.
- (d) Effective.
- (e) Inappropriate.

5. Employees of an organization who are usually only responsible for their own behaviours are called

- (a) line managers.
- (b) staff managers.
- (c) non-managers.
- (d) non-managerial subordinates.
- (e) irresponsible employees.

6. Which of the following are **not** a general management skills?

- (a) Human relations skills
- (b) Personality skills
- (c) Conceptual skills
- (d) Administrative skills
- (e) Technical skills

7. Which one of the following is **not** treated as a major traditional function of a Management Process?

- (a) Planning
- (b) Organizing
- (c) Forecasting
- (d) Motivating
- (e) Controlling

8. The simplest yet most detailed of all standing plans are

- (a) policies.
- (b) procedures.
- (c) rules.
- (d) budgets.
- (e) strategies.

9. The number of subordinates directly supervised by a manager is referred to as
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| (a) Span of Control. | (b) Unity of Command. |
| (c) Organizational Structure. | (d) Scalar Principle. |
| (e) Supervision. | |
10. Chain of Command
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| (a) unifies top level managers in clear responsibility/authority. |
| (b) links superior and subordinate together throughout the entire organization. |
| (c) means that each subordinate should report to only one superior. |
| (d) rarely can be depicted on an organization chart. |
| (e) is a hierarchy of authority. |
11. Factors affecting the degree of decentralization do **not** include
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| (a) referent power. |
| (b) history of organizational growth. |
| (c) availability of quality managers at first line and middle levels. |
| (d) uniformity of products. |
| (e) attitude of top management. |
12. Which one of the following is **not** a basic condition that needs to be met for Leadership?
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| (a) There should be followers. |
| (b) Leader must have more power than their followers. |
| (c) Leader must influence followers to achieve leader's objectives. |
| (d) Leader should have an acceptance by followers. |
| (e) Leader needs to be the most highly qualified professional in the group. |
13. Which of the following statements is **not** true in Accounting?
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| (a) Accounting is a human language. |
| (b) Accounting is a system that communicates financial information. |
| (c) Accounting provides human relations information |
| (d) Accounting collects, processes, reports, analyses, interprets and projects financial information. |
| (e) Accounting is a service activity. |
14. Which of the following is **not** a basic assumption that seems to underline the financial accounting structure?
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| (a) Economic entity assumption | (b) Going concern assumption |
| (c) Monetary unit assumption | (d) Periodicity assumption |
| (e) Cost-Benefit relationship assumption | |

15. Liquidity ratios

- (a) measure the overall effectiveness of management to generate a profit.
- (b) measure the ability of the organization to meet its short-term debts.
- (c) measure how efficiently the organization's resources are being utilized.
- (d) measure the relative amount of long-term debt the organization carries and its ability to serve it.
- (e) measure the firm's ability to meet unexpected contingencies such as a prolonged strike or price war.

16. The Bundle of Utility is the sum total of the types and levels of satisfaction that are perceived by potential consumers. It does **not** include

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| (a) Form utility. | (b) Time utility. | (c) Place utility. |
| (d) Possession utility. | (e) Knowledge utility. | |

17. Which of the following statements is **not** TRUE about the tasks of Marketing?

- (a) Marketers can influence their environment and they can control it as well.
- (b) The Marketing mix is a combination of controllable variables which a given marketer uses to provide the bundle of utility.
- (c) The four major categories of marketing activities center on customer, product, market, and employees.
- (d) The marketing program begins with setting objectives and ends with reviewing performance to see whether the objectives have been reached.
- (e) Knowledge about the nature and motivation of the market is required for effective marketing management.

Use the following scenario to answer the questions 18 – 19.

A special meeting chaired by the CEO in a state organization was held in order to develop a plan for productivity improvement. He proposed to start a new performance evaluation scheme for all employees. Mrs. Nimali, Human Resource Director responded, "That is a highly felt need sir. We have to have a scheme that applies MBO and BOS. Also we must have behavioral criteria and results criteria with a proper weighting system." Most of the participants including CEO could not understand Mrs. Nimali's response.

18. Which of the following communication barriers relates to the above scenario?

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| (a) Inferences | (b) Semantic barriers |
| (c) Perceptual barriers | (d) Physical barriers |
| (e) Information overload | |

19. Which of the following statement is **not** right with regard to MBO?

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| (a) MBO is Management By Objective. | (b) MBO is a planning technique. |
| (c) MBO is not a controlling technique. | (d) MBO focuses on behaviours. |
| (e) MBO can be used by any organization. | |

20. Consider the following.

Chandani goes to the canteen to have a cup of tea with her peer. They overhear one person talking to another about the company.

“Do you know that the company is facing a serious problem?. This year, profit has gone down a lot. Some of employees are going to be terminated.”

“Oh... really. How do you know?”

“Mr. Silva told me.”

“Are you sure?”

“I don’t know exactly. But I feel that. Our friend, Nimal from the Finance Department, too told about it.”

Which statement is **not** appropriate to the above vignette?

- (a) It presents an example of rumour.
- (b) It is about a specific aspect of grapevine.
- (c) The information is not more personal but is more organizational.
- (d) It is gossip.
- (e) There are individuals who love to spread rumours.

21. A better information-management strategy is to reduce your information load and to increase your information-processing capacity. To reduce your information load, which one of the following guidelines is **not** useful?

- (a) To delegate duty, sufficient authority and feeling of responsibility to an appropriate subordinate for handling certain types of information
- (b) To get no assistance from another person to sort out or screen messages so as to pass only more important ones
- (c) To delete immediately e-mail messages which look like spam or an irrelevant
- (d) To interact with all the people who want to meet you
- (e) To open a folder for e-mails which need to be stored without using the e-mail inbox for general storage

22. Which one of the following is **not** a determinant of the price elasticity of demand for goods?

- (a) Demand curve
- (b) The availability of substitutes
- (c) The relative importance of the good in the budget
- (d) The amount of time available to adjust to the price change
- (e) Whether the goods are a necessity or luxury

23. Out of the following sentences about Economics, which is **UNTRUE**?

- (a) Economics is important to each person as an individual, a voter and a member of society.
- (b) Economics studies how business owners use their limited resources to produce, exchange and consume good and services.
- (c) Marginal analysis aids decision making by examining the consequences of making relatively small changes from the current state of affairs.
- (d) Microeconomics studies the economic decision making of firms and individuals in a market setting.
- (e) Scarcity is not the most important fact of economics.

24. The basic source of pure monopoly is the presence of *barriers to entry*. Which one of the following is **not** a major barrier?

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| (a) Capital | (b) Economies of scale |
| (c) Patents | (d) Exclusive ownership of raw materials |
| (e) Licensing | |

25. Out of the following statements, select the one that does **not** hold true with regard to the Lorenz Curve.

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| (a) Lorenz Curve is the most common measure of the degree of inequality in the distribution of income. |
| (b) Lorenz Curve measures cumulative percentage of households (ranked from lowest to highest incomes) on the horizontal axis. |
| (c) Lorenz Curve measures the cumulative percentage of income earned by these households on the vertical axis. |
| (d) If all households earned the same income, the Lorenz curve would be a 50-degree line. |
| (e) The more the Lorenz curve for a society is inclined away from the line of perfect equality, the smaller is the inequality in the distribution of income in that society. |
