



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)

*Academic Year 2013/2014 – 2<sup>nd</sup> Year Examination – Semester 3*

***IT3404: Business Management***  
***PART 1 – Multiple Choice Question Paper***

**02<sup>nd</sup> March, 2014**  
**(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 **5 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 process?

- (a) Identify the needs of stakeholders to satisfy them.
- (b) The art of getting things done through others.
- (c) The system of preventing organizational deficiencies.
- (d) An orderly way of carrying out jobs and duties to satisfy owners of business.
- (e) An efficient ways of planning, organizing, leading, and controlling resources to achieve organizational goals.

2. The functional management of an organization is illustrated by the position (s)

- (a) Production Manager.
- (b) General Manager.
- (c) Managing Director.
- (d) Marketing Manager.
- (e) Management Consultant

3. “Effectiveness” means

- (a) doing things right.
- (b) doing the right thing.
- (c) ability to optimise the use of resources.
- (d) ability to determine appropriate resources.
- (e) achieving organizational goals.

4. Successful managers are the leaders who

- (a) control people.
- (b) inspire people of an organization towards the achievement of its objectives.
- (c) ensure that activities conform to planned events.
- (d) set timetables and work schedules.
- (e) transform organizations towards the achievement of organizational objectives.

5. When a product is launched at a high price in order to position its superior quality in the market, it is called:

- (a) Market penetration.
- (b) Market promotion.
- (c) Skimming pricing.
- (d) Sales promotion.
- (e) Market skimming.

6. The Law of Demand appeared to be violated by:

- (a) Convenience goods.
- (b) Shopping goods.
- (c) Giffen goods.
- (d) Intermediary goods.
- (e) Capital goods.

7. Leaders who always tend to use their commanding style over subordinates are

- (a) transactional leaders.
- (b) autocratic leaders.
- (c) authoritarian leaders.
- (d) transformational leaders.
- (e) democratic leaders.

8. The objective (s) of double entry system of bookkeeping is/are to

- (a) keep complete record of every financial transactions systematically and scientifically.
- (b) ascertain profit or loss of business organization.
- (c) provide the real picture about the financial position of organization.
- (d) provide input data for preparing budgets.
- (e) know the cash flow position of the business.

9. Manufacturing overhead includes

- |                                 |                                       |
|---------------------------------|---------------------------------------|
| (a) Manufacturing depreciation. | (b) factory manager's salary.         |
| (c) Direct cost of production.  | (d) donations for approved charities. |
| (e) advertisement costs.        |                                       |

10. Which of the following leads to an increase in the Gross Profit figure?

- (a) Increase in opening stock value
- (b) Increase in closing stock value
- (c) Increase in cost of sales
- (d) Decrease in income
- (e) Decrease in manufacturing overheads

11. Which one of the followings is not a determinant of the demand for a commodity?

- (a) Price of the commodity
- (b) Prices of the substitute goods
- (c) Disposable income of households
- (d) Demand for the complementary goods
- (e) Quantity of supply of the commodity

12. A ledger is defined as

- (a) a collection of records relating to all business transactions.
- (b) a book which records only the owners' equity.
- (c) a collection of all accounts relating to a business.
- (d) a book which records only all receivables and payables.
- (e) a book of original entry from which transactions are posted.

13. The rejection of "one-best-way" to management was suggested by

- (a) Neo-classical approach
- (b) Behavioural approach
- (c) Quantitative approach
- (d) Contingency approach
- (e) Situational approach

14. Which of the following represent owner's equity, current assets, non-current assets, current liabilities, and non-current liabilities in the correct order?
- (a) Cash at bank, land and building, trade creditors, trade debtors, profits
  - (b) Capital, Pre-paid expenses, land and buildings, trade creditors, bank loan
  - (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) Capital, trade debtors, equipment, accrued expenses, bank loan
15. Which of the following managerial roles represent Interpersonal role, Informational role, and Decisional role in the correct order?
- (a) Leader, monitor, entrepreneur
  - (b) Liaison, entrepreneur, disturbance handler
  - (c) Figurehead, disseminator, entrepreneur
  - (d) Leader, negotiator, resource allocator
  - (e) Monitor, spokesperson, entrepreneur
16. The most suitable organizational structure (s) for a garment factory operating in Sri Lanka is/are:
- (a) Divisional Structure.      (b) Functional Structure.      (c) Matrix Structure.
  - (d) Network Structure.      (e) Management Structure.
17. Which of the following statement (s) is/are **TRUE** for the position of a today's HR Manager.
- (a) HR Manager mainly plays a consultative role compared to other line managers of the organization.
  - (b) It is to perform the consultative job always by the HR Manager.
  - (c) The other managers of the organization should refrain from consulting the HR Manager.
  - (d) Unlike other managers of the organization, the HR Manager should not bother about non-HR activities of the organization.
  - (e) In addition to his normal job, the HR Manager is responsible for partnering with other business managers too.
18. Which of the following statement (s) is/are **TRUE** in relation to forces in competition for a company operating in the telecommunications industry?
- (a) The threat of substitutes is low.
  - (b) The threat of new entrants is 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. Continuous improvement of operations of an organization is addressed in
- (a) Business process re-engineering.
  - (b) Benchmarking.
  - (c) Backward integration.
  - (d) Total quality management.
  - (e) Kaizen.

20. What is the suitable marketing strategy for an organization which is about to be closed-down?

- (a) Diversification strategy.
- (b) Cost leadership strategy.
- (c) Market expansion strategy.
- (d) Divest strategy.
- (e) Harvest strategy.

21. Modern marketing strategies are more concerned with

- (a) Mass marketing.
- (b) Market standardization.
- (c) Niche marketing.
- (d) Individual marketing.
- (e) Radical marketing.

22. Which of the need (s) mentioned in the hierarchy of needs identified by Maslow is/are captured by the Alderfer's 'Relatedness' needs?

- |                             |                             |
|-----------------------------|-----------------------------|
| (a) Physiological need      | (b) Esteem need             |
| (c) Love and belonging need | (d) Self-actualization need |
| (e) Social need             |                             |

23. Which one of the followings is/are defined as "the way things happen around the organization"?

- (a) Organizational leadership.
- (b) Organizational structure.
- (c) Organizational culture.
- (d) Organizational mission.
- (e) Corporate culture.

24. Which of the following is/are an element (s) of the micro environment of a business organization?

- (a) Management.
- (b) Competitors.
- (c) Vision.
- (d) Goals.
- (e) Customers.

25. Out of the followings, select the element (s) that is recognized as the macro environment of a business organization.

- (a) Suppliers
- (b) Owners
- (c) Political Environment
- (d) Natural Environment
- (e) Trade Unions

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