



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)

*Academic Year 2016 – 2<sup>nd</sup> Year Examination – Semester 3*

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

***15th May, 2016***  
**(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 explains the nature of management?

- (a) Management is the process of managing financial resources.
- (b) Management is the art of getting things done through others.
- (c) Management is the system of managing organizational deficiencies.
- (d) Management is the way of carrying out jobs and duties to satisfy owners of a business.
- (e) Management means efficient ways of planning, organizing, leading, and controlling resources to achieve organizational goals.

2. Which position(s) is/are responsible for the functional management of an organization?

- |                        |                              |                        |
|------------------------|------------------------------|------------------------|
| (a) Chairman.          | (b) Chief Executive Officer. | (c) Managing Director. |
| (d) Marketing Manager. | (e) Finance Manager.         |                        |

3. "Effectiveness" means

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

4. Successful managers are the people who

- (a) control workers.
- (b) motivate workers towards the achievement of organizational goals.
- (c) ensure that activities conform to standards.
- (d) set time tables and work schedules.
- (e) initiate changes towards the achievement of organizational goals.

5. When a new product is launched in a new market, it is called

- |                         |                         |                          |
|-------------------------|-------------------------|--------------------------|
| (a) market development. | (b) market penetration. | (c) product development. |
| (d) sales promotion.    | (e) diversification.    |                          |

6. Which one of the followings is/are a determinant (s) of the demand for normal goods?

- |  |  |
|--|--|
| (a) The willingness of selling goods   | (b) The government subsidies of production |
| (c) The prices of the substitute goods | (d) The government taxes on production     |
| (e) The price of the good              |  |

7. Leaders who delegate more and more tasks to their subordinates are called

- |                            |                            |
|----------------------------|----------------------------|
| (a) consultative leaders.  | (b) autocratic leaders.    |
| (c) authoritarian leaders. | (d) Laizess-faire leaders. |
| (e) democratic leaders.    |                            |

8. The objective (s) of double entry system of book-keeping is/are to

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

9. Which of the following is/are included in Factory Overhead?

- (a) cost of machine maintenance.
- (b) interest costs.
- (c) bonus for foremen.
- (d) salaries for sales force.
- (e) advertisement costs.

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

- (a) Increase of closing stock
- (b) Increase of closing stock
- (c) Decrease of cost of sales
- (d) Decrease of sales
- (e) Increase of manufacturing overhead

11. Which one of the followings can cause a decrease in demand for normal goods.

- (a) A rise in consumer income.
- (b) Consumer preferences to the good go down.
- (c) A fall in price of a complement.
- (d) A fall in price of a substitute.
- (e) A fall in government subsidies to production.

12. An income statement presents a business organization's

- (a) financial position.
- (b) cash flow position.
- (c) financial performance.
- (d) current asset position.
- (e) fixed asset position.

13. No "one-best-way" to management was suggested by

- (a) Classical approach.
- (b) Neo-classical approach.
- (c) Henri Mintzberg.
- (d) Contingency approach.
- (e) Systems approach.

14. Which of the following represent owner's equity, non-current assets, current assets, non-current liabilities and current liabilities respectively in the correct order?
- (a) Land and building, cash at bank, 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) Capital, land and buildings, pre-paid expenses, bank loan, salary payable
  - (e) Furniture and fittings, cash at bank, profits, pre-paid expenses, wages payable
15. Which of the following managerial roles represent Informational roles?
- (a) Leader, monitor, entrepreneur
  - (b) Liaison, entrepreneur, disturbance handler
  - (c) Figurehead, leader, liaison
  - (d) Monitor, disseminator, spokesperson
  - (e) Figurehead, spokesperson, entrepreneur
16. The most suitable organizational structure (s) for a diversified company is/are
- (a) Market Structure.
  - (b) Mixed Structure.
  - (c) Product Structure.
  - (d) Divisional Structure.
  - (e) Functional Structure.
17. Which of the following statement (s) is/are **TRUE** for the position of a manager of today?
- (a) A manager of today needs to act only in an autocratic manner to control behaviour of employees.
  - (b) A manager of today is supposed to develop only the technical skills for performing the tasks belonging to his or her functionality.
  - (c) A manager of today is supposed to develop the multi skills in order to help improve the organizational performance.
  - (d) While analysing the environment, a manager of today is responsible to initiate changes towards gaining the competitive position of the organization.
  - (e) A manager of today is expected to be static in response to the changes happening in the environment.
18. Which of the following statements is/are **TRUE** about the competitive forces for a company operating in the mobile phone market in Sri Lanka?
- (a) The threat of substitutes is high.
  - (b) The bargaining power of suppliers is low.
  - (c) The rivalry among the companies is high.
  - (d) The threat of new entrants is low.
  - (e) The bargaining power of customers is high.
19. The concepts encompassing all policies and systematic activities in a quality system refer to
- (a) strategic management.
  - (b) benchmarking.
  - (c) reengineering.
  - (d) total quality management.
  - (e) quality assurance.

20. What is the suitable strategy for a company which is to best experience both product and market innovation?
- (a) Diversification strategy.
  - (b) Product differentiation strategy.
  - (c) Market expansion strategy.
  - (d) Merger strategy.
  - (e) Harvest strategy.
21. Toyota's modern business strategies are more concerned with
- (a) mass production.
  - (b) individual decision making.
  - (c) market skimming.
  - (d) lean manufacturing.
  - (e) diversification.
22. Which of the needs introduced by Maslow is/are considered as 'extrinsic' needs?
- |                         |                              |
|-------------------------|------------------------------|
| (a) Physiological needs | (b) Esteem needs             |
| (c) Social needs        | (d) Self-actualization needs |
| (e) Safety needs        |                              |
23. Out of the followings, which one (s) is/are considered as the attribute (s) of the excellent theory of management?
- (a) Bias for the action
  - (b) Hierarchical structure
  - (c) Closer to customers
  - (d) Mass production
  - (e) Management by slogans
24. Which of the following is/are an element (s) of the macro environment of a business organization?
- (a) Management
  - (b) Structure
  - (c) Employees
  - (d) Ecological dimension
  - (e) International dimension
25. Out of the following, select the element (s) that is/are related to the culture of an organization.
- (a) Organization's structure
  - (b) Organization's values
  - (c) Organization's assumptions
  - (d) Organization's leadership
  - (e) Organization's strategies

\*\*\*\*\*