



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (*EXTERNAL*)
Academic Year 2010/2011– 2nd Year Examination – Semester 3

IT3404: Business Management
PART I – Multiple Choice Question Paper

27th February 2011
(ONE HOUR)

Important Instructions :

- The duration of the paper is **1(one) hour**.
- The medium of instruction and questions is English.
- The paper has **25 questions** and **7 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 (*All the incorrect choices are marked & no correct choices are marked*) 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) Henry Fayol is considered as the founder of the Classical Management School. His main contribution for management was

- (a) departmentalisation of Organisations.
- (b) fourteen Principles of Management.
- (c) 5 Pillar Theory of Motivation.
- (d) division of Labour.
- (e) principles of ethical decision making.

2) Henry Mintzberg described managerial roles a manager is expected to play, when performing his duties. Identify the correct managerial roles from the answers given below.

- (a) Figurehead, liaison, contingency planner, monitor
- (b) Liaison, decision-maker, planner, supervisor
- (c) Leader, spokesperson, figurehead, disturbance handler
- (d) Negotiator, entrepreneur, resource allocator, monitor
- (e) Disseminator, supervisor, disturbance handler, stakeholder

3) Select the answer where Maslow's Hierarchy of needs is described in the proper order from bottom to top.

- (a) Belongingness needs, safety and security needs, esteem needs, psychological needs, self-satisfaction needs
- (b) Psychological needs, safety and security needs, esteem needs, belongingness needs, self-satisfaction needs
- (c) Physiological needs, belongingness needs, safety and esteem needs, security needs, self actualization needs
- (d) Physiological needs, safety and security needs, belongingness needs, esteem needs, self actualization needs
- (e) Safety and security needs, physiological needs, belongingness needs, esteem needs, self actualization needs

4) Select the **CORRECT** meaning of the Societal Marketing Concept from the statements given below.

- (a) It is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition.
- (b) It is the idea that a firm should focus on those products that it could produce most efficiently and that the creation of a supply of low-cost products would by itself create the demand for the products.
- (c) It focused on the company not only producing the products, but also convincing customers to buy them through advertising and personal selling.
- (d) It is a concept that holds that a company should make good marketing decisions by considering consumers' wants, the company's requirements and society's long-term interests.
- (e) It focused on the profits of the company by identifying the needs of the customers to produce what they want.

5) When a product is launched to the market with a low price in order to gain sufficient customers early in the product life cycle, it is called

- (a) Market leader pricing.
- (b) Market Penetration.
- (c) Market Skimming.
- (d) Odd Ending Pricing.
- (e) Strategic Pricing.

6) Clayton Alderfer's ERG theory talks about 3 types of needs. They are;

- (a) Need for Achievement, Need for Power, Need for Affiliation
- (b) Hierarchy of Existence needs, Relatedness needs, Growth needs
- (c) Need for Energy, Need for Relationships, Need for Growth
- (d) Hierarchy of Esteem needs, Relationship needs, Growth needs
- (e) Need for Existence, Need for Risk and Security, Need for Growth

7) Leaders who, through their personal vision, charisma and energy, stimulate followers and have a major impact on their organization are known as

- (a) Transactional leaders.
- (b) Transformational leaders.
- (c) Democratic leaders.
- (d) Autocratic leaders.
- (e) Entrepreneurial leaders.

8) Complete the following statement with the correct answer.

..... is a market form in which a market or industry is dominated by a small number of sellers where the decisions of one firm influence, and are influenced by, the decisions of other firms.

- (a) An oligopoly
- (b) A monopoly
- (c) A perfect competition
- (d) An imperfect competition
- (e) A retail market

9) Micheal Porter's Forces for market analysis include

- (a) cost leadership, differentiation and focus.
- (b) threat of substitutes, threat of market, threat of buyers, threat of suppliers and rivalry among the competitors.
- (c) threat of market leaders, threat of suppliers, threat of external entities, threat of buyers and competitors.
- (d) threat of differentiated products, threat of technology, threat of political status and threat of economic conditions.
- (e) threat of suppliers, threat of buyers, threat of substitutes, threat of rivalry among competitors and threat of new entrants.

10) Which of the following statements are **CORRECT** about the Ansoff Matrix?

- (a) It consists of market penetration, market development, product development and diversification.
- (b) It consist of new product development, substitute product development, global market development and differentiation.
- (c) It consist of finding opportunities for new products in existing market, new products in new markets, existing products in existing market and existing products in new markets.
- (d) It consists of market penetration, marketing strategies, differentiation and cost leadership.
- (e) It is the process of finding the situation a company is in, by assessing its strengths and weaknesses.

11) “Milky” is a company planning to introduce a new variety of ice-cream to the existing market. What are the most appropriate market analysis techniques to be used by “Milky” to assess the market potential for the new product?

- (a) SWOT Analysis
- (b) Porter’s Forces
- (c) Ansoff Matrix analysis
- (d) Maslow’s Hierarchy of Needs
- (e) PEST Analysis

12) Microeconomics is concerned with

- (a) the establishing of an overall view of the operation of the economic system.
- (b) the concealing of detailed information about specific segments of the economy.
- (c) a detailed examination of specific economic units which comprise the economic system.
- (d) the aggregate or total levels of income, employment and output.
- (e) how the entire economy functions under different economic systems.

13) If a fast food company is catering to children, adults, older people as well as high income customers and low income customers, these categories are known as

- (a) geographical distribution.
- (b) market segmentation.
- (c) market positioning.
- (d) target markets.
- (e) economy groups.

14) Which of the following statements are **CORRECT**?

- (a) Exporting is selling of domestically produced goods in foreign markets.
- (b) Licensing is selling of rights to market brand name products.
- (c) Joint venture is a business undertaking in which foreign and domestic companies share the cost and profits.
- (d) Importing is buying and selling of foreign and local goods from their respective markets.
- (e) Global market is where a company sells purely locally manufactured products in an international market.

15) The Balance sheet of a company discloses

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| (a) the detailed operations of the company. | (b) profitability of the business. |
| (c) the detailed description of the cash flow. | (d) detailed sales transactions. |
| (e) the financial position of the company. | |

16) The following statements are related to the elements of the Balance Sheet of an entity (organization). Identify the **CORRECT** statement/s.

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| (a) A large entity would normally classify a trade debtor as a cash asset. |
| (b) Liabilities of an entity are referred to as external claims on the entity's assets. |
| (c) A person who owes money to a company for services provided, is known as a creditor. |
| (d) Assets and liabilities are shown in the Balance Sheet of an organisation. |
| (e) Accounts Receivable (Debtors) and 'Prepayments' are considered as assets of an organization. |

17) The liquidity of an entity refers to

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| (a) how economically stable the business is. |
| (b) how quickly the entity can convert its assets to cash. |
| (c) whether a business can remain solvent. |
| (d) the amount an entity has of 'cash at bank'. |
| (e) the ability to meet an entity's long-term finances. |

18) The following statements are based on the Profit and Loss (P&L) Statement of an entity. Identify the **CORRECT** statement/s.

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| (a) The P&L statement reports the equity of the reporting entity at any point of time. |
| (b) Using the values in the P&L statement, it is possible to calculate the liquidity ratios of a given entity. |
| (c) The P&L statement lists down the liabilities, assets as well as the profit earned by an entity during a given period of time. |
| (d) 'Sales Revenue' and 'Operating Expenses' appear in the P&L statement. |
| (e) Profits generated by an entity over an accounting period are considered as an increased income for the entity. |

19) Following values are taken from a Balance Sheet of an entity for a given period.

Delivery van (less depreciation)	Rs. 107,700	Bank Loan	Rs. 16,000
Furniture and Fittings	Rs. 12,000	Total Current Liabilities	Rs. 26,000
Inventory	Rs. 145,600	Cash	Rs. 57,210
Prepaid Insurance	Rs. 2,880	Debtors	Rs. 40,800

Based on the above values, the value of Total Current Assets of the given entity is

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| (a) Rs. 119,700 | (b) Rs. 366,190 |
| (c) Rs. 246,490 | (d) Rs. 192,810 |
| (e) Rs. 42,000 | |

20) The following data is given.

Sales	Rs. 8,200;
Opening stock	Rs. 1,300;
Closing stock	Rs. 900;
Purchases	Rs. 6,400;
Carriage inwards	Rs. 200;

the cost of goods sold figure is:

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|----------------|---------------|----------------|
| (a) Rs. 1, 600 | (b) Rs. 6,600 | (c) Rs. 1, 900 |
| (d) Rs. 7, 000 | (e) Rs. 5,000 | |

21) Which of the following statement/s are **CORRECT** with regard to the strategic management process?

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| <p>(a) Corporate level strategy is a strategy formulated to meet the goals of particular business units.</p> <p>(b) Corporate level strategy is a strategy formulated by top management to oversee the interests and operations of multiline corporations.</p> <p>(c) Functional level strategy is a strategy formulated by a specific functional area in an effort to carry out business-unit-strategy</p> <p>(d) Strategic management is the management process that involves an organisation's tactical level planning.</p> <p>(e) Strategic management decisions are always taken by the top management of a business organisation.</p> |
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22) Which of the following statement/s are **CORRECT** with regard to the skills needed by managers at different levels of the organization?

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| <p>(a) The top management needs more conceptual skills than technical skills.</p> <p>(b) The middle management needs more technical skills than human skills.</p> <p>(c) The line-management needs more conceptual skills than technical skills.</p> <p>(d) Human skills are important at all levels of management.</p> <p>(e) The top management needs more technical skills than conceptual skills.</p> |
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23) A matrix organisational structure is suitable for an organisation when

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| <p>(a) the organisation's employees have to report to a functional manager as well as a project manager.</p> <p>(b) the organisation has more than the required number of functional managers.</p> <p>(c) the organisation has a web based business as well as a show-room based business.</p> <p>(d) the organisation deals with geographical segmentation of the market as well as product segmentation.</p> <p>(e) the organisation has many layers of vertical management structure.</p> |
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24) When the final accounts are prepared, the Bad Debts Account is closed by a transfer to the

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| (a) Balance Sheet. | (b) Profit and Loss Account. | (c) Trading Account. |
| (d) Purchase Account. | (e) Provision for doubtful debts account. | |

25) In Herzberg's Job satisfaction and dissatisfaction theory, select the factors leading to job satisfaction from the following.

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| (a) Recognition | (b) Responsibility | (c) Growth |
| (d) Work conditions | (e) Company policy and administration | |
