THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF SRI LANKA

**SCHOOL OF ACCOUNTING AND BUSINESS**
**BSc. (APPLIED ACCOUNTING) GENERAL/SPECIAL DEGREE**
**PROGRAMME**

**YEAR I SEMESTER II – INTAKE VI (GROUP A)**
**END SEMESTER EXAMINATION – JANUARY 2017**

**MGT 10125 Principles of Management**

Date        :        18th January 2017
Time        :        9.00 a.m. –11.30 a.m.
Duration  :       Two and a half (02 ½) hours

**Instructions to Candidates:**

- This paper consists of three sections (A, B and C).

- Section A – Answer **ALL** the questions in the sheet provided.

  Section B – Answer only **THREE** questions out of the four questions given.

  Section C – Answer only **ONE** question out of the two questions given.

- The total marks for the paper is 100.

- The marks for each question are shown in brackets.

- Answers should be written neatly and legibly.

## SECTION A

Answer **ALL** the questions

### Question No. 01

Select the most appropriate answer.

1. Which one of the Mintzberg's managerial roles deals with the situation in which a supervisor resolves a conflict among subordinates in his department?
   a. Leader
   b. Resource allocator
   c. Disseminator
   d. Disturbance handler
   e. Negotiator

2. When a Department Manager informs subordinates in the department of an important change in company policy, this is an example of;
   a. Upward communication
   b. Downward communication
   c. Lateral communication
   d. Horizontal communication
   e. Diagonal communication

3. When an employee publicly discloses illegal or unethical actions of his/her organisation, this is known as;
   a. Sabotaging
   b. Ethics hotlines
   c. Insubordination
   d. Whistle-blowing
   e. Unethical behaviour

4. What type of decision refers to a specific situation that occurs frequently within an organisation and the organisation has a set of a specific decision rules to apply whenever it occurs?
    a. Strategic decision
    b. Tactical decision
    c. Technical decision
    d. Programmed decision
    e. Non programmed decision

5. In Maslow's hierarchy of needs, which need refers to a manager's desire to be accepted by other managers at his/her organization?
    a. Self-actualization needs
    b. Esteem needs
    c. Belongingness needs
    d. Social needs
    e. Physiological needs

6. What type of team is composed of managers from the same level in the organisation chart but who are from different functional areas?
    a. Horizontal team
    b. Vertical team
    c. Self directed team
    d. Diagonal team
    e. Virtual team

7. A group of workers who volunteer to meet on a regular basis to try to solve problems that affect the quality of their work output is called;
    a. Total quality management team
    b. Trade union
    c. Vertical group
    d. Quality circle
    e. Kaizen

8. The attempt to create small, incremental improvements in all areas of an organisation on an ongoing basis is called;
   a. Benchmarking
   b. Zero defects
   c. Continuous improvement
   d. Contingency view
   e. Six Sigma

9. The duty of an employee to perform a task that has been assigned to him by a manager is called;
   a. Accountability
   b. Responsibility
   c. Authority
   d. Delegation
   e. Unity of direction

10. What type of power is a manager expressing who decides to promote a subordinate who he feels is performing well on the job?
    a. Expert power
    b. Reward power
    c. Coercive Power
    d. Referent power
    e. Legal power

**(Total 20 marks)**

**Question No. 02**

With the evolution of management, new assumptions, theories and concepts are developed on management. However, certain early theories and principles of management are still being applied in today's business organisations.

1.  Distinguish between old and new assumptions of management.

(04 marks)

2.  Explain the 'process of management' with the help of a diagram.

(04 marks)

3.  Briefly explain two (02) new theories of management.

(04 marks)

4.  Discuss to what extent the principles of management as given by Henry Fayol are still applied in today's organisations.

(08 marks)

**(Total 20 marks)**

**Question No. 03**

Due to constant changes in the organisational environment, managers have to face the challenge of making the right managerial decision at the right time in order to face the risks, uncertainties and turbulences posed by the environment. In such circumstances it is also required for managers to implement new approaches of planning and decision making in order to adopt to the dynamic environment.

1. Explain two (02) trends in socio cultural environment which can influence business organisations.

    (04 marks)

2. Briefly explain two (02) planning approaches that could be used specially in the context of turbulent environment.

    (04 marks)

3. Compare and contrast risk, uncertainty and ambiguity faced by managers.

    (06 marks)

4. Explain the six (06) steps in the managerial decision making process implemented by managers to face turbulences in environment.

    (06 marks)

    **(Total 20 marks)**

**Question No. 04**

Leading involves the social and informal sources of influence that is used to inspire action taken by others. In the context of leading, motivation theories provide important information about the ways in which workers can be energized to put forth productive effort whereas studies of communication provide direction as to how managers can effectively and persuasively communicate.

1.  a.  Define the term 'effective communication'
    b.  State two (02) barriers for effective communication

(04 marks)

2.  Distinguish between 'transactional' and 'transformational' styles of leadership in influencing employees.

(04 marks)

3.  Explain three (03) types of reinforcement toolsthat could be used by managers to motivate employees in an organisation with suitable examples.

(06 marks)

4.  Discuss to what extent the *content theories* of motivation can be practiced by modern managers in motivating its employees.

(06 marks)

**(Total 20 marks)**

**Question No. 05**

Controlling involves ensuring that performance does not deviate from standards. Two traditional control techniques are budget and performance audits. Although controlling is often thought of in terms of financial criteria, managers must also control production and operations processes, procedures for delivery of services, compliance with company policies, and many other activities within the organisation.

1. Explain two traditional budgetary methods used by organisations

(04 marks)

2. Briefly explain the 'balanced scorecard model' as a comprehensive control mechanism with the help of a diagram.

(06 marks)

Teamwork is used across many different organisations to increase performance, employee unity and corporate culture. The members in a team may perform various roles in order to increase the overall performance. However, whenever people work together in teams, some conflict is inevitable.

1. Distinguish between task specialist role and socio emotional role of a team.

(04 marks)

2. Briefly explain four (04) causes of team conflict.

(06 marks)

**(Total 20 marks)**

## SECTION C
### Answer **only One (01)** question

**Question No. 06**

The relationship of a corporation's ethics and social responsibility to its financial performance concerns both managers and management scholars which has generated a lively debate.

Discuss to what extent heightened ethical and social responsiveness increases or decreases a company's financial performance.

Hint: Your answer may focus on the following;

- Definition of ethics and total corporate social responsibility
- Pros and cons of practicing ethics and corporate social responsibility by an organisation.

**(Total 20 marks)**

**Question No. 07**

Despite the benefits of planning some researchers think planning can also hurt organisational performance in some ways. Thus managers should understand the limitations to planning, particularly when the organisation is operating in a turbulent environment.

Discuss the above statement by highlighting the following;

- Definition of planning
- Benefits and limitations of planning

**(Total 20 marks)**