

THE OPEN UNIVERSITY OF SRI LANKA

**BACHELOR OF INDUSTRIAL STUDIES/
BACHELOR OF TECHNOLOGY**



168

FINAL EXAMINATION – 2006

TTM4239 MANAGEMENT STUDIES

DURATION 3 HOURS

Date:07th APRIL 2007

Time:0930 – 1230 hours

This paper has 11 questions and 3 pages. Answer Question one (1) and any five (5) other questions. Question number one carries 25 marks and all the other questions carry 15 marks each.

1. a) What is the advantage of division of labour? **(1 mark)**
b) What are the elements or parts of the management process? **(2 marks)**
c) What are the main skills that a manager should have? **(3 marks)**
d) Explain need, want and demand. **(3 marks)**
e) What do you mean by the opportunity cost? **(2 marks)**
f) What are the productive resources or factors of Production? **(3 marks)**
g) What do you understand by Elasticity of Demand, Price Elasticity of Demand, Income Elasticity of Demand and Cross Elasticity of Demand **(4 marks)**
h) What do you understand by Buffer Stock, Re-order Level and Lead Time? **(3 marks)**
i) What do you understand by Pure Competition and Monopolistic Competition? **(4 marks)**
2. Describe the background and events that led to the development of Behavioural Management Theory. What is the essence of Behavioural Management Theory? **(15 marks)**
3. What are the mechanisms (basic elements of organizational structure) that managers use to structure their organizations in order to coordinate and control activities? Explain. **(15 marks)**

4. Discuss the features, advantages and disadvantages of "Sole Proprietorship" and "The Partnership". (15 marks)
5. a) Explain SWOT Analysis with examples for each element. (5 marks)
- b) Explain the elements or components of PEST Analysis (used for scanning business environment) (10 marks)
6. a) Draw a Demand Curve. (3 marks)
- b) Explain Income Effect and Substitution Effect. (4 marks)
- c) In addition to price, the demand is also influenced by many factors. State and explain the effect of at least eight such factors. (8 marks)
7. a) Briefly state what you mean by the three Marketing Management Philosophies? (7 marks)
- b) What are the two main types of Marketing Variables? What are the factors that fall under each type of variable? (8 marks)
8. a) Illustrate in a sales/time graph, the four stages of Product Life Cycle. (5 marks)
- b) Explain the characteristics of each stage. (10 marks)
9. a) List and explain the specialist functions that fall under Personnel Management. (8 marks)
- b) According to the Industrial Disputes Act, industrial disputes can be solved in six different ways. Explain. (7 marks)
10. a) Give in chart form the documents' their description and the related to Prime Entry Book. (7 marks)

Prime Entry Books	Related Document	Related Ledger Accounts
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- b) What do you mean by the Break- even Point? (2 marks)

- c) The selling price of a cake of soap = Rs. 5.00
 Raw material cost / cake = Rs. 2.50
 Labour cost/ cake = Rs. 1.00
 Variable overhead cost/cake = Rs. 1.00
 Fixed overhead per month is Rs. 1000/=

Calculate;

- i) Contribution (2 marks)
- ii) the Profit earned if the monthly production is 5000 cakes of soap. (2 marks)
- iii) Quantity to be produced at the Break Even Point (BEP) (2 marks)

11. The initial investment on a project is Rs.13,500/=. The returns during the next five years and the discount factors at 12% and 15% are as follows.

Year	Returns (Rs.)	Discount @ 12%	Discount @ 15%
0		1.000	1.000
1	2000	0.893	0.870
2	4000	0.797	0.756
3	6000	0.712	0.658
4	5000	0.636	0.572
5	3000	0.567	0.497

Calculate;

- i. The pay back period by the Pay Back Period Method (2 marks)
- ii. The average Rate of Return based on Initial Investment (3 marks)
- iii. The Internal rate of Return (IRR) of the Project. (10 marks)