FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS IN BPS-17 UNDER THE FEDERAL GOVERNMENT, 2001.

BUSINESS ADMINISTRATION

TIME ALLOWED: THREE HOURS MAXIMUM MARKS: 100

NOTE: Attempt **FIVE** questions in all, including question No.7 which is **COMPULSORY**. Select at least **ONE QUESTION** from each of the **PARTS I, II AND III.** All questions carry **EQUAL** marks.

PART – I (MANAGEMENT)

1. Explain the SELECTION PROCESS used in modern organizations. What techniques can be used to improve the interviewing process used as a selection technique?

2. If you were a manager, would you decentralize authority? State several reasons for your answer.
How would you make sure that you did not decentralize too much?

PART – II (PRINCIPLES OF MARKETING)

3. Explain how the following macro-environmental forces affect the marketing programmes of business organizations:

   (a) Technology (b) Economic Conditions
   (c) Political and Legal Forces

4. " Once a company decides to target a particular country, it has to determine the best mode of entry". List the alternatives available and explain the natures, advantages and limitations of any TWO involving more commitment, risk, control and profit potential.

PART – III (FINANCIAL MANAGEMENT)

5. Explain the following concepts/terms with examples:

   (a) Debt-to-Equity Ratio (b) Return on Equity (ROE)
   (c) The Economic Order Quantity (EOQ) (d) Cash Budget
   (e) Classification of Working Capital on the basis of Time

6. Selected financial ratios for XYZ Co. are as follows:

	19 x 1	19 x 2	19 x 3
Current ratio	4.2	2.6	1.8
Acid test ratio	2.1	1.0	.6
Debt-to-total assets	23%	33%	47%
Inventory Turnover	8.7x	5.4x	3.5x
Average collection period	33 days	36 days	49 days
Total asset turnover	3.2x	2.6x	1.9x
Net profit margin	3.8%	2.5%	1.4%
Return on investment (ROI)	12.1%	6.5%	2.8%
Return on Equity (ROE)	15.7%	9.7%	5.4%

(a) Why did return on investment decline?
(b) Was the increase in debt a result of greater current liabilities or of greater long-term debt? Explain.

COMPULSORY QUESTION

7. Write only the correct answer in the Answer Book. Don't reproduce the questions.

(1) Most preferred stock pays a fixed divided at regular intervals:
(a) True (b) False

(2) Any increase in an asset item is a source of funds:
(a) True (b) False

(3) Depreciation is a book-keeping entry that allocates the cost of assets against income but does not involve any movement of capital:
(a) True (b) False

(4) The maturity of a security relates to the owner's ability to convert it into cash on short notice:
(a) True (b) False

(5) The credit period represents the period of time during which a cash discount can be taken for early payment.
(a) True (b) False

(6) Which ratio is computed with the help of the following:

$$\frac{\text{Cost of goods sold}}{\text{Inventory}}$$

(a) Receivable turnover (b) Times interest earned
(c) Inventory Turnover (d) None of these

(7) ..... is the right that is delegated to an individual or a department to control specific processes, practices, policies, and other matters relating to activities undertaken by persons in other departments.
(a) Line authority (b) Functional Authority
(c) Line and Staff authority (d) None of these

(8) Decentralization is the tendency to disperse decision-making in an organized structure:
(a) True (b) False

(9) Programs are plans which are general statements or understandings that guide or channel thinking in decision making:
(a) True (b) False

(10) ..... is that part of managing that involves establishing an intentional structure of roles for people to fill in an organization.:
(a) Leading (b) Controlling (c) Planning
(d) None of these

(11) Henri Fayol applied the principle of 'Division of Work' to all kinds of work, managerial as well as technical:
(a) True (b) False

(12) ..... spell out specific required actions or non-actions, allowing no discretion:
(a) Procedures (b) Budgets (c) Rules
(c) None of these

(13) Business buyers are as geographically dispersed as final consumers:
(a) True (b) False

(14) The distinction between a consumer good and an industrial good is based on the purpose for which the product is purchased:
(a) True (b) False

(15) Intensive distribution occurs when the product is stocked in as many outlets as possible:
(a) True (b) False

(16) Merchant wholesalers are independently owned businesses that do not own (take title to) the goods they sell:
(a) True (b) False

(17) Which of the following elements in a compensation package provides the greatest amount of incentive for salespersons:
(a) Salary (b) Fringe benefits
(c) Commissions (d) Use of Company Vehicle

(18) The process whereby the seller distinguishes between market segments, selects one or more of these segments, and develops products and marketing-mixes tailored to each segment is called..... marketing.
(a) mass (b) target
(c) Product Variety (d) service

(19) Goods that the consumer, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price, and style are called..... goods.
(a) Shopping (b) Specialty
(c) Unsought (d) Convenience

(20) Product..... is a period of rapid market acceptance and increasing profits.
(a) development (b) introduction
(c) growth (d) maturity

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