# FEDERAL PUBLIC SERVICE COMMISSION

## COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS IN PBS-17, UNDER THE FEDERAL GOVERNMENT, 2003

## 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. Compare and contrast the Maslow and Herzberg theories of motivation. On what grounds has the Herzberg theory been criticized?

2. How is staffing function related to other managerial functions and activities? List and evaluate external factors affecting staffing.

### PART-II (PRINCIPLES OF MARKETING)

3. "Marketing is a total system of business activities designed to plan, price, promote and distribute want – satisfying products and services to present and potential customers". Comment on this statement comprehensively.

4. Explain the following terms:

   (i) Sales promotion policies.
   (ii) Global marketing.
   (iii) Marketing Mix variable and Marketing Environment variables.

### PART-III (FINANCIAL MANAGEMENT)

5. What is meant by the term "The Time Value of Money"? How is the concept of "Present value" related to the time value of money?.

6. (a) Discuss the effects of the three approaches to working capital financing policy.

   (b) Assuming that the current ratio is 2, state in each of the following cases, whether the ratio will improve, or decline, or have no change:

   (i) Payment of a current liability.
   (ii) Purchase of fixed assets.
   (iii) Cash collected from customers.
   (iv) Issue of new shares.

   (c) A corporation has total assets of Rs.500,000 and its equity is Rs.200,000. What is the Company's debt-to-total-asset ratio?

### COMPULSORY QUESTION

7. (A) Write only "True" or "False" in the answer book. Don't reproduce the statements.

   (1) Business risk is influenced by the firm's decision to use debt in its financial structure.
   (2) The most important function of management is controlling.
   (3) A short term creditor would consider liquidity ratios to be more important than efficiency ratios.
   (4) According to Maslow, when a need is satisfied, it tends to lose its ability to motivate.
   (5) The term marketing mix refers to the degree of advertising Vs personal selling used to market a product.
   (6) The difference between an agent and a merchant wholesaler is that an agent always takes title but a merchant whole saler does not.
   (7) The management of working capital is required because of a lack of short-term synchronization between demand and supply.

(8) A manager who believes that people inherently dislike work probably accepts McGregor's Theory X.

(9) Inventory carrying costs can be minimized by carrying fewer units in inventory.

(10) A balance sheet is an accounting report used solely for the corporate form of business.

(B) Write only the correct answers in the answer book. Don't reproduce the questions.

(11) For management, budgeting is perhaps the most powerful
(a) Forecasting tool (b) Control device
(c) Hiring tool (d) Accounting measure.

(12) The income statement is a summary of:
(a) Revenue and expenses (b) Assets, liabilities and capital
(c) Increases and decreases in capital (d) None of these.

(13) One benefit of using ratio analysis when interpreting financial statements is that:
(a) Ratios facilitates comparisons between different companies.
(b) All ratios have exact standard values with which performance can be compared.
(c) Ratios take into account all the specific factors affecting particular companies and industries.
(d) Ratios are always the same for all types of companies.

(14) Planning and policy making are primarily functions of:
(a) Top management (b) Middle management
(c) Operating management (d) None of these.

(15) An informal organization often exists within a business because:
(a) Not all relationships can be specifically defined.
(b) Small organizations do not necessarily emphasize strict adherence to line authority.
(c) Human behaviour naturally crosses established authority lines.
(d) All of these.

(16) In marketing, selling and buying would be called the:
(a) Primary functions (b) Exchange functions
(c) Profit functions (d) Critical functions.

(17) Institutional advertising is:
(a) Aimed only at people in institutions.
(b) Run only by institutions.
(c) Designed to promote a type of product rather than a particular brand.
(d) Designed simply to show that the firm is a good place to do business.

(18) The current ratio of a firm having Rs.25,000 of current assets, Rs.30,000 of fixed assets, Rs.5000 of current liabilities and Rs.10,000 of fixed liabilities would be:
(a) 5 : 1 (b) 7 : 1
(c) 10 : 1 (d) None of these.

(19) The organizational form that replaces individual authority at all levels with group representation is:
(a) Line (b) Line and staff
(c) Functional (d) Committee.

(20) Working Capital may be expressed as:
(a) Current assets minus current liabilities
(b) Current and fixed assets minus current and fixed liabilities
(c) Current assets over current liabilities
(d) Current and fixed assets over current and fixed liabilities.

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