FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS IN BPS-17, UNDER THE FEDERAL GOVERNMENT, 2005

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. What is leadership? Discuss any two theories of leadership.

2. Briefly explain Planning. Describe various steps involved in Planning process in any business organization. (5 + 15)

PART – II (PRINCIPLES OF MARKETING)

3. Explain briefly Marketing. Describe various functions of marketing.

4. Explain global Marketing. Discuss its significance for the modern business organization of the 21st Century. (5 + 15)

PART – III (FINANCIAL MANAGEMENT)

5. Star Corporation is considering a project with a cost of Rs.40,000/= net investment and net operating cash inflows of Rs.11,652/= each year for the next five years. The firm uses 10% discount rate for projects with similar risks.
   (a) What is Projects' net present value (NPV)? (7)
   (b) What is its internal rate of return (IRR)? (7)
   (c) Should the project be accepted assuming that funds are available? (6)

6. Royal Corporation current assets, inventories and current liabilities for a four year period are as follows:

Item	2000	2001	2002	2003
Current assets	Rs.20,000	Rs.22,400	Rs.25,600	Rs.28100
Inventories	Rs.8,200	Rs.10,000	Rs.12,500	Rs.14,000
Current liabilities	Rs.10,000	Rs.10,200	Rs.10,700	Rs.11,000

   (a) Calculate the firm's current and quick ratios for each year. (10)
   (b) Discuss the firm's liquidity position over the four year period of time. (10)

COMPULSORY QUESTION

7. (A) Write only "True" or "False" in the Answer Book. Do not reproduce the question.
   (1) Planning initiates other functions of management.
   (2) Managements makes things to happen.
   (3) The ultimate criterion of control is the extent that activities are complete in ways that lead to more profits.
   (4) Computer Technology helps the management but does not replace the management.
   (5) Promotional mix is also known as communication mix.
   (6) Marketing environment is made up of micro-environment and macro-environment.
   (7) Promotional mix is the part of marketing mix.
   (8) Marketing strategy consists of specific strategy for target markets, positioning, the marketing mix and marketing expenditure levels.
   (9) A Financial manager has a full control over its firm's stock price.
   (10) Liquidity ratios measure a firm's ability to meet short-term obligations.
   (11) The internal rate of return method is the most widely used capital budgeting techniques.
   (12) Stock Exchange facilitates investment in real assets by providing secondary market to the financial securities.

(B) Write only the correct answer in the Answer Book. Do not reproduce the question.

(13) The organizing function of management includes:
- (a) how tasks to be grouped.
- (b) Conflict resolution among sub-ordinates.
- (c) Comparison of actual results with a budget.
- (d) definition of organization's goals.

(14) The key to motivating today's diversified work force lies in:
- (a) creativity
- (b) goal setting
- (c) support
- (d) flexibility

(15) Control should be placed:
- (a) Where they are cost-effective
- (b) On all activities
- (c) Where there are problem areas
- (d) On the single most important

(16) The marketing logic by which the business unit hopes to achieve its marketing objective is called:
- (a) Business strategy
- (b) Marketing strategy
- (c) Production & distribution strategy
- (d) All of the above

(17) Strategic Planning is the process of developing a formal strategy for:
- (a) Identifying clear objectives
- (b) Long run survival & growth
- (c) Continuity & Consistency
- (d) All of the above

(18) Who are the true owners of Corporation?
- (a) debt holder
- (b) common stock holders
- (c) Managers of the firm
- (d) board of directors

(19) What does an efficient port folio provide?
- (a) highest return for a given amount of risk.
- (b) least risk for a given level of return.
- (c) Highest possible return and least amount of risk.
- (d) Both (a) and (b)

(20) The economic order quantity (EOQ) increases when which of the following increases?
- (a) Sales
- (b) ordering costs
- (c) carrying costs
- (d) Both (a) and (b)

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