FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT, 2011

Roll Number

BUSINESS ADMINISTRATION

TIME ALLOWED:	**(PART-I MCQs)**	**30 MINUTES**	**MAXIMUM MARKS: 20**
THREE HOURS	**(PART-II)**	**2 HOURS & 30 MINUTES**	**MAXIMUM MARKS: 80**

NOTE: **(i)** **First** attempt **PART-I (MCQs)** on separate Answer Sheet which shall be taken back after 30 minutes.

(ii) **Overwriting/cutting of the options/answers will not be given credit.**

(PART-I MCQs) (COMPULSORY)

Q.1. Select the best option/answer and fill in the **appropriate box** on the **Answer Sheet**. **(1 x 20=20)**

(i) Fredrick Winslow Taylor's Principles of Scientific Management suggested the use of scientific methods to define:

(a) The easiest way of doing a job (b) The most complex way of doing a job

(c) The best way of doing a job (d) None of these

(ii) The quantitative approach using quantitative techniques in Management is called:

(a) Scientific Method (b) Operations Research

(c) Quantitative Approach (d) None of these

(iii) The perspective that Managers are directly responsible for an organization's success is known as:

(a) Omnipotent view of management (b) Management orientation

(c) Autocratic management (d) None of these

(iv) Effective Management decisions are:

(a) Emotional (b) Based on lots of data (c) Rational (d) None of these

(v) Breakeven Analysis is a useful technique for:

(a) Reducing operating costs (b) Maximizing sales (c) Resource allocation (d) None of these

(vi) Recruitment helps:

(a) Improve productivity of HR (b) Reduce number of employees

(c) Improve labour relations (d) None of these

(vii) Grapevine is:

(a) An office decoration plant (b) An information network

(c) An official drink (d) None of these

(viii) Most important asset in an organization is:

(a) Money (b) Plant and Machinery (c) Employees (d) None of these

(ix) Employees resist organizational change because it:

(a) Reduces their compensation (b) Creates uncertainty

(c) Puts more work on them (d) None of these

(x) Strictly observing Corporate Ethics is:

(a) Not important in commercial organizations (b) Against the concept of profit maximization

(c) An essential requirement of professional business management (d) None of these

(xi) According to Herzberg's Motivation – Hygiene Theory, employee's salary is:

(a) Hygiene Factor (b) Motivating Factor (c) Employee's Retention Factor (d) None of these

(xii) Who has the most power in Value Chain?

(a) Suppliers (b) Distributors (c) Customers (d) None of these

(xiii) Marketing is:

(a) Sales of goods and services (b) The range of services starting and ending with the customer

(c) Sales planning and promotion (d) None of these

(xiv) Marketing Strategy is:

(a) Activities focused to defeat competitors

(b) Activities aimed at creating value and profitable relationship with customers

(c) Activities for maximizing sales (d) None of these

(xv) Cost strategy means charging:

(a) Highest price for products (b) Lowest price for products

(c) Varying prices for products (d) None of these

(xvi) Branding is:

(a) Not possible for services (b) Not very useful commercially

(c) Useful for building product loyalty (d) None of these

(xvii) Creation of value in a business means:

(a) Earning maximum profits (b) Promoting rapid growth in sales

(c) Optimizing shareholder's return in a company (d) None of these

(xviii) Price/Earnings Ratio of a company shows relationship between its:

(a) Net profit and Sales (b) Gross profit and Net earnings

(c) Market price of its share and Earnings per share (d) None of these

(xix) Free Cash Flows are:

(a) Net after tax profit (b) Expected Revenues minus expected costs and capital expenditures

(c) Cash in hand and in bank (d) None of these

(xx) Term interest earned is:

(a) EBIT ÷ Interest on debt (b) Net profit ÷ Debt

(c) Sales ÷ Interest Payable (d) None of these

PART-II

NOTE:(i) **PART-II** is to be attempted on separate Answer Book.

(ii) **Attempt ONLY FOUR questions from PART-II, selecting AT LEAST ONE question from EACH SECTION. All questions carry EQUAL marks.**

(iii) **Extra attempt of any question or any part of the attempted question will not be considered.**

SECTION-I (MANAGEMENT)

Q.2. Describe the key activities of the Decision – Making Process. **(20)**

Q.3. Briefly describe the steps involved in setting Corporate Goals. **(20)**

Q.4. What are the important contemporary issues in Organizational Control? **(20)**

BUSINESS ADMINISTRATION

SECTION-II (PRINCIPLES OF MARKETING)

Q.5. How can the SBUs of a company be classified according to the 'Growth-Share Matrix' of the Boston Consulting Group. **(20)**

Q.6. Discuss the major Brand Strategy Decisions for a new range of ladies shoes. **(20)**

Q.7. Compare the important features of 'Value – Based Pricing', 'Good – Value Pricing' and 'Value – Adding Pricing'. **(20)**

SECTION-III (FINANCIAL MANAGEMENT)

Q.8. Describe the main features of the Main Methods of Evaluation of attractiveness of various investment proposals. **(20)**

Q.9. A company is evaluating the following three investment proposals: **(20)**

(1) Produce a new line of aluminium trays.

(2) Expand its existing cooker line to include several new sizes.

(3) Develop a new higher-quality line of cookers.

If only the project in question is undertaken, the expected present values and the amounts of investment required are:

Project	**Investment Required**	**Present Value of Future Cash Flows**
1	Rs.200,000	Rs.290,000
2	115,000	185,000
3	270,000	400,000

If projects 1 and 2 are jointly undertaken, there will be no economies; the investment required and present values will simply be the sum of the parts. With projects 1 and 3, economies are possible in investment because one of the machines acquired can be used in both production processes. The total investment required for projects 1 and 3 combined is Rs.440,000. If projects 2 and 3 are undertaken, there are economies to be achieved in marketing and producing the products but not in investment. The expected present value of future cash flows for projects 2 and 3 is Rs.620,000. If all three projects are undertaken simultaneously, the economies noted will still hold. However, a Rs.125,000 extension on the plant will be necessary, as space is not available for all three projects. Which project or projects should be chosen?

Q.10. DP Company presently has Rs.3 million in debt outstanding bearing an interest rate of 12 percent. It wishes to finance a Rs.4 million expansion program and is considering three alternatives: additional debt at 14 percent interest, preferred stock with a 12 percent dividend, and the sale of common stock at Rs.16 per share. The company presently has 800,000 shares of common stock outstanding and is in a 40 percent tax bracket. **(20)**

(i) If earnings before interest and taxes are presently Rs.1.5 million, what would be earnings per share for the three alternatives, assuming no immediate increase in profitability?

(ii) Develop a break-even, or indifference chart for these alternatives. What are the approximate indifference points? To check one of these points, what is the indifference point mathematically between debt and common?

(iii) Which alternative do you prefer? How much would EBIT need to increase before the next alternative would be best?

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