FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT, 2013

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 **OMR 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. (i) Select the best option/answer and fill in the appropriate Circle ● on the **OMR Answer Sheet. (20x1=20)**
(ii) Answers given anywhere, other than OMR Answer Sheet, shall not be considered.

1. What are the earnings per share (EPS) for a company that earned $100,000 last year in after-tax profits, has 200,000 common shares outstanding and $1.2 million in retained earnings at the year end?
(a) $100,000 **(b)** $6.00 **(c)** $0.50 **(d)** $6.50

2. The decision function of financial management can be broken down into the decisions:
(a) Financing and investment **(b)** Investment, financing and asset management
(c) Financing and dividend **(d)** Capital budgeting, cash management and credit management

3. You want to buy an ordinary annuity that will pay you $4,000 a year for the next 20 years. You expect annual interest rates will be 8 percent over that time period. The maximum price you would be willing to pay for the annuity is closest to:
(a) $32,000 **(b)** $39,272 **(c)** $40,000 **(d)** $80,000

4. Which of the following would NOT improve the current ratio?
(a) Borrow short term to finance additional fixed assets **(b)** Issue long-term debt to buy inventory
(c) Sell common stock to reduce current liabilities **(d)** Sell fixed assets to reduce accounts payable

5. Alto industries has a debt-to-equity ratio of 1.6 compared with the industry average of 1.4. This means that the company:
(a) Will not experience any difficulty with its creditors
(b) Has less liquidity than other firms in the industry
(c) Will be viewed as having high credit worthiness
(d) Has greater than average financial risk when compared to other firms in its industry

6. According to the capital-asset pricing model (CAPM), a security's expected (required) return is equal to the risk-free rate plus a premium:
(a) Equal to the security's beta **(b)** Based on the unsystematic risk of the security
(c) Based on the total risk of the security **(d)** Based on the systematic risk of the security

7. "How people feel about corporations, government agencies, trade unions and universities" refers to which of the following views?
(a) People's view of others **(b)** People's view of societies
(c) People's view of themselves **(d)** People's view of organizations

8. Gathering secondary information is one of the steps of developing the research plan. What does the meaning of secondary information in marketing research?
(a) That does not currently exist in an organized form
(b) That already exists somewhere, having been collected for another purpose
(c) That the researcher can obtain through surveys and observation
(d) That already exists somewhere in an organized form

9. Which one of the following factor is **NOT** used for measuring the social class?
(a) Income **(b)** Number of children in family **(c)** Occupation **(d)** Education

10. Which one of the following three-step process represents "Perception"?
(a) Motivation, personality and attitudes
(b) Collecting, eliminating and organizing information inputs
(c) Receiving, organizing and interpreting information inputs
(d) Anticipating, classifying and discarding information inputs

11. Demographic segmentation divides the market into groups based on which of the following variables?
(a) Size, location, industry, customer **(b)** Size, company, industry, technology
(c) Location, size, occupation, race **(d)** Customer, technology, company, industry

12. Which of the following are those products purchased for further processing or for use in conducting a business?
(a) Unsought products **(b)** specialty products **(c)** Shopping products **(d)** Industrial products

13. After concept testing, a firm would engage in which stage for developing and marketing a new product?
(a) Marketing strategy development **(b)** Business analysis
(c) Product development **(d)** Test marketing

BUSINESS ADMINISTRATION

14. Frederick Taylor advocated which of the following management principles?
- **(a)** Work and responsibility should be divided almost equally between managers and workers.
- **(b)** Workers should perform all work, while management should maintain responsibility for the work performed.
- **(c)** Managers should perform more work than workers, because managers are generally more skilled.
- **(d)** Workers can be highly productive even if they are randomly selected for a job.

15. General administrative theory focuses on:
- **(a)** The entire organization
- **(b)** Managers and administrators
- **(c)** The measurement of organizational design relationships
- **(d)** Primarily the accounting function

16. Bureaucracy is defined as a form of organization characterized by:
- **(a)** Division of labor
- **(b)** Clearly defined hierarchy
- **(c)** Detailed rules and regulations
- **(d)** All of these

17. The quantitative approach involves applications of:
- **(a)** Statistics, information models, and computer simulations
- **(b)** Psychology testing, focus groups, and mathematics
- **(c)** Optimization models, interviews, and questionnaries
- **(d)** Survey, strategic planning, and group problem solving

18. The Hawthorne Studies were initially devised to study:
- **(a)** Productivity levels of groups versus individuals **(b)** The effect of noise on employee productivity
- **(c)** The effect of illumination levels on employee productivity
- **(d)** The effect of cooperative versus competitive organizational environments on productivity

19. Which of the following is considered a systems input?
- **(a)** Management activities **(b)** Financial results **(c)** Operations methods **(d)** Raw materials

20. A manager who believes that no one set of principles applies equally to all work environments is most likely advocating which management approach?
- **(a)** Contingency **(b)** Workplace diversity **(c)** Organizational behaviour **(d)** Knowledge management

PART-II

NOTE: **(i)** **Part-II** is to be attempted on the separate **Answer Book.**
(ii) Candidate must write **Q. No.** in the **Answer Book** in accordance with **Q. No.** in the **Q. Paper.**
(iii) Attempt **ONLY FOUR** questions from **PART-II**, selecting at least **ONE** question from **EACH SECTION. ALL questions carry EQUAL marks.**
(iv) Extra attempt of any question or any part of the attempted question will not be considered.

SECTION-A (MANAGEMENT)

Q.2. Discuss importance of planning in organizations. Briefly describe types of plans. **(20)**

Q.3. What criticism has been levelled against scientific approach to management? How the scientific approach to management is compared with behavioural approach? **(20)**

Q.4. Briefly comment upon contemporary theories of motivation. **(20)**

SECTION-B (PRINCIPLES OF MARKETING)

Q.5. Briefly describe how marketing strategy is formulated? **(20)**

Q.6. Discuss product attributes. Product can be differentiated on the basis of product attributes. Explain. **(20)**

Q.7. What is Integrated Marketing Communication? Comment on its major components. **(20)**

SECTION-C (FINANCIAL MANAGEMENT)

Q.8. **(a)** You wish to borrow $10,000 for three years. The bank agrees to lend this amount if you are willing to pay them $16,000 at the end of three years. What is the implicit rate of interest implied if it is applied **(i)** on annually **(ii)** semiannully (to the nearest whole percent)? **(10)**

(b) An investment of $10,000 will return $130 per year forever. What is its internal rate of return? **(10)**

Q.9. Sapphire Corporation is considering cash outlay of $800,000 for acquisition of new equipment. The useful life is four years and the firm assesses zero residual value at the end of four years. After-tax cash inflow of $200,000 are expected in year 1, $250,000 in year 2, $300,000 in year 3, $400,000 in year 4. The company falls in the tax bracket of 50%. **(10)**

(i) If the required rate of return is 15 percent, what is the net present value of the project? Is the project acceptable? **(05)**

(ii) What is the internal rate of return? **(05)**

Q.10. A stock currently sells for $50 per share. The market requires a 13% return on the firm's stock. If the company maintains a constant 5% growth rate in dividends, what was the most recent dividend per share paid on the stock? **(20)**

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