

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

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- (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) $EBIT \div \text{Interest on debt}$ (b) $\text{Net profit} \div \text{Debt}$
(c) $\text{Sales} \div \text{Interest Payable}$ (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)**

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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?
