Theme 1: Fundamentals of Management and Marketing

Addis Ababa University, College of Business and Economics, Department of Management Exit Exam Practice

* Indicates required question

ID Number*

Your answer

Part One: Introduction to Management

1. If a production manager deals with suppliers about qualities of supplies, quantity of supplies and terms of payment then he/she is playing?

1 point

A) Figure head role
B) Spokesperson role
C) Negotiator role
D) Disturbance handling role
E) Resource allocation role

2. _____means the whole is greater than the sum of its parts?

1 point

A) Entropy
B) System Boundary
C) Open system
D) Synergy
E) Steady state

3. _____is an element of planning that defines a series of related tasks of steps expressed in chronological order for a specific purpose?

1 point

A) Policy
B) Procedure
C) Rule
D) Strategy
E) Organizational mission

4. Identify the wrong statement about wide span of management?

1 point

A) The number of subordinates under a manager is many
B) It will be appropriate if the rate of changes is high

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C) The organization structure is flat
D) There are few managers levels

5. The power vested on managers to punish others for not meeting performance requirements?

1 point

A) Legitimate power/authority
B) Coercive power
C) Referent power
D) Reward power
E) Expert power

6. Identify the correct statement?

1 point

A) The more area dispersion of jobs the more probable the decision to be centralized
B) An organization cab absolutely centralize its decision making process
C) The more costly the decision the more probable is to be centralized
D) Centralization implies the placing of greater power in the hands of people away from the center
E) In centralized organization the participation of lower level managers in decision is high

7. All are true about the characteristics of an organization, except?

1 point

A) It has a well defined flow of information
B) It is based on delegation of authority
C) The structure is planned ad stable
D) It is developed from habits, conducts, likes and dislikes of officer
E) It is bureaucratic in nature

8. Listing a minimum qualification required of the job holder is known as?

1 point

A) Job description
B) Job analysis
C) Job Specification
D) Job evaluation
E) Performance evaluation

9. _____is staff utilization activity that is more of a punitive measure?

1 point

A) Transfer
B) Demotion
C) Promotion
D) Merit rating
E) Employee separation

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10. Seeking and attracting a pool of people from which to select qualified candidates is referred to as?

1 point

A) Placement
B) Recruitment
C) Job analysis
D) Orientation
E) Skill inventory

11. All are true about the characteristics of an exploitative- authoritative leader, except?

1 point

A) He is autocratic
B) He does not seek opinion of subordinates
C) He makes all major decision by himself
D) He motivates through fear and punishment
E) None of the above

12. The basic importance of controlling includes?

1 point

A) Judging the accuracy if standards
B) Minimizing dishonest behavior
C) Better performance
D) All of the above
E) None of the above

13. _____approach to management states that there is no one best way to handle all managerial problems?

1 point

A) System
B) Contingency
C) Scientific
D) Quantitative
E) Behavior

14. Under _____methods of controlling, managers must instruct ,direct and overseas the work of subordinates?

1 point

A) Pre control
B) Concurrent control
C) Post control
D) Historical control
E) None of the above

15. The management of ABC company communicates to its workers the following statements: "Absence **without leave ", "Promotion within "**and **"entertaining customer**

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complaints within a week time"?

1 point

A) Rule, policy, rule
B) Rule, procedure, policy
C) Rule, policy, policy
D) Procedure, policy, rule

16. Which of the following statement is/are true about strategy?

1 point

A) It is a means to achieve an objective
B) It is a means to an end
C) It is a broad course of action plan
D) A and C
E) All of the above

17. Application Blank is a resume designed by the employer to furnish detailed information about potential applicants?.

1 point

A) True
B) False

18. Selection is an act encouraging the potential candidate to apply for anticipated or actual job vacancy?

1 point

A) True
B) False

19. Which one of the following statement is/are true about planning?

1 point

A) Rules are plan which states actions and non-actions that allows some discretion
B) Policy is a type of plan that guides to decision making
C) Procedure is a type of plan that guides to decision making
D) A and C
E) All of the above

20. The ability/power of the manager to distribute or withhold anything that others may value is/are?

1 point

A) Expert power
B) Legitimate power
C) Reward power
D) Referent power
E) None of the above

21. Pick the correct statement?.

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1 point

A) All other functions of management need to be planned
B) Planning and controlling are known as the Siamese (twins) of management.
C) Staffing is an activity concerned with the human resource in an organization.
D) Organizing is the activity that aims the attainment of efficiency.
E) All of the above.

22. Which of the following does not represents the importance of decentralization?

1 point

A) It relieves top management of some burden of decision-making.
B) It motivates subordinates to make more works that are effective.
C) It does favor economies of scale of operation
D) It facilitates setting up of profit centers.
E) None of the above.

23. Identify the incorrect statement(s) about delegation?.

1 point

A) Delegation improves the moral of employees.
B) Delegation is the process of retaining formal authority by the managers.
C) Only high-level works can be done by top-level managers if delegation is successful
D) Delegation is more important in highly specialized jobs than complex jobs.
E) The availability of qualified managers and subordinates increases the success of delegation

24. Which of the following is/are incorrect?

1 point

A) Staff authority is the right to command a subordinate
B) Line authority is the responsibility to make decision and issue orders down the chain of command.
C) Functional authority is exercised over people or activities in other departments.
D) Effective communication is receiver oriented, not sender oriented.
E) None of the above.

25. Which of the following statements does not represent the importance of establishing an organization?

1 point

A) It motivates people to be creative and initiative.
B) It complicates administration in an organization
C) It helps managers to use resources effectively and efficiently.
D) It facilitates expansion and diversification.
E) It avoids duplication of work

26. Identify the wrong statement about managerial decisions?.

1 point

A) Decision making takes place mostly at the top of organizational hierarchy.
B) It is a rational choice among two or more alternatives

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C) It is possible for a good decision to be hurt by poor implementation.
D) Decision cannot be taken unless there is a problem
E) A and C

27. Ato Abebe, who is the head of the legal department, orders the human resource managers to use a certain type of employment contract for temporary workers, which will differentiate them from the permanent workers. Ato Abebe is exercising?,

1 point

A) Staff authority
B) Charismatic Power
C) Line authority
D) Functional Authority
E) A and C

28. Bringing an employee in the work environment as quickly as possible, familiarizing with the work and working environment is? _____.

1 point

A) Orientation
B) Promotion.
C) Recruitment
D) Training
E) None of the above

29. _____is single use plan established to provide the blue print of the organizational plan?.

1 point

A) Programs
B) Budgets
C) Projects
D) Policies
E) Procedures

30. Identify the incorrect statement(s) about the functions of staffing?.

1 point

A) Job analysis is a function that results in job specification and job description.
B) The purpose of training and development is to maintain or improve the skill and knowledge of current and new employees
C) Recruitment involves seeking and attracting a supply of applicants/people.
D) On the job training helps the trainee to focuses on the training than off-the-job training.
E) . None of the above

31. _____ is one who tends to centralize authority and rely on legitimate, reward and coercive power to manage subordinates?.

1 point

A) Autocratic Leader

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B) Democratic Leader
C) Participative Leader
D) Consultative Leader
E) Laize- fair Leader

32. The more a superior spends time with subordinates?

1 point

A) The taller the organization structure will be.
B) The wider the span of management will be.
C) The more flat the structure will be.
D) The more the number of subordinates per manager.
E) All of the above

33. Which of the following statements is/are incorrect?

1 point

A) Promotion leads towards increased position and power.
B) Demotion is a punitive measure in essence.
C) Communication brings common understanding
D) Promotion based on merit rewards meritorious works.
E) None of the above

34. The type of departmentalization that brings together in one department all similar activities and people that perform these activities together is known as ?_____.

1 point

A) Geographic/territory
B) Time
C) Product or service
D) Function
E) Customer

35. Which of the following is/are correct about span of control?

1 point

A) Narrow span tend to increase the degree of control.
B) Narrow span forces the delegation of authority to increase
C) Wider span increases the distance between top level management and lower level management
D) Span of control increases as job performance is dispersed geographically.
E) None of the above

36. Which of the following is/are incorrect?

1 point

A) Line authority is the responsibility to make decision and issue orders down the chain of command.
B) Functional authority is exercised over people or activities in other departments based on functional specialization.
C) Staff authority is the right to command a subordinate.

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D) Staff position and functions are directly responsible for the attainment of organizational objectives.
E) None of the above.

37. Which of the following statement(s) is/are correct about informal organization?

1 point

A) It aims at members' satisfaction
B) It is intentionally and formally established
C) It is shown by the company's chart
D) Violation of accepted norms of the group causes separation from the group.
E) B and D

38. Which of the following does not represent the importance of decentralization?

1 point

A) It motivates subordinates to make more effective works.
B) It serves as a training and experience gaining opportunity for future managers.
C) It relieves top level management of some burden of decision making.
D) It facilitates setting up of profit centers.
E) None of the above.

39. All are true about the advantage o a group decision making, except?

1 point

A) Great pool of knowledge
B) Time consuming
C) Better decision
D) None of the above

40. Which one of the following statement is/are not true about the types of decision making?

1 point

A) Programmed decision are repetitive and routing n nature
B) Un programmed decisions are those unstructured
C) Reactive decisions are those decisions that are made in anticipation of external changes
D) None of the above
E) All of the above
F) None of the above

41. Organization charts provides certain information about the organization structure, except?

1 point

A) Levels of management
B) Levels o authority
C) Sub division
D) All of the above
E) None of the above

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42. All are true about the basic elements of organization structure, except?

1 point

A) Division of labor
B) Delegation of authority
C) Span of control
D) None of the above

43. Culture Influences effectiveness and flexibilities of an organization but not vice versa?.

1 point

A) True
B) False

44. Organizational chart or structure of an organization depicts who reports to whom and who has authority over whom?.

1 point

A) True
B) False

45. Accountability and responsibility of a manager can be delegated to employees like authority?.

1 point

A) True
B) False

46. The wider the span of management, the taller the organization's structure and the greater the levels of management?.

1 point

A) True
B) False

47. A company with a variety of products uses process departmentation as a base of departmentalization?.

1 point

A) True
B) False

48. Delegation of authority enables more important decisions to be made at a lower level of the management?.

1 point

A) True
B) False

49. Which of the following statements does not represent the importance of

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establishing an organization?

1 point

A) It complicates administration in an organization
B) It facilitates expansion and diversification.
C) It helps managers to use resources effectively and efficiently.
D) It motivates people to be creative and initiative.
E) It avoids duplication of work.

50. An example of nonverbal communication is?_ ___ _____.

1 point

A) A letter on the notice board
B) A student with a hand raised
C) A pamphlet distributed in your mailbox
D) A written note

51. Organizational communication that is not defined by the organization's structural hierarchy is called____ _____ _ communication?.

1 point

A) Diagonal
B) Lateral
C) Informal
D) Formal

52. The beginning point for any human resource planning process is the examination of the current human resource status by making a?___ _ _____.

1 point

A) Strategic plan
B) Manpower inventory
C) Product evaluation
D) Analysis of customer demands

53. A written statement of what a job holder does, how it is done, and why it is done is known as?___ _____.

1 point

A) Job Analysis
B) Job description
C) Process departmentalization
D) Goal-oriented job definition

54. Recruitment encompasses the process of?__ _____.

1 point

A) Hiring employees from competitors
B) Locating, identifying, and attracting potential employees
C) Measuring the pressure in the local labor market

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D) Hiring from outside the organization
E) None of the above

55. At times, employees would compare their pay and work conditions to the pay and work conditions of friends and relatives who work in similar jobs in other companies. This process falls under_____ theory?.

1 point

A) Expectancy
B) Equity
C) Goal-setting
D) Reinforcement

56. According to Herzberg, when_ _____ are adequate, people will not be dissatisfied, but they will also not necessarily be satisfied?.

1 point

A) Affiliation need
B) Hygiene factors
C) Achievement needs
D) Power needs

57. One of the following theory suggests that “leaders are in-born or innate”?

1 point

A) Contingency theory
B) Behavioral theory
C) Trait theory
D) Participative theory
E) None of the above

58. Which of the following are true about McGregor’s theory of x and y?

1 point

A) The latter states that people are naturally lazy
B) The latter claims that the average human being dislikes work
C) The former claims that external control and punishment are not the only means of management
D) All of the above
E) None of the above

59. Mr X is the marketing manager of Timex trading Plc. He is an expert in the field of marketing. Due to this fact most workers in the marketing department admire his knowledge and follow or accept his way of leading. Which kind of power Mr X has on its workers?

1 point

A) Legitimate power
B) Expert power
C) Reward power

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D) Referent power

60. Base of departmentation that helps a firm to adopt local customs and laws and serve customers more quickly?.

1 point

A) Functional
B) Product
C) Geographical
D) Customers
E) All of the above

61. Power that arise due to personal charisma, so the followers would like to associate themselves with such a leader?

1 point

A) Referent power
B) Reward power
C) Expert power
D) Coercive power
E) A and B

62. Chain of command represents which kind of authority relationship in the organization?

1 point

A) Line authority
B) Staff authority
C) Functional authority
D) A&B

63. The human resource management department of DDU has a duty of checking the presence of all administrative staff employees. The office does this by taking attendance from all Administrative staff employees two times per day. In doing so which kind of authority the HR office exercises.

1 point

A) Functional authority
B) Staff authority
C) Line authority
D) Referent authority
E) All of the above

64. Ato Abebe, the personnel officer of XYZ Company, frequently exemplify his leadership with penalty and he believes that frightening with penalty will create the desired commitment out of his subordinates. Which of the following most likely represents his standing?

1 point

A) Theory of Y assumption
B) Laissez faire style

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C) Theory of X assumption
D) Hertzberg's two factor
E) Carrot and stick approach

65. Which theory of leadership contends that leadership style depends on environmental factors?

1 point

A) Trait theory
B) Contingency theory
C) Two factor theory
D) People oriented leadership
E) None

66. Which one of the following is/are not true about the procurement function of staffing?

1 point

A- Human resource planning
B- Selection
C- Recruitment
D- Utilization
E- None of the above

67. Checking the parts and lubricating the machines regularly is an example of?

1 point

A) Post action control.
B) Concurrent control
C) Preliminary control
D) Output control
E) None of the above

68. An organization that wants to be more responsive to changes in its environment especially to Customers, is likely to have ?

1 point

A) Highly centralized
B) Very formal and rule oriented
C) Decentralized and empowers employees
D) All of the above

69. Which one of the following statement is/are true about decentralization?

1 point

A) More functions are affected by decision made at lower levels.
B) Subordinates are called only for implementation of policies and strategies
C) Decentralization is not opposite of centralization
D) B and C.
E) A and C.

70. Ethiopian government has a 20-year planning to eradicate illiteracy in the country.

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this kind of planning is known as?;

1 point

A) Operational planning
B) Strategic planning
C) Intermediate planning
D) A and B

71. An operational plan tends to?

1 point

A) Be much less specific than strategic plan
B) Includes broadest area than strategic plan
C) Be long term plans
D) Cover shorter period than strategic plan
E) A and D.

72. Management is a profession since?

1 point

A) It requires an obligation to serve the society
B) It demands professional morality by the members.
C) A and B
D) None of the above

73. _____is the father of scientific management?.

1 point

A) Henry Fayol
B) Robert Owen
C) Charles Babbage
D) Frederick Taylor

74 _____is a person should receive orders from one boss only?

1 point

A) Chain of command
B) Unity of command
C) Order
D) Unity of direction
E) A and C

75. One of the following is not true about system theory?.

1 point

A) In system theory two is greater than one plus one
B) Organization should be dynamic according to system theory
C) If organization ceases to interact with external environment, it will not decay
D) All of the above
E) None of the above

76. The contingency approach states that?

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1 point

A) All organizations can be managed in the same way
B) All organizations are different, face different situation and should be managed differently
C) Although environments changes, organizations can continue to be managed the same way
D) B and C
E) None of the above

77. The function of planning in an organization is?

1 point

A) Very closely linked to controlling.
B) Carried out only by management
C) Not important to day because of increased information
D) A and B
E) All of the above

78. When a meteorologist predicts the path of a hurricane and its likely time of arrival at a specific location, the decision making condition is?_____

1 point

A) Decision making under certainty
B) Decision making under determination
C) Decision making under risk
D) Decision making under uncertainty.
E) B and C

79. Abebe and Kebede are brainstorming possible solutions to a staffing problem. They are writing their ideas down without assessing their practicality. Abebe and Kebede are at what stage in the decision making process?

1 point

A) Identifying the problem
B) Evaluating the alternative solution
C) Selection/choosing the solution
D) B and C
E) None of the above

80. A democratic leader likely does the following but one

1 point

A. Permits subordinates participate in decision making
B. Emphasize group effort
C. Applies is close supervision
D. It task centered than people
E. None of the above

Part Two: Principles of Marketing

1. Among consumer goods, advertising and wide distribution are especially important for:

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1 point

A. Durable goods.
B. Unsought goods.
C. Vehicles
D. Nondurable goods
E. A and C

2. Which one of the following items describes “new product(s)”?

1 point

A. New brands that a firm develops
B. Original new products of a firm
C. Product improvements
D. A and C
E. All of the above
F. B and C

3. Among the following channel members, which one is involved in risk-taking?

1 point

A. Brokers
B. Wholesalers
C. Agents
D. A and C
E. None of the above

4. The choice of transportation method in physical distribution requires all of the following considerations, **except**

1 point

A. Cost
B. Speed
C. Nature of the product
D. A and C
E. None of the above

5. While introducing a new product, if a firm faces a market with limited size &awareness about the product, not price sensitive, and low competition; which one could be the best strategy regarding pricing and promotion?

1 point

A. High price and high promotion budget
B. Low price and high promotion budget
C. High price and low promotion budget
D. Low price and low promotion budget
E. None of the above

6. If additional items are introduced in a given product category under the same brand name, such as new flavors, forms, colors, ingredients, or package sizes, the branding strategy followed by the firm is referred to as:

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1 point

A. Line extension
B. New branding
C. Brand extension
D. Multi branding
E. None of the above

Based on the information given below, (see Table 1) answer questions from number 7 to 9.

Table 1: Sales and Total Cost

Particulars	1st Year	2nd Year
Sales	45,000	50,000
Total Cost	40,000	43,000

7. How much sales is required to generate a profit of $475,000?

1 point

A. $1,200,500
B. $1,187,500
C. $1,250,550
D. $1,178,500
E. None of the above

8. How much is the profit when the total sale is $950,000

1 point

A. $376,000
B. $367,000
C. $557,000
D. $575,000
E. None of the above

9. The fixed cost is

1 point

A. $27,000
B. $20,000
C. $13,000
D. $20,500
E. None of the above

10. class, business class, and economy class. The pricing strategy Ethiopian Airlines used is a good example of _____?

1 point

A. Time pricing

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B. Product form pricing
C. Customer segment pricing
D. Location pricing
E. None of the above

11. Identify the wrong statement(s) about loyalty status.

1 point

A. Those who buy one brand all the time are hardcore loyal
B. Those who are loyal to two or three brands are referred to as shifting loyal
C. Those who show no loyalty to any brand are switchers
D. A and C
E. B and C
F. None of the above

12. All are true about market entry strategies, **except**?

1 point

A. Market aggregation is expensive for both production and marketing.
B. Multiple segments strategy is expensive in both production and marketing
C. The single-segment strategy enables a seller profoundly serve one or more markets in depth
D. Market aggregation helps a company to achieve economies of scale in operation
E. None of the above

13. All are true about the types of unsought goods, **except**?

1 point

A. Encyclopedia
B. Motor vehicle
C. Insurance
D. Graveyard
E. None of the above

14. Which of the following distribution channel is best appropriate to handle perishable goods?

1 point

A. Producer → Retailer → Consumer
B. Producer → Wholesaler → Retailer → Consumer.
C. Producer → Consumer
D. Producer → Wholesaler → Jobber → Retailer → Consumer
E. None of the above

15. Which of the following statement is/are true about discounts?

1 point

A. Quantity discount encourages a buyer to buy in bulk purchasing and takes the form of quantity only.
B. A functional discount is offered to encourage prompt payment.
C. Trade discount offered to a buyer for the function performed by the seller.
D. B and C
E. None of the above

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16. Discriminatory pricing could be applied using all of the following factors, **except**?

1 point

A. Customer
B. location
C. Time
D. A and C
E. None of the above

17. One of the following is used to establish a specific image for a brand in relation to competing brands, identify it:

1 point

A. Market segmentation
B. Market targeting
C. Markets positioning
D. All of the above
E. None of the above

18. The intermediaries are:

1 point

A. Those parties consult and suggest management
B. Those parties who provide financial assistance from the company
C. Those parties concerned with promoting the company's product
D. All of the above
E. A and C

19. Which one of the following factors affects the direct distribution channel decision of a product?

1 point

A. The technicality of the product
B. Geographic dispersion of the market
C. The large volume of order
D. All of the above
E. A and C

20. A pattern of market target selection in which a firm attempt to serve all customer groups with all the products they might need is:

1 point

A. Single-segment concentration
B. Market specialization
C. Selective specialization
D. None of the above
E. B and C

21. The process of evaluating each segment's attractiveness and selecting one or more of the target market segments to enter is known as:

1 point

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A. Market positioning
B. Market targeting
C. Market segmentation
D. Branding of products
E. Supply chain

22. In _____ stages of new product development, the firm measures the customer reaction to the product.

1 point

A. Testing
B. Idea generation
C. Business analysis
D. None of the above

23. In a "pull" promotional strategy

1 point

A. A company targets the trade channel
B. Heavy advertising and sales promotion are used
C. A company targets the consumers
D. B and C
E. A and C
F. All of the above

24. The stage of the product lifecycle characterized by low demand, heavy promotion, and low profit is?

1 point

A. Introduction stage
B. Maturity stage
C. Decline stage
D. Growth stage

25. Which one of the following is the main promotion tool used for business goods?

1 point

A. Sales promotion
B. Public relation
C. Personal selling
D. Advertising

26. Which one of the following statements is/are true about labeling?

1 point

A. A descriptive label identifies the product judged quality with a letter, number, or word.
B. A brand label provides detailed information about the product.
C. A descriptive label applied the name of the seller to the product package.
D. A and C
E. None of the above

27. During which stages of new product development does a firm measure the technical

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feasibility of the new product?

1 point

A. Idea generation
B. Business analysis
C. Prototype development
D. Product Development
E. None of the above

28. All are true about the advantages of physical distribution, **except**?

1 point

A. It improves customer service.
B. It stabilizes price
C. It provides time utility by selecting the appropriate transportation method.
D. It provides time utility by locating the warehouse at a convenient place.
E. A and B
F. A and C

29. In routine buying situations, which members of the buying center have formal or informal power to select or approve the final suppliers?

1 point

A. Deciders
B. Gatekeepers
C. Users
D. Buyers
E. Influencers

30. The shift towards one-to-one marketing is initiating a new generation of more specialized and highly targeted communication efforts. The opposite of this approach is referred to as?

1 point

A. Mass marketing
B. Pull strategy
C. Advertising
D. Direct marketing

31. A seller offers a trade discount with the condition, 30/10 for retailers and wholesalers respectively. If the retailer has to owe birr $39000 to the seller, how much would the wholesaler pay the seller?

1 point

A. $24,570
B. $27,300
C. $11,700
D. None of the above

32. A manufacturer whose unit cost of the product is $ 100 would like to earn 20% profit on its selling price. What should be his selling price?

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1 point

A. $ 125
B. $ 120
C. $ 83.33
D. None of the above

33. The promotional mix element that considers catalog, telephone marketing, kiosks marketing, the internet, and more, as a means to reach its customers is?

1 point

A. Public relations
B. Sales promotion
C. Direct marketing
D. Personal selling
E. None of the above

34. One of the following promotion tools is heavily used to promote unsought goods

1 point

A. Personal selling
B. Public relation
C. Sales promotion
D. Advertising

35. The behavior segmentation variable that divides the market into regular users, nonusers, ex-users, and first-time users of a product is;

1 point

A. Benefits sought
B. Usage rate
C. Loyalty status
D. User status
E. Occasions

36. Some people prefer Prudent to Crest to prevent tooth decay. Others prefer Crest for good breath and to prevent gum bleeding. Which segmentation variable do you think is the best?

1 point

A. Occasions
B. Benefit sought
C. User status
D. Usage Rate
E. None of the above

37. Which one of the following is/are not true about the elements of Psychographic segmentation?

1 point

A. Lifestyle
B. Culture

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C. Personality
D. Value
E. None of the above

38. Which one of the following is/are not true about market entry strategies

1 point

A. In differentiated marketing, the firm design different programs for each segment
B. In undifferentiated marketing, the firm goes after the whole market with a single offer
C. Under individual marketing, the firm prepares on a mass basis individually designed products and communications to meet each customer's requirements.
D. All of the above
E. None of the above

39. All are true about the elements used in product differentiation, except

1 point

A. Performance
B. Delivery
C. Conformance
D. Durability
E. None of the above

40. Which one of the following is/are not true about convenience goods

1 point

A. Impulsive goods are purchased with the intention of urgency
B. Staple goods are purchased with emotion
C. Staple goods are purchased with a pre-planned decision
D. A and B
E. A and C
F. None of the above

Refer the information given below to respond to questions 41, 42, and 43.

Particulars	1st Year	2nd Year
Sales	45,000	50,000
Total Cost	40,000	43,000

41. Sales required generating a profit of $575,000

1 point

A. $1,437,500
B. $1,734,500
C. $1,450,000
D. $1,540,000
E. None of the above

42. The profit when the sale is $850,000

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1 point

A. $497,000
B. $314,000
C. $327,000
D. $372,000
E. None of the above

43. Which one of the following is/are true about business analysis

1 point

A. A company measures the extent of competition
B. A company may ignore measuring the profitability
C. A company evaluates the market demand for the product
D. A company may decide to produce the product
E. A and D
F. All of the above

44. Which one of the following is/are not true about characteristics of a decline stage of the product lifecycle

1 point

A. The need for the product disappears.
B. Better or less expensive product is developed to fill the same need.
C. A better or more expensive product is developed to fill the same need.
D. People are simply tired of the product.
E. None of the above

45. A product in the maturity stage will often require _____ advertising.

1 point

A. Persuasive
B. Reminder
C. Comparative
D. Cooperative
E. Informative

46. The shift towards one-to-one marketing is initiating a new generation of more specialized and highly targeted communication efforts. The opposite of this approach is referred to as?

1 point

A. Pull strategy
B. Advertising
C. Mass marketing
D. Direct marketing

47. If Addis Ababa Museum charges different entrance fees for the same service from students and other senior citizens, this type of pricing strategy is a good example of the;

1 point

A. Customer segment pricing

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B. Product form pricing
C. Location pricing
D. None of the above

48. During which stage of new-product development will management most likely estimate minimum and maximum sales to assess the range of risk in launching a new product?

1 point

A. Product development
B. Business analysis
C. Marketing strategy development
D. Concept testing
E. Test marketing

49. A _____ consists of all the product lines and items that a particular seller offers for sale.

1 point

A. Brand line
B. Product mix
C. Line extension
D. Consumer mix
E. Packaging mix

50. A firm operating under the marketing concept may focus on one of the following, identify;

1 point

A. Undertaking a very high selling and advertising
B. Concentrating on producing well-made products
C. Concentrating on distribution efficiency
D. Identifying the needs and wants of consumers
E. None of the above

51. Which one of the following products requires a lot of advertising, personal selling, and other marketing efforts because consumers either do not know about it or knows about it but do not normally think about buying?

1 point

A. Unsought products
B. Specialty products
C. Shopping products
D. Industrial products

52. The information system that is applied best when a company encounters a problem is

1 point

A. Marketing research
B. Sales reporting system

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C. Marketing intelligence system
D. None of the above

53. ABC Company spends large amounts of money on trade discounts and trade promotion activities in order to gain some shelf space in retail outlets for its product. What type of marketing strategy is it?

1 point

A. Pull strategy
B. Penetration pricing
C. Push strategy
D. Skimming pricing
E. None of the above

54. The most customer selective of all the promotional mix elements is?

1 point

A. Public relations
B. Direct marketing
C. Sales promotion
D. Personal selling
E. None of the above

55. The information system that supplied information to marketing managers on the day-to-day through talking to customers, talking to salesmen, reading books, etc is referred to as?

1 point

A. Marketing decision support system
B. Marketing intelligence system
C. Internal record system
D. Marketing research
E. None of the above

56. A discount that is offered to buyers basically to encourage bulk purchases is

1 point

A. Cash discount
B. Quantity discount
C. Functional discount
D. Seasonal discount
E. None of the above

57. The quality of a service depends upon who provides them as well as when, where, and how they are provided. This exemplifies the characteristics of a service as _____?

1 point

A. Inseparability
B. Variability
C. Perishability
D. Intangibility

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58. The stage of the product planning process where the company measures the technical feasibility?

1 point

A. Concept development
B. Market testing
C. Prototype development
D. Product development
E. Business Analysis

Part Three: International Marketing

1. Which of the following is not a form of direct exporting?

1 point

A) Agents
B) Trading companies
C) Franchising
D) Management contracts

2. Countertrade is where _____

1 point

A) Sales into one market are paid for by taking other products from that market in exchange.
B) All transactions are conducted in the open, as in 'over the counter'.
C) Transactions are carried out through intermediaries.
D) None of the above

3. The production possibility frontier refers to the total amount of goods or services produced by an economy given the technological know-how and the resources available.

1 point

A) True
B) False

4. Which of the following is not a general price-setting strategy in international marketing?

1 point

A) Base plus cost margin.
B) Standard worldwide price.
C) Dual pricing.
D) Market-differentiated pricing.

5. The stage of the product lifecycle characterized by increasing sales at an increasing rate is?

1 point

A) Growth stage
B) Maturity stage
C) Decline stage
D) Introduction stage

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6. All are true about the function of a subculture, except?

1 point

A) It provides a psychological source of group identification.
B) It serves as a frame of reference.
C) It provides a good base for the market segmentation.
D) All of the above
E) None of the above

7. Which of the following statement is/are not correct about foreign distributors?

1 point

A) Located in the seller's country
B) Located in a foreign country
C) Has an exclusive distribution right
D) A foreign distributor takes title to the goods.

8. The cascade tax is a multi-stage non-cumulative tax on consumption, distribution, and production.

1 point

A) True
B) False

9. The relative advantage theory of Adam Smith has given a base for international trade despite its limitation

1 point

A) True
B) False

10. Setting sales force objectives internationally will not only depend on the company goals but will also depend on:

1 point

A) The training procedures.
B) The recruiting procedures.
C) The evaluation procedures.
D) An analysis of the culture and the values of the country it is entering.
E) Management standards for excellence.

11. In free on broad pricing the loading charge is borne by the buyer.

1 point

A) True
B) False

12. The foreign entry mode pertaining to the lowest levels of control and risk is the _____ mode.

1 point

A) Hierarchical

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B) Contractual
C) Export
D) Intermediate

13. The following are examples of political risk actions:

1 point

A) Import and labor restrictions.
B) Price and tax controls.
C) Local-content laws and exchange controls.
D) All of the above.

14. Which of the following represents a company's effort to identify and categorize groups of customers and countries according to common characteristics?

1 point

A) Global marketing research.
B) Global market segmentation.
C) Global targeting.
D) Global positioning.

15. The market entry method that could give rise to a potential for inheriting a de-motivated labor force, a poor image and reputation, and out-of-date products and processes;

1 point

A) Acquisition
B) Setting up a wholly-owned subsidiary
C) Licensing
D) Franchising

16. Which of the following statement is/are correct

1 point

A) The distinction between international marketing and multinational marketing is the former operates from a home base while the latter is not
B) The distinction between international marketing and trade is the latter analysis is macro in nature while the former micro
C) The distinction between foreign marketing and international is the latter operates in more than one country while the former not
D) A and C
E) All of the above

17. Which of the following statement is/are incorrect about indirect exporting?

1 point

A) Domestic-based merchants buy the manufacturer’s products and sell them abroad.
B) An export management company agrees to manage a company’s export activities for a fee.
C) Foreign-based distributors might be given exclusive rights to represent the manufacturer.
D) None of the above

18. Which is likely to be the most expensive method of market entry?

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1 point

A) Franchising
B) Licensing
C) Opening a foreign subsidiary
D) Direct exporting

19. What is a Letter of Credit?

1 point

A) An instrument issued by a bank at the request of a buyer in which the bank promises to pay a specified amount of money on the presentation of documents stipulated in the letter.
B) A way to establish and maintain a credit card purchase.
C) Given to shipping companies that have a line of vessels.
D) An instrument of currency issued by a foreign government to the exporter.

20. Product benefits, product attributes, and marketing support services combine to form the ____

1 point

A) Core product.
B) Augmented product.
C) Extended product.
D) Enhanced product.

21. A strategic business manager wishing to develop an edge over rival organizations can use _____ in order to gain a better understanding of the industry in which the organization operates.

1 point

A) Economic Systems matrix
B) Ansoff's matrix
C) Porter's Five Forces model
D) BCG matrix

22. Key controllable factors in global marketing are:

1 point

A) Marketing activities and plans.
B) Government policy and legislation.
C) Social and technical changes.
D) All of the above.

23. Ethiopia is relatively better at producing coffee than wheat, so Ethiopia is said to have a(n) _____ advantage in the production of wine.

1 point

A) Identical
B) Minimal
C) Comparative
D) Absolute

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24. The form of countertrade where goods are exchanged directly for other goods of approximately equal value is referred to as?

1 point

A) Factoring
B) Price sensitivity
C) Barter
D) None of the above

25. The international market research result reveals that most customers worldwide prefer industrial products made in Germany than other countries. The consumers would be able to know it has been made in Germany with the help of?

1 point

A) Packing List
B) Consular invoice
C) Certificate of origin
D) Special purpose document

26. _____ is the fundamental reason for exporting.

1 point

A) Making money
B) Greed
C) Diversification
D) Increasing market share

27. Value-added tax is a multi-stage cumulative tax on consumption on the value added.

1 point

A) True
B) False

28. Which of the following statement(s) is/are correct about labeling?

1 point

A) The descriptive label provides detailed information about the product
B) A brand label provides detailed information about the product
C) A grade label provides detailed information about the product
D) A and C
E) All of the above

29. Certain European countries have agreed to have a common currency(Euro), this exemplifies

1 point

A) Free trade area
B) Customs union
C) Economic union
D) Political union

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30. An indication of fierce international competition is given by which factors?

1 point

A) Competitors are numerous and of equal size and power.
B) High exit barriers.
C) All of the above factors.
D) None of the above

31. Which of the following are considered to be exporter strategies when the domestic (home market) currency is weak?

1 point

A) Conduct conventional cash-for-goods trade.
B) Engage in non-price competition by improving quality, delivery, and after-sales service.
C) Improve productivity and engage in vigorous cost reduction.
D) Shift sourcing and manufacturing overseas.
E) Give priority to exports to relatively strong-currency countries

32. Which of the following is not a general alternative pricing mechanism?

1 point

A) Posting.
B) Skimming.
C) Market Pricing.
D) Penetration.

33. Which of the following options contains the correct order from the lowest to the highest level of economic integration:

1 point

A) From economic areas to customs unions to common markets to free trade areas.
B) From free trade area to customs union to common market to economic union.
C) From customs union to economic union to free trade area to common market.
D) From common market to free trade area to economic union to customs union.

34. Which type of intermediary usually performs a variety of functions including stock inventories, handling promotion, extending customer credit, processing orders, arranging shipping, product maintenance, and repair?

1 point

A) Export Agents
B) Cooperative Organizations
C) Export Distributors
D) Trade Partners
E) None of the above

35. Which of the following statement is/are not true about the political parties?

1 point

A) A dominated one-party Government allows an opposition party to undertake its political movement
B) A single-party Government allows an opposition party to carry out its political activities

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C) A dominated one-party Government does not allow an opposition party to undertake its political movement
D) A and C
E) B and C

36. Which of the following cannot be classed as a market structure?

1 point

A) Communism.
B) Perfect competition.
C) Oligopoly.
D) Monopolistic Competition

37. The low-risk method of entering into an international market is:-

1 point

A) Licensing
B) Joint venture
C) Exporting
D) Manufacturing

38. Which of the following statement is/are not correct about the letter of credit (L/C)?

1 point

A. In an irrevocable letter of credit, the issuing bank will revoke its commitment with the consent of the seller.
B. In a revocable letter of credit, the issuing bank will revoke its commitment without the consent of the seller.
C. In an irrevocable letter of credit, the issuing bank will revoke its commitment without the consent of the seller.
D. B and C

39. With the globalization of markets, the tastes and preferences of consumers worldwide are:

1 point

A) Being encouraged by multinational organizations to become increasingly similar.
B) Converging upon a global norm.
C) Becoming similar to the tastes and preferences of American consumers.
D) So different that they can be ignored by international organizations.

40. Parallel importation refers to authentic and legitimately manufactured trademark items that are produced and purchased abroad but imported or diverted to another country by bypassing designated channels. What type of market is this?

1 point

A) Grey market
B) Direct exporting
C) Indirect exporting
D) None of the above

41. Which of the following statement is/are true about the legal system?

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1 point

A) The judges play a minimum role in statute law
B) The judges play a minimum role in common law
C) The judges are privileged to exercise his/her expertise in common law while enforcing the law
D) A and B
E) A and C

42. When does the rise in the product price affect drastically the demand for it?

1 point

A) Elastic pricing
B) Elastic demand
C) Inelastic pricing
D) Inelastic demand

43. Being a global organization means:

1 point

A) Customizing the product range for each segment in part.
B) Creating standardized products for homogeneous markets.
C) Creating both standardized and customized products.
D) None of the above

44. Warehousing provides a place utility by balancing the production and consumption?

1 point

A) True
B) False

45. Regionalism is:

1 point

A) The grouping of countries into regional clusters based on geographic proximity.
B) A protectionist policy created to exclude third world countries from certain forms of international trade.
C) An international management orientation and a protectionist policy created to exclude third world countries from certain forms of international trade.
D) An international management orientation.

46. The main aim of global marketing is to:

1 point

A) Coordinate the marketing activities within the constraints of the global environment.
B) Satisfy global customers better than competition.
C) Find global customers.
D) Achieve all of the above.

47. The following represent major reactive motives for initiating export:

1 point

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A) Competitive pressures.
B) Overproduction/excess capacity and unsolicited foreign orders.
C) Extended sales of seasonal products.
D) All of the above.

48. Which of the following statement(s) is/are correct about the Inco terms pricing?

1 point

A) C and F price is charged at the port of embarkation
B) CIF price is charged at the port of embarkation.
C) C and F price is charged at the port of debarkation.
D) A and C
E) None of the above

49. Mass advertising, sales promotions and point of sales promotions are rigorously, the best promotional strategy would be?

1 point

A) Pull strategy
B) Ambush strategy.
C) Push strategy.
D) Defensive strategy.
E) None of the above

50. XYZ Company insists that all its stores carry the basic product line with little room for adaptation to local tastes. If research of the foreign market showed that foreign customers preferred larger beds than the local one's, which of the following strategies would be advisable for XYZ Company?

1 point

A) Standardization.
B) New product development.
C) Adaptation.
D) Withdraw from market.
E) Lower prices to encourage attitude change.

51. Free trade area agreement harmonizes a trade regulation and establishes a common barrier against outsiders.

1 point

A) True
B) False

52. Which of the following would NOT be one of the five key product characteristics that contribute to its acceptance?

1 point

A) Low service maintenance
B) Relative advantage
C) Compatibility
D) Complexity
E) Trial ability

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53. A _____ is a name, term, sign, symbol, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.

1 point

A) Trademark
B) Patent
C) Signature
D) Brand equity
E) Brand

54. The communication element that induces trial of purchase through offering incentives in the form of coupons, free sample distribution, price reductions and competitions is?

1 point

A) Advertising
B) Point of Purchase
C) Sales promotion
D) Direct marketing
E) Personal selling

55. The stages in the international product life cycle where the innovating country's export market rise as a result of economies of scale is?

1 point

A) Overseas innovation
B) Worldwide imitation
C) Maturity stage
D) None of the above

56. In the international marketplace, _____ pricing adds international costs and a mark-up to the domestic manufacturing cost.

1 point

A) Dynamic incremental pricing
B) Export price
C) Import price
D) Cost-plus price
E) Target-return price

57. A patent right is a technical and scientific work legally protected by the government.

1 point

A) True
B) False

58. When demand is highly price sensitive, the company needs to consider how it cans _____ from a global perspective.

1 point

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A) Raise prices
B) Lower prices
C) Lower service
D) Reduce costs
E) Raise quality

59. Sampling, price-offs, coupons, sweepstakes, bonus packs, and trade allowances are all examples of _____.

1 point

A) Advertising
B) Sales promotion
C) Direct marketing
D) Public relations

60. Cascade tax is a multi-stage non-cumulative tax at very corner in production, consumption and distribution

1 point

A) True
B) False

61. When the exporter quotes a price for the goods, including charges for delivery of the goods alongside a vessel at a port. This form of terms of shipment is called:

1 point

A) Ex-works.
B) Free alongside ship (FAS).
C) Free on board (FOB).
D) Cost and freight (CFR).

62. International marketing describes the diffusion process of an innovation across national boundaries.

1 point

A) True
B) False

63. Specific tax is one time tax levied on a specific product?

1 point

A) True
B) False

64. Personal selling is a short-term incentive intended to induce trial or purchase of a product

1 point

A) True
B) False

65. Which of the following statement is/are not correct about the economic integration?

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1 point

A) GATT members charge a common tariff against outsider.
B) NAFTA members charge their own separate tariff against outsiders.
C) EFTA members charge a common tariff against non-members.
D) All of the above
E) None of the above

66. Ethiopia, Kenya and Djibouti have agreed to protect the sovereignty and territorial integrity of their respective country through a common defense. This agreement exemplifies?

1 point

A) Common market
B) Customs Union
C) Economic Union
D) None of the above

67. A foreign seller have quoted a price where the buyer to come down all the way to his factory and take possession of the goods. The price the seller has quoted is?

1 point

A) EXW
B) FAS
C) FOB
D) CFR

68. All are the stages in the international product life cycle, except

1 point

A) Local innovation
B) Worldwide imitation
C) Growth stage
D) Maturity stage
E) None of the above

69. Behavioral based classification of a firm is more reliant as basis to measure multinationals.

1 point

A) True
B) False

70. The stage of a new product development where the firm measures the profitability is?

1 point

A) Proto type
B) Idea generation
C) Market Test
D) None of the above

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71. Franchising is the more complete form of licensing where the franchisor provides the total brand concept and manufacturing system to a franchisee.

1 point

A) True
B) False

72. GATT is a type of trade agreement that allows free mobilization of factors of production

1 point

A) True
B) False

73. Timex trading plc is imported items which are subject to customs duty where the tax would be calculated based up on the standard physical measures, like per/kg, per/gallon, etc. thus, the tariff rates applied by customs could be?

1 point

A) Tariff surcharge
B) Countervailing duty
C) Specific duty
D) Special duty

74. Examples of exporting-related _____ include manufacturing costs, shipping expenses, insurance, and overseas promotional costs.

1 point

A) Incremental costs
B) Demand costs
C) Fixed costs
D) Target costs
E) Service costs

75. Open account mode of payment is usually in favor of the buyer.

1 point

A) True
B) False

76. The advantage of high brand equity includes all of the following, except?

1 point

A) Encourage repeat purchase.
B) Company easily launches brand extension.
C) Provides to the company high bargaining power.
D) A and C
E) None of the above

77. Which of the following statement is/are true about excise tax?

1 point

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A) Excise tax is a cumulative tax levied on a specific product.
B) Excise tax is a non-cumulative tax levied on the total value of the product.
C) Excise tax is a non- cumulative tax levied on a specific product.
D) A and B
E) B and C

78. Status quo pricing objective of the company is intended to meet the competition and stabilize price

1 point

A) True
B) False

79. When developing a pricing strategy for its global markets, one of the first steps that a company must go through is to decide:

1 point

A) What the actual price should be.
B) How high or low to price.
C) How much money will the price bring in.
D) What it wants to accomplish with its strategy.
E) What form of controls will regulate price.

80. All are true about the elements of financial control, Except

1 point

A) Exchange control
B) License or permit
C) Multiple exchange rate
D) Profit remittance restriction
E) None of the above

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Theme 2: Human Resource and Organizational Behaviour

Addis Ababa University, College of Business and Economics, Department of Management Exit Exam Practice

* Indicates required question

ID Number*

Your answer

Part One: Human Resource

1. Human resource management encompasses several managerial activities. Which of the following is not considered to be one of the main human resource management activities?

1 point

a. Human resource planning
b. Development and evaluation
c. Finance
d. Orientation
e. None of the above

2. One of the following is not related to the main objectives of human resource management.

1 point

a. Social responsibilities
b. Legal responsibilities
c. Organizational responsibilities
d. Employee advocacy responsibility
e. Organizational design responsibility

3. Which of the following explains the concept of human capital?

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1 point

a. Human resources are valuable
b. Human resources are rare
c. There are no good substitutes for human resources
d. Human resources cannot be imitated
e. Human resources can exist forever

4. Of the variety of functions handled by human resource departments, which one is best described as having the responsibilities for attitude surveys, labor law compliance, and relocation and outplacement services of organizational employees?

1 point

a. Compliance with the law
b. Recruitment and selection
c. Employee relations
d. Support and Strategy
e. Policy and procedure

5. Which of the following is not the contribution of Robert Owen?

1 point

a. Improved working conditions
b. Reduced hours of work
c. Allowed workers to buy the product of the factory at a cost-no profit
d. Played workers even when work interrupted
e. Communication process

6. Which of the following is considered a human resource management approach as opposed to the Personnel approach?

1 point

a. It is bureaucratic
b. It is mechanistic
c. It emphasizes economic rewards
d. It considers people as an asset or investment
e. It emphasizes the job or the task

7. _____ is a more important skill for strategic human resource management level.

1 point

a. Mechanical skill
b. Conceptual skill
c. Technical skill
d. Leadership skills
e. Human relations skill

8. Which of the following is a correct statement

1 point

a. A human resource management plan is a means of achieving goals
b. The organizational vision is drawn from the human resource management vision

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c. The vision of an organization explains the reason for the existence of the organization
d. Functional goals of human resource management are more general than strategic goals
e. All are wrong statements

9. External environment of human resource management is associated with its

1 point

a. SWOT
b. OT
c. WT
d. WOT
e. All of the above

10. Which employee right is best identified as the right to refuse to do what violates their moral beliefs as long as those beliefs represent commonly accepted norms?

1 point

a. Right of Freedom of conscience
b. Right of privacy
c. Right of free consent
d. Right to do process
e. Right of irrationality

11. The judicial branch of the government is the organ that enacts laws governing human resource activities.

1 point

a. True
b. False

12. Cultural training for managers going abroad to serve in foreign companies illustrates a reaction to which Environmental Challenge:

1 point

a. Technology change
b. Economic
c. Social
d. Discipline
e. Skill shortages

13. As by definition, the term equal employment opportunity is best described as the condition in which all individuals have an equal chance for employment regardless of their race, color, religion, sex, age, disability, or national origin.

1 point

a. True
b. False

14. Which one of the following is best described as a list of the knowledge, skills, abilities, and other characteristics that an individual must have to perform a particular job?

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1 point

a. Workflow analysis
b. Job description
c. Job specification
d. Job analysis
e. job grade

15. Which of the following item is an element of the job specification but, not the of the job description?

1 point

a. Title,
b. Date,
c. Knowledge, Skill, abilities (KSA)
d. Approvals,
e. Standard of performance

16. Job analysis has often been called the building block of human resource management. Which of the following items would most probably not be affected or influenced by information acquired through job analysis?

1 point

a. Defining benefit plan
b. Job evaluation
c. Career planning
d. Selection and training
e. Orientation

17. A job _____ is the systematic collection of information and recording of information concerning the purpose of the job, its major duties and responsibilities, the conditions under which it is performed, the relationship with others that the performance of the job requires, and the knowledge and skills, and abilities needed for performing the job effectively.

1 point

a. Job Analysis
b. Job Description
c. Job Evaluation
d. Job Specification
e. Job Training

18. Analyzing jobs involves determining in detail:

1 point

a. What the job entails.
b. What the job entails and the characteristics of people to hire.
c. The employee's performance.
d. What kind of people to hire?
e. The Job and the conditions under which the job is done

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19. The behavior and characteristics of the Job A statement of the duties, working conditions, and other significant requirements associated with a particular job is called a

1 point

a. Job analysis
b. Job description
c. Skills inventory
d. Job specification
e. Job evaluation

20. Job Analysis was said to be important in the development of which HR practices:

1 point

a. Employee recruitment
b. Performance appraisals
c. Compensation plans
d. a and b
e. a, b, and c

21. Which one of the following is best described as identifying the numbers and types of employees the organization will need to have for it to meet its goals?

1 point

a. Performance management
b. Human resource planning
c. Human Relations
d. Employee relations
e. Structured analysis

22. The process of identifying and tracking high-potential employees who will be able to fill top management positions when they become vacant is called which of these?

1 point

a. Mentoring
b. Action Planning
c. Benchmarking
d. Succession planning
e. Movement planning

23. A replacement chart is much like an organizational chart with names of the incumbent jobholder and possible replacers with age, degree of promotability, nationality, and current performance ratings.

1 point

a. True
b. False

24. Which of the following is not a part of the human resource external supply forecast

1 point

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a. Political and legal factors
b. Individuals graduating from schools and colleges
c. Changing workforce composition and patterns
d. Economic forecasts for the next few years
e. Management audit

25. Which of the following is not a part of the internal human resource supply forecast

1 point

a. Skill Audit-employees on non-managerial jobs
b. Management Audit-employees in managerial jobs
c. Production equipment layout
d. Human Resource Information System (HRIS)
e. Subcontracting

26. Which of the following can not be an action plan for a situation of surplus human resources?

1 point

a. Freeze hiring
b. Reducing the number of hours worked
c. Training or retraining existing
d. Do not replace those who
e. Reduce overtime work

27. Which of the following is not an action plan for the shortage of human resources?

1 point

a. Workers, grooming current employees to take over vacant positions (succession planning), promoting, transferring from within,
b. Recruiting and hiring new permanent employees,
c. Subcontracting part of the work to other firms,
d. Offer early retirement incentives
e. Rehire retirees part-time

28.The management category in the manpower inventory of an organization is called skill inventory.

1 point

a. True
b. False

29. _____ is a set of knowledge and skills that make the organization superior to competitors and create value for customers.

1 point

a. Outsourcing
b. Utilization review
c. Core Competency
d. Due process policy
e. In sourcing

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30. When organization **"A"** contracted with company **"B"** to handle its payroll and employee health benefits, organization A was _____ part of its workload

1 point

a. Outsourcing
b. Downsizing
c. Abolishing
d. Merging
e. Ganging

31. _____ is the process through which the organization identifies acceptable applicants who possess desired knowledge, skills, and abilities that will help the organization achieve its goals.

1 point

a. Recruitment
b. Performance management
c. Selection
d. Orientation
e. Human Resource Management

32. One of the following is the disadvantage of internal recruitment

1 point

a. Organization has more knowledge of the candidate's strengths and weaknesses
b. It enhances employee morale and motivation for being considered
c. Organization's return on investment in training and development is utilized
d. Employees may be promoted beyond the level of their competence
e. Is useful for succession planning

33. _____ is the process managers engage in to develop a pool of qualified candidates for open positions.

1 point

a. Hiring
b. Recruitment
c. Retention
d. Selection
e. Attrition

34. Organizations recruit existing employees through

1 point

a. Direct application
b. Referrals
c. Public agencies
d. Job posting
e. Internal agencies

35. Of the following items, select the one that would NOT be considered a step in the selection process.

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1 point

a. issuing termination notices
b. Interviewing applicants
c. Screening Resume
d. Reference checks
e. Medical check

36. Once managers develop a pool of applicants for open positions through the recruitment process, they then need to determine if each applicant is qualified for the position. One effective technique for assessing potential hires is the situational interview. Which of the following interview questions represents a situational interview question?

1 point

a. What are your unique qualifications?
b. How would you handle a customer who is indecisive?
c. What characteristics of this job are most important to you?
d. What new skills do you want to develop in your first three years on the job
e. Explain the procedures to be followed in purchasing

37. _____ is the extent to which a measurement accurately measures what it is intended to measure.

1 point

a. Validity
b. Reliability
c. Criterion-related validity
d. Predictive validity
e. Validity dexteriority

38. _____ is best described as consistency between the test items or problems and the kinds of situations or problems that occur on the job

1 point

a. Concurrent validity
b. Predictive validity
c. Content validity
d. Construct validity
e. Distruct validity

39. If an interviewer asks an applicant, "What religious organizations or groups do you belong to?" the interviewer has asked a question that is permissible to ask of a job applicant.

1 point

a. True
b. False

40. Which of the following is NOT a permissible question that can be asked to a job applicant?

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1 point

a. What is your full name?
b. Do you have a driving license?
c. Do you understand the job requirement?
d. Do you like jobs that require movement?
e. Howa old are you?

41. Information that can be legally obtained from applicants via a job application includes ALL BUT WHICH ONE of the following?

1 point

a. Application signature
b. Applicant's date of birth
c. Applicant's work experience
d. applicant's educational background
e. applicant's interests

42. Which of the following is best described as a test that assesses how well a person can learn or acquire skills and abilities?

1 point

a. Aptitude test
b. Achievement test
c. Cognitive ability test
d. Personality test
e. Capture rate test

43. Unstructured interview is best described by which of the following?

1 point

a. An interview that does not in any way requires preparation
b. It is one of the unplanned interview methods
c. It is flexible and allows candidates to express thoughts without restriction
d. An interview in which the interviewee is given a balanced picture of both the company and the job rather than only the good news
e. An interview which helps interviewers to have control of the interview

44. Which one of these is a disadvantage of orientation?

1 point

a. Assist in reducing the anxiety and stress of a new environment
b. Reduces the possibly of misinformation about the organization or the new job
c. Familiarizes with the important policies and procedures
d. Makes the new employee feel like a valued member of staff
e. None of the above

45. A _____ test yields consistent scores when a person takes two alternate versions of the same test.

1 point

a. Predictive

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b. Reliable
c. Valid
d. Criterion
e. Valid and reliable

46. A_____ is a type of performance measurement that assigns a certain percentage of employees to each category in a set of categories.

1 point

a. Paired comparison
b. Alternation ranking
c. Simple ranking
d. Forced distribution
e. Random ranking

47. A paired comparison method is a variation on rankings that involves managers ranking employees from the highest to the poorest performer within the group.

1 point

a. True
b. False

48. Of the following items, which one is identified as the most widely used method for rating the attributes of an individual employee?

1 point

a. Mixed standard scale
b. Graphic rating scale
c. Behaviorally anchored rating scale
d. Critical incident method
e. Critical outcident method

49. Which of the following involves a manager maintaining a record of specific examples of the employee acting in ways that are either effective or ineffective?

1 point

a. Behaviorally anchored methods
b. Graphic rating scale
c. Critical incident method
d. Management by Objective
e. Management by boss

50. The primary use of assessment centers is to identify whether employees have the personality characteristics, administrative skills, and interpersonal skills needed for managerial jobs.

1 point

a. True
b. False

51. _____ is a system in which people at each level of the organization set goals in a process that flows from top to bottom so that employees at all levels are contributing to

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the organization's overall goals.

1 point

a. Total Quality Management
b. Management by objectives
c. Performance management
d. 360 degree performance appraisal
e. Performance measurement

52. 360-degree performance appraisals use charts to detail causes of problems, measures of performance, or relationships between work-related variables.

1 point

a. True
b. False

53. When a rater inaccurately assigns low ratings to all employees, holding them to unreasonably high standards, the resulting rater error is called _____.

1 point

a. Horns
b. Similar-to-me
c. Strictness
d. Central tendency
e. Leniency

54. A _____ appraisal method combines the benefits of narratives, critical incidents, and quantified scales with specific behavioral examples of good or poor performance.

1 point

a. Graphic rating scale
b. Behaviorally anchored rating scale-BARS
c. Narrative
d. MBO
e. Paired comparison

55. Sell-and-tell_____ is the process of evaluating the organization, individual employees, and the tasks to determine what kinds of training, if any, are necessary.

1 point

a. Needs assessment
b. Readiness for training assessment
c. Cognitive ability testing
d. Instructional design
e. Instructional process need assessment

56. Preparing organizational members for new responsibilities is referred to as:

1 point

a. Training
b. On the job training
c. Vertical training

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d. Lateral training
e. Development

57. The lifelong series of activities that contributes to a person's career exploration, establishment, success and fulfillment is:

1 point

a. A career
b. Career planning
c. Career management
d. Career development
e. Career deployment

58. A _____ is the process for determining the appropriateness of training by evaluating the characteristics present within the business.

1 point

a. Task analysis
b. Person analysis
c. Needs assessment
d. Organizational analysis
e. Corporate analysis

59. _____ refers to the ways the organization's people encourage training and include praise, encouraging words, and expressing positive attitudes about training.

1 point

a. Readiness for training
b. Situational constraints
c. Social support
d. On-the-job training
e. Off-the-job training

60. Formal educational programs include short courses offered by consultants, workshops, and executive MBA programs.

1 point

a. True
b. False

61. Which of the following terms is best described as a training method that represents a real-life situation in which trainees make decisions resulting in outcomes that mirror what would happen on the job?

1 point

a. Experiential programs
b. Case studies
c. Simulations
d. Action learning
e. Distance learning

62. The goal of training is preparation of the employee for changes while the goal of

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development is preparation for the current job

1 point

a. True
b. False

63. Which of the following is best described as the lowest amount that employers may pay under federal or state law and is stated as a particular amount per hour?

1 point

a. Maximum
b. Pay level
c. Minimum wage
d. Pay grade
e. Market pay

64. Gary earns Birr12 per hour at his current jo He usually works 40 hours per week, but occasionally works 50 hours per week. He is paid Birr 18 per hour for the 10 hours above his regularly scheduled 40. These earnings are known as _____ pay.

1 point

a. Overtime
b. Salary
c. Bonus
d. Differential
e. Normal

65. The economy and its influences can strongly impact an organization's decisions about pay as well as its pay structure.

1 point

a. True
b. False

66. Which of the following is best defined as a pay rate that falls above the pay range for the job?

1 point

a. Pay differential rate
b. Green-circle rate
c. Red-circle rate
d. Blue-circle rate
e. White-circle rate

67. All employees are not entitled for overtime pay. Those who are not entitled to overtime pay are

1 point

a. Exempt employee
b. Delayered
c. Knowledge

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d. None exempt employees
e. Tactical

68. An obvious advantage of piece rates is the direct link between how much work the employee performs and the amount of revenue the employee earns.

1 point

a. True
b. False

69. Organizations have great latitude in setting performance-related pay. The organizations often link incentive or performance related pay to all but which one of the following items?

1 point

a. Employee seniority
b. Chief executive officer's pay
c. Individual performance
d. Organizational profit
e. Merit pays

70. With respect to compensation, _____ refers to how a job's pay rate in one company compares to the job's pay rate in other companies.

1 point

a. Internal equity
b. Individual equity
c. External equity
d. Procedural equity
e. Legal equity

71. In their totality, _____ contribute to attracting, retaining, and motivating employees and serve to function similar to pay.

1 point

a. Flexible Spending
b. Mandatory retirement age
c. Insurance for vision care
d. Dental insurance
e. Benefit

72. Unemployment insurance laws help workers with expenses resulting from job-related accidents and illnesses.

1 point

a. True
b. False

73. Which of the following is not a benefit that is required by law to be provided by the employer?

1 point

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a. Paid personal leave
b. Social security
c. Unemployment insurance
d. Family and medical leave
e. Maternity leave

74. In order to qualify for receipt of unemployment benefits, a worker must be actively seeking work and was not discharged for willful misconduct.

1 point

a. True
b. False

75. The primary goal of unions is to obtain:

1 point

a. Bargaining rights for all employees in the unit.
b. Improved working conditions for employees.
c. Improved wages and benefits for employees.
d. Security for themselves
e. Security for the organization

76. The survival and security of a union depend on its ability to ensure a regular flow of new members and receipt of _____ to support the services it provides.

1 point

a. Membership dues
b. Membership application
c. Management sponsorship
d. Management checks off provisions
e. Management blessings

77. Jemil is being sent on a long-term work assignment to Mozambique by the company he works for. The organization has provided training including preparation for departure and his return home as well as a mentor to give him information about the culture he will be living within. This type of training is referred to as _____.

1 point

a. Cross-cultural preparatory
b. Repatriate preparatory
c. Cultural adaption
d. Exploitation preparation
e. Repatriate expatriate preparation

78. A staff management policy that treats subsidiaries as distinct national entities and employs the host country's nationals at a a senior level is known as the

1 point

a. A. Geocentric Approach
b. Ethnocentric approach
c. Polycentric Approach
d. Nationalistic Approach

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e. Expatriate

79. _____ is an organization's active efforts to find opportunities to hire or promote people in a minority group.

1 point

a. Human Resource management
b. Executive order 321
c. Equal employment opportunity
d. Minority law
e. Affirmative action

80. Every time a disciplinary problem is encountered managers should follow a sequential formal progressive, disciplinary procedure. First, give advice: second, serve an oral warning, third, written warng;, fourth; fine, fifth, suspension; and finally discharge or dismissal. Discharging or dismissal is a serious action. Therefore, before any employee is dismissed, he/shneedseds to be treated progressively.

1 point

a. True
b. False

Organizational Behavior

1. The causes of conflict in organizations can be attributed to:

1 point

A. Superordinate goals
B. Task interdependence
C. Resource scarcity
D. Inadequate organizational structure
E. All except A

2. Informal groups can be characterized by one or more of the following, except:

1 point

A. Are inevitable aspects of formal organizations' social systems
B. Their basis is the logical sentiments
C. The informal groups result in rumors and resistance
D. Are inherent in the formal organization and can't be avoided
E. None of the above

3. Cultural differences play important roles in determining which leadership styles might be more successful in a particular country. A highly participative style of leadership would be more likely succeed in a country with:

1 point

A. Low power distance
B. High uncertainty avoidance
C. High individualism
D. High masculinity
E. None

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4. The interpersonal skill involves the following, except:

1 point

A. Counseling employees
B. Motivating employees
C. Providing leadership to subordinates
D. Communicating with employees
E. Manipulating machines and following procedures

5. Identify the correct statement about transformational leadership.

1 point

A. Transformational leaders are agents of change who energize and direct employees to a new set of corporate values and behaviors.
B. Transformational leaders focus on tactical issues and are swamped by daily routines.
C. Transformational leadership is concerned with helping organizations achieve their current objectives more efficiently.
D. Transformational leadership seeks to motivate followers by appealing to their own self-interest.
E. A and D are correct

6. The Hawthorne study revealed that:

1 point

A. The importance of personal and social factors in motivation and employees' attitude
B. The importance of the informal workgroup and their impact on employees' performance
C. The relevance of financial incentives as a sole motivating factor for better performance
D. The significance of effective supervision in maintaining employee productivity and job satisfaction
E. None of the above

7. One is not part of the general assumptions of theory Y that managers hold about their subordinates:

1 point

A. Most people can view work as being as natural as the rest of play
B. Most people seek formal direction whenever possible
C. The average person will accept and even seek responsibility if they are committed to the objectives being pursued
D. Workers are capable of exercising self-control
E. None of the above

8. A manager who adheres to the theory –y assumptions can be characterized by the following, except:

1 point

A. Adopt a more open and flexible style of management
B. Create jobs that encourage workers to contribute towards organizational goals
C. Allow workers to exercise responsibility and skill
D. Structure organizations that restrict the individual abilities to exercise discretion over their

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jobs
E. None of the above

9. The degree to which group members are attracted to one another and interested to work together relatively for a long period of time refers to:

1 point

A. Identity
B. Cohesiveness
C. Demography
D. Sociability
E. None of the above

10. A variant of job design, which increases workers control and discretion over what they do refers to:

1 point

A. Job rotation
B. Job enlargement
C. Job enrichment
D. Socio-technical system
E. All of the above

11. The proposition" organizations are complex social systems" is strongly related to one of the following organization theory

1 point

A. Scientific Management
B. Human relations Model
C. Hawthorne Approach
D. Bureaucratic Theory
E. None of the above

12. The organic form of organization structure can't be characterized by:

1 point

A. Flexibility
B. Continual adjustment of tasks
C. Lateral consultation based on information and advice than instruction
D. Specialization of tasks
E. None of the above

13. According to classical authors in management theory, the true source of authority is:

1 point

A. Those who give orders
B. The members of the organization
C. The authorities develop the power relationship
D. The governing body as upper echelons
E. All of the above

14. Identify the incorrect statement.

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1 point

A. It can be safely said that today's organizations are political.
B. Organizational politics can be eliminated.
C. Ingratiation is one of the political tactics used by political people in organizations.
D. Political behavior in organizations has both positive and negative implications
E. None of the above

15. Group decision making is not:

1 point

A. A way of controlling through leadership rather than force
B. A way of group discipline through social pressure
C. Pooled thinking
D. A way of giving each person a chance to participate that concern him/her
E. None of the above

16. The behavior of a leader who uses job centered leadership style can be characterized by the following, except:

1 point

A. Oriented towards closer supervision
B. Oriented towards pressure for better productivity
C. Oriented towards meeting deadlines
D. Oriented towards development of effective workgroups with high performance goals
E. None of the above

17. The contingencies of power that refers to the availability of alternatives in determining the degree of influence one has over another.

1 point

A. Substitutability
B. Centrality
C. Discretion
D. Visibility
E. None of the above.

18. The decisional role involved in making decisions has the following aspects, except:

1 point

A. Entrepreneur
B. Disturbance handler
C. Resource allocator
D. Negotiator
E. Disseminator

19. According to the five-stage model of group development, the stage that the group is transformed into fully functioning tasks at hand is:

1 point

A. Norming
B. Storming

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C. Forming
D. Performing
E. None of the above

20.According to the leadership continuum that clusters leaders from authoritarian to democratic, the democratic leader:

1 point

A. Uses formal to influence behavior
B. Is production oriented
C. Involves subordinates in the decision-making process
D. Operated unilaterally to make decisions
E. All of the above

21. The particular set of values, beliefs, systems and customs that are unique to a particular organization is:

1 point

A. Organization culture
B. Organization structure
C. Organization design
D. Organization change
E. None of the above

22. One of the following is false about structure:

1 point

A. The more dynamic and uncertain the environment, the greater the need for flexibility that the structure provides
B. In stable and predictable environments, the organic form will be preferred to mechanistic structure
C. Organic structure will lead to higher organizational effectiveness when the environment is uncertain
D. In stable and predictable environments, the mechanistic form will be preferred to organic structure
E. None of the above

23. Job enlargement results in:

1 point

A. Higher product quality
B. Higher productivity of workers and equipment
C. Less idle time of employees and machines
D. All of the above
E. None of the above

24. The hybrid structural form of organization design would be most appropriate for which of the following circumstances:

1 point

A. Small size companies
B. Stable environment with only moderate change over time

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C. Strong pressure for sharing resources between and among units
D. Considerable environmental uncertainty and the need for economies of scale
E. None of the above

25. Organizational politics can be manifested in the following forms, except?

1 point

A. Whistleblowing
B. Rules and regulations
C. Filing grievances
D. Spreading rumors
E. None of the above

26. Scholars define an organization as a system of consciously coordinated activities. One of the following is not an example of a formal organization:

1 point

A. Religious
B. Military
C. Academic institution
D. The coffee groups
E. All are formal organizations

27. According to research outputs on group demography, one of the following is false:

1 point

A. Similar member attributes are positively related to group performance
B. Dissimilar member attributes are positively related to group performance
C. Similar member attributes are positively related to employee turnover
D. Dissimilar member attributes are positively related to employee absenteeism
E. None of the above

28. In designing organization structure and procedures one is not a contingency variable:

1 point

A. Environmental uncertainty
B. Size of the organization
C. Technology
D. All of the above
E. None of the above

29. one of the following is not true about task groups:

1 point

A. A group that is limited to its immediate hierarchical structure
B. It is organized to identify problems and develop solutions that cut cross departmental and functional boundaries
C. It is organized to identify problems and develop solutions concerning a particular functional area
D. All of the above

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E. None of the above

30. The power of the first line manager might gradually erode. This might be because of the following except:

1 point

A. Increasing worker participation
B. Increased use of work teams
C. Union influence
D. Increasing educational level of employees
E. None of the above

31. which of the following is correct about the differing degree of involvement of the mangers at different organizational levels as to the four functions of management:

1 point

A. First level managers spent most of their time in panning and organizing
B. Managers at all levels seems to be equally involved in planning function
C. To level managers do more planning than middle or operational level managers
D. Middle level managers to less coordinating than any other function
E. All are correct

32. The ability of an organization to produce more as an organization than could the parts of the organization working separately is known as:

1 point

A. Differentiation
B. Synergy
C. Vertical integration
D. Horizontal integration
E. None of the above

33. Differentiation as characteristics of an open system defines the organizations tendency to:

1 point

A. Increasing its vertical level of decision making as quickly as possible
B. Become more complex usually by adding special units
C. Create a greater output from the whole than is possible from just the sum of its parts
D. Delay or postpone decay by bringing in new energy
E. None of the above

34. Most of the decisions made by top level managers are:

1 point

A. Opportunities
B. Participative type
C. Programmed decisions
D. Nonprogrammed decisions
E. None of the above

35. A computer software company would most likely have a degree of environmental

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uncertainty that reflected _____ level of environmental dynamism and _____ level of environmental complexity.

1 point

A. Stable/heterogeneous
B. Unstable/ homogeneous
C. Unstable/heterogeneous
D. Stable/homogeneous
E. All of the above

36. The mangers jobs in organization vary according to the two important dimensions: vertical and horizontal. Which of the following is incorrect about the horizontal dimension:

1 point

A. Managers on different specializations are involved in different mixes of the four functions of management
B. Managers at each level require different combination of managerial skills-technical, conceptual and human
C. Typical horizontal areas include finance, operations and marketing
D. All are horizontal dimensions
E. None of the above

37. One of the following is not an element of organization structure:

1 point

A. Divide the work into individual jobs and assign them
B. Collect individual jobs into appropriate groups or departments
C. Facilitate mechanisms among and between management levels whereby issues such as kinds and amounts of authority are determined
D. Develop key standards against which actual performance can be measured and compared to ensure organizational goals are reached
E. None of the above

38. As technological complexity and environmental uncertainty increases, as the size of the organization grows, and as operations becomes more far-flung, we would expect:

1 point

A. The shape of the organization to become more flatter
B. More centralization to occur
C. The addition of one or more layers of management
D. The span of control to become more narrow
E. None of the above

39. Business process reengineering can be characterized by the following:

1 point

A. No significant change
B. Fundamental change
C. Incremental change

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D. Piece meal change
E. All except A

40. The set of environmental factors typically encountered in managing an international organization, relative to those encountered in managing strictly domestic operation, are:

1 point

A. Much more predictable
B. More limited
C. Much broader
D. Indefinable
E. None of the above

41. One of the following can be a good example of an interest group:

1 point

A. The employees of the company band together to further their interest on issues of rescheduling their vacation a particular fiscal period
B. The employees of the company band together to find solution for productivity problems of the company
C. The employees of the company who are working to find solutions for the problems of their department in a formal structure
D. A formal group established to identify problems and develop solutions for problems that cut across the departmental boundaries
E. All of the above are correct

42. According to the five-stage model of group development, the norming stage is characterized by:

1 point

A. Conflict between members of the group is high
B. The cohesiveness is expected to be high
C. Confusion and uncertainty are common features
D. High group performance
E. None of the above

43. Some groups in organizations are more successful than others in performing tasks because of the following, except:

1 point

A. Ability of group members
B. Age of the group members
C. Size of the group
D. Level of conflict
E. None of the above

44. When the organization imposes more formal rules and regulations on workgroups the it will result in:

1 point

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A. The level of dissatisfaction will be so high
B. The productivity of the workgroup will reach to its maximum level
C. The behavior of the group members will be more consistent and predictable
D. The less productive the work group members will be
E. None of the above

45. The personality traits which negatively related to group productivity is:

1 point

A. Independence
B. Authoritarianism
C. Self-reliance
D. Conscientiousness
E. None of the above

46. In ABC Co, employees and employer have set out mutual expectations in the form of unwritten agreement between them. This refers to:

1 point

A. Group norm
B. Role expectation
C. Rule
D. Psychological contract
E. None of the above

47. Collaboration as an interpersonal conflict handling approach is appropriate when:

1 point

A. People want to take advantage of non-competitive behavior
B. There is a need to merge insights from people with different perspectives
C. When potential conflict outweighs the benefits of conflict resolution
D. The organization needs to achieve temporary settlements to complex issues
E. All of the above.

48. Assume that there has been some confusion regarding your work schedule at your office. However, it happened that your boss has asked you and your coworker to sort out which one of you is going to work on Thursday's night. Neither you nor your workmate wants to work that night. You have an important assignment due the next day; he wants to go watch the basketball game at a friend's place. Without much discussion at all, your coworker capitulates-probably realizing that your circumstances are a bit more significant than his "fun." He agrees to cover the shift. This is an example of _____conflict resolution approach.

1 point

A. Forcing
B. Smoothing
C. Compromising
D. Problem solving
E. Avoiding

49. Group decision making is more advantageous than individual decision making

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when the following are sought:

1 point

A. Speed of decision making
B. More complete information and knowledge
C. Diversity of views of group members
D. Acceptance of solution by majority of the workgroup
E. All except C

50. In today's organizations work teams are so popular. This phenomenon is best explained by:

1 point

A. Work teams out perform individuals when the tasks being done require multiple skills, judgment, and experience.
B. Teams are a means to better utilize employee talents
C. Teams are more flexible and responsive to changing events of the work environment
D. All of the above
E. None of the above

51. Depending on its basis power can result in different consequences. Whish of the following are consequences of coercive power.

1 point

A. Unusually produces commitment
B. Coercive power results in resistance, dissatisfaction and lack of trust
C. Coercive power can sometimes usually result in compliance
D. Coercive power results in resistance
E. All are correct

52. Politically oriented behavior in organizations:

1 point

A. Is usually outside the legitimate and recognized power system
B. Is designed to benefit the an individual/group tt the expense of the organization/ nation as a whole
C. Is designed to acquire and maintain power and other resources
D. Will be increased when there is critical shortage of resources
E. All of the above

53. In forming boundaryless organizations removing the vertical boundaries will result in:

1 point

A. Flatten hierarchical structure
B. 360-degree performance appraisals
C. Minimized status and rank between hierarchies
D. Participative decision-making practice
E. All of the above

54. An attempt to bargain with each other between coalitions to check the power of their opponents is closely related to:

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1 point

A. Scarcity of resources
B. Counter power
C. Non-substitutability of the resources as source of power
D. Nature of relationship between individuals
E. None of the above

55. Organization design:

1 point

A. Integrates people, information and technology of an organization
B. Used to match the form of the organization to the purpose that the organization seeks to achieve
C. Helps to improve the probability that the collective efforts of members will be successful
D. Can be approached as an internal change under the guidance of an external facilitator
E. All of the above

56. A simple structure of the organization is appropriate when there is:

1 point

A. Low degree of departmentalization
B. Wide spans of control
C. Less formalization
D. The size of the organization is small
E. All of the above

57. The bureaucratic structure is characterized by:

1 point

A. Highly routine operating tasks achieved through specialization
B. Very formalized rules and regulations
C. Centralized authority and wider span of control
D. The pervasiveness of rules and regulations substitutes for managerial discretion
E. All of the above

58. When the matrix structure is in place:

1 point

A. Dual subordination is common
B. Unity-of-command concept will be broken
C. Power struggles between functional and product managers will arise
D. Facilitates the efficient allocation of specialists.
E. All of the above

59. Divisional structure is an appropriate option of designing organizational structure when:

1 point

A. The organization is split up into a number of self-contained business units
B. Divisional structure groups employees around geographic areas, clients or outputs

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C. Each division is expected to operate as a profit center
D. Strategic business units are normally more autonomous than functional structures
E. Key function including finance, personnel, corporate planning are carried out at each autonomous division

60. The virtual organization is characterized by:

1 point

A. Highly centralized structure and little or no departmentalization
B. Maximum flexibility
C. Outsourcing many of its business functions and concentrates on what it does best
D. Reduces management's control over key parts of its business
E. All of the above

61. Functional departments create horizontal boundaries. So as to create boundaryless organizations in functionally structures organizations the manager can devise the following:

1 point

A. Replacing functional departments with cross-functional teams
B. Organizing activities around processes than products
C. Lateral transfers and rotate people into and out of different functional areas
D. Changing specialists into generalists
E. All of the above

62. Identify the correct statement from the following:

1 point

A. Problem solving is the best interpersonal conflict handling style across situations.
B. Conflict has both positive and negative consequences.
C. Organizational behavior shares the Unitarist view of conflict
D. All types and degrees of task and process conflicts are functional in nature
E. None of the above

63. Organizational politics implies:

1 point

A. The use of power and influence in organizations
B. Power in action
C. Distribution of advantages and disadvantages within the organization
D. The fact of life
E. All of the above

64. A political strategy used to gain the support of others through request which is consistent to the policies and rules of the organization refers to

1 point

A. Consultation
B. Ingratiating
C. Legitimating
D. Rational persuasion

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E. Inspirational appeal

65. One of the following is not an element of workforce diversity:

1 point

A. Gender
B. Ethnicity
C. Sexual orientation
D. Race
E. None of the above

66. When workforce diversity is not properly managed it would have the following implications, except:

1 point

A. Aggravates employee turnover
B. Increases interpersonal conflict
C. More difficult communication
D. Increases homogeneity of workforce
E. None of the above

67. The degree to which an employee identifies with his employing organization and its goals wishes t maintain membership in the organization refers to:

1 point

A. Organization Commitment
B. Employee empowerment
C. Psychological Contract
D. Job Satisfaction
E. None of the above

68. One of the following is not an element of organizational justice:

1 point

A. Distributive justice
B. Procedural justice
C. Interactional justice
D. Equity justice
E. None of the above

69. Effective have been found to have the following common characteristics, except:

1 point

A. Adequate resources
B. Effective leadership
C. Intra team conflict
D. A climate of trust
E. Performance evaluation and reward system that reflects team contribution

70. An optimal level of conflict in organization or units can have the following implications:

1 point

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A. Stimulate creativity
B. Allow tension to be released
C. Initiate the needs for change
D. Deter coordination of activities
E. All except D

71. In developing their organization structure managers need to consider the following elements, except:

1 point

A. Work specialization
B. Departmentalization
C. Chain of command
D. Formalization
E. None of the above

72. A manager of a typical organization is about to decide to shift expenditures of the newsletter advertising to TV with the intension to achieve a goal of increased sales is involved in one of the basic functions of management:

1 point

A. Organizing
B. Planning
C. Controlling
D. Directing
E. None of the above

73. One of the following is not part of and organizing function:

1 point

A. Determining the type of activities to be performed
B. Determining how the tasks are grouped into departments
C. Developing a structure
D. Deciding how best to achieve the predetermined goals
E. None of the above

74. Which of the following best describes the purpose of the controlling function in management of organizations:

1 point

A. Determining the type of relationships between hierarchies
B. Smooth transferring of information acquired from both internal and external sources
C. Regulating activities so that actual performance can confirm to set standard
D. Encouraging the necessary change and innovation in the organization
E. All of the above

75. The ability to choose appropriate goals and to achieve them best describes which of the following:

1 point

A. Planning
B. Effectiveness

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C. Efficiency
D. Staffing
E. None of the above

76. Identify the wrong statement from the following:

1 point

A. Management represents a systematic but fluid process for establishing and pursuing shared objectives
B. Rather than adapting to external conditions, management is creative and forward looking
C. Management emphasizes maintaining inertia and continuous improvements
D. Mangers must live in both the present and the future by balancing often conflicting objectives
E. The manager should create a logical linkage among strategy, objectives and incentives throughout the organization

77. Organization and their mangers should be:

1 point

A. Both influenced by and shaping their external environment
B. Created by people and contribute to the society
C. Emphasizing creativity and innovation and entrepreneurship
D. Pursuing both financial and non-financial goals
E. All of the above

78. A process where em0ployees set objectives, justify them, determine resources need to accomplish them, and establish time table for their completion refers to:

1 point

A. Business process Reengineering
B. Total Quality Management
C. Management by Objective
D. Just-In Time
E. None of the above

79. Leadership is the relationship of variables. Identify the variable which is not part of it.

1 point

A. The characteristics of the leader
B. The attitudes, needs and other characteristics of the followers
C. The purpose, strategies, and nature of tasks of the organization
D. The social, economic, and political environment in which the organization operates
E. None of the above

80. The manager's decisions and the quality of his final choice is largely inclined by:

1 point

A. expectation
B. Experience
C. Job satisfaction
D. Perception

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Part Three: Leadership, and Change Management

1. What does the change mean?

1 point

A. Change, alter, vary, modify mean to make or become different
B. change implies making either an essential difference.
C. A loss of original identity or a substitution of one thing for another
D. Actions in which a company or business alters a major component of its organization
E. None

2. Which of the following is wrong about leadership and management?

1 point

A. Leadership is doing things right; management is doing the right things
B. Managers are facilitators of their team members' success
C. The idea of leadership is used as directing, executing, supervising, ordering, commanding
D. leadership involves the exercise of influence by one person over others
E. None

3. Which of the following is wrong about leadership?

1 point

A. Leading is the process of establishing direction and influencing others to follow that direction.
B. Leadership is the process by which one person influences the thoughts, attitudes, and behaviors of others.
C. Leadership helps to point us in the same direction and harness our efforts jointly
D. Leadership is the process by which a person exerts influence over other people and inspires, motivates, and directs
E. None

4. Which of the following is not a contribution not provided by a leader?

1 point

A. Provide meaningful direction.
B. Issuing of orders that are clear, complete, and practicable.
C. Take responsibility for the direction and actions of a team.
D. Accepting responsibility for mistakes/wrong decisions.
E. None

5. Which of the following is wrong about leadership and management?

1 point

A. Management is one of the five leadership functions
B. Someone can be a manager without being a true leader
C. There are also good leaders who are not managers
D. Without leading as well as managing, today's organizations face the threat of extinction
E. leadership deals with the interpersonal aspects of a manager's job, whereas planning, organizing, and controlling deal with the administrative aspects.

6. Which of the following is wrong about leadership and management?

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1 point

A. Leadership deals with change, inspiration, motivation, and influence.
B. Management deals more with carrying out the organization's goals and maintaining equilibrium.
C. Leadership produces a degree of predictability and order.
D. Leadership produces change
E. He sees both strong leadership and strong management as necessary for optimal organizational effectiveness.
F. None of the above

7. Which of the following is wrong about leadership and management?

1 point

A. Managers plan, organize, staff, lead and control.
B. Leaders, on the other hand, are involved in a single function of management which is leading.
C. Managers focus on systems and structures
D. Leaders Focus on people
E. Leadership Imitates
F. None

8. Which of the following is wrong about leadership and management?

1 point

A. Managers rely on control
B. Leaders inspire trust
C. Managers Accept the status quo
D. Leaders Challenge the status quo
E. Leaders ask how and when
F. None of the above

9. Effective leaders share four characteristics in common except?

1 point

A. They provide direction and meaning to the people they are leading.
B. They generate trust.
C. They favor action and risk-taking.
D. They are surveyors of hope
E. None

10. _____ metaphor feeds into the notion that it is possible to design a perfectly well-oiled machine and to plan a change that will take the organization from state A to state B in clearly defined stages with the likelihood of success as long as everyone does what's in the plan.

1 point

A. Organizations as machines
B. Organizations as political systems
C. Organizations as organisms
D. Organizations as flux and transformation
E. All

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F. None

11. In_____metaphor, there is an understanding of who is an enabler and who is a disabler; who stands to gain and who stands to lose; who is supporting you and who might be against you.

1 point

A. Organizations as machines
B. Organizations as political systems
C. Organizations as organisms
D. Organizations as flux and transformation
E. All
F. None

12. In_____metaphor organizational internal subsystems – structural, human, managerial, informational – would all need to be capable of receiving data from the environment and other parts of the system and responding intelligently:

1 point

A. Organizations as machines
B. Organizations as political systems
C. Organizations as organisms
D. Organizations as flux and transformation
E. All
F. None

13. In_____metaphor Rather than a machine or a social system of power bases, or an organism that interacts symbiotically with the environment, the organization is a place that has form and movement but events that cannot be predictable.

1 point

A. Organizations as machines
B. Organizations as political systems
C. Organizations as organisms
D. Organizations as flux and transformation
E. All
F. None

14. The central theme of leadership is_____.

1 point

A. Rational assessment and handling of business situations
B. Ensuring that the organization produces highlight-quality products
C. The rational selection of goals and purposes
D. Getting things accomplished through people
E. Reducing the overall cost of the organization
F. None

15. Which one of the following is a valid observation of management and leadership?

1 point

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A. Leading is not a part of the influencing function.
B. Leading is synonymous with management within in most cases.
C. Leadership is considered a subset of management.
D. Leading is much broader in scope than managing.
E. Leading mainly emphasizes non-behavioral issues.
F. None

16. Leading mainly emphasizes _____

1 point

A. Performance evaluation and control
B. Organizational performance
C. Organizational productivity
D. Behavioral issues of employees
E. Individual performances
F. None

17. All of the following are the characteristics of an effective leadership style except one

1 point

A. Emphasizing values and reinforcing them by symbolic actions
B. Little or no direction
C. Gives followers as much freedom as possible
D. All authority or power is given to the followers
E. All
F. None

18. Which one of the following statements is consistent with the trait approach to leadership?

1 point

A. Good leaders change their behaviors based on the situation.
B. Emotional maturity and stability are important characteristics of leaders.
C. Leaders should be reactive rather than proactive.
D. People who have the skill to participate socially become ineffective leaders.
E. Past achievements are not significant determinants of leadership.
F. None of the above

19. Which of the following is not correct about implicit resistance?

1 point

A. Efforts are more subtle
B. Loss of motivation to work
C. loss of loyalty to the organization
D. All
E. None of the above

20. A change is proposed and employees quickly may respond by voicing complaints, but the greater challenge is managing resistance is---------- --.

1 point

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A. Overt
B. Implicit
C. Immediate
D. All
E. None of the above

21. Which of the following is correct about The Domino Effect?

1 point

A. Main source of change is the change itself.
B. It may emanate from internal or external sources.
C. The pace of change is extremely fast.
D. All are correct
E. None of the above

22. Which of the following is **correct** about the possible advantages of collaborating in conflict-solving?

1 point

A. May not reinforce mutual trust and respect
B. Leads to solving the actual problem but not a win-win outcome
C. May negatively affect your relationship with the opponent
D. All
E. None of the above

23. _____might be a major restructuring, collaboration, or rightsizing.

1 point

A. Organization-wide change
B. Subsystem Change
C. Planned change
D. Unplanned change
E. None of the above

24---------- It involves looking for a position in which your losses are offset by equally valued gains.

1 point

A. Warnings of smoothing
B. Withdrawing
C. Compromising
D. All
E. None of the above

25. _____might be changing an organization's structure and culture from the traditional top-down, hierarchical structure to a large amount of self-directing teams.

1 point

A. Radical change
B. Incremental change
C. Organization-wide change

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D. All
E. None of the above

26. To improve the poor performance of a product or the entire organization, reduce burnout in the workplace, and help the organization to become much more proactive and less reactive, which change is appropriate?

1 point

A. Organization-wide change
B. Remedial Change
C. Planned change
D. Unplanned change
E. All
F. None of the above

27. Driving forces push organizations toward a new state of affairs, so which is appropriate for this statement?

1 point

A. Unfreezing
B. Changing
C. Refreezing
D. All
E. None of the above

28. Which of the following is not the specific customer satisfaction that can be optimized from implementing total quality management?

1 point

A. Improvement in product quality.
B. Improvement in product design.
C. Improvement in the production flow.
D. Improvement of product service.
E. Reductions in operating losses

29. An individual firmly pursues his or her own concerns despite the resistance of the other person. So, which are the **a**ppropriate types of conflict resolution for this statement?

1 point

A. Withdrawing
B. Forcing
C. Compromising
D. All
E. None of the above

30. When organizations face dramatic, unexpected changes in the environment or with an impending disaster resulting from mismanagement, an organization might need to act quickly and decisively _types of change?

1 point

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A. Evolutionary change
B. Incremental change
C. Revolutionary change
D. All
E. None of the above

31. Assume you are the chief executive officer of BEST Company PLC in Addis Ababa city and may decide between decreasing employees' salaries or firing a few employees, so, which one is correct type of conflict for this case?

1 point

A. Approach-approach
B. Avoidance – Avoidance
C. Avoidance – Approach
D. All
E. None of the above

32. In Business process reengineering (BPR) if you ask questions like why do we do what we do and it the way we do it, which is one more related to this statement?

1 point

A. Fundamental Rethinking
B. Radical redesign
C. Dramatic improvement
D. All
E. None of the above

33. The key point in differentiating between leadership and management is the idea that, employees willingly follow leaders because they want to, not because they have to?.

1 point

A. True
B. False
C. None of the above

34. _____metaphor refer an organization as a series of connected parts arranged in a logical order in order to produce a repeatable output?.

1 point

A. Organism:
B. Brain
C. Machine
D. Cultural System
E. None

35. _____ metaphor refers to an organization as an ever-changing system indivisible from its environment ?.

1 point

A. Machine
B. Organism:
C. Brain

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D. Cultural System
E. None

36. _____ refers to a paradigm shift that can result after the accumulation of anomalies or evidence that challenges the status quo, or due to some revolutionary innovation or discovery?.

1 point

A. Machine
B. Organism
C. Brain
D. Cultural System
E. None

37. Which one is not an External Force for Organizational Change?

1 point

A. Customer demand
B. Intense Competition
C. Technology
D. Reduction of Government Regulations
E. All
F. None

38. Which of the following statements about leaders versus managers is false?

1 point

A. Leadership is a value-laden, activity, management is not
B. Leaders focus on risk-taking; managers perform functions such as planning and controlling
C. Leaders are thought to do things right, managers do the right things
D. Leaders develop, managers assigned.
E. None of the above

39. According to the text, which of the following statements is true?

1 point

A. Leadership and management have some unique functions with an area of overlap
B. A good leader can be a good manager, but the reverse is never true
C. Leadership and management are not related
D. Leadership and management are effectively the same for all practical purposes
E. None of the above

40. Which of the following refers to expert power

1 point

A. Leaders can exercise power as a result of their position in the organization
B. Leader has power because of their special, and accumulated knowledge.
C. Leader has power because subordinates trust him/her
D. Leaders can punish staff who do not comply with instructions.
E. None of the above

41. According to de Caluwé and Vermaak (2004) Paradigms of change, which of the

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following stage represent the Blue color – change through design?

1 point

A. Addresses the political aspect of organizations,
B. Recognizes that change in an organization is predominately done through people
C. Is about creating the conditions for change to occur without specifying the exact nature of the changes.
D. Is most often the one we see occurring in organizations.
E. None of the above

42. According to de Caluwé and Vermaak (2004) Paradigms of change, which of the following stage represent the *White – change through emergence?*

1 point

A. Addresses the political aspect of organizations,
B. Recognizes that change in an organization is predominately done through people
C. Is about creating the conditions for change to occur without specifying the exact nature of the changes.
D. Is most often the one we see occurring in organizations.
E. None of the above

43. According to de Caluwé and Vermaak (2004) Paradigms of change, which change step covers the single-loop and double-loop learning of Argyrols ways in which the organization can monitor and evaluate itself throughout the changes?

1 point

A. Blue
B. Yellow
C. White
D. Green
E. Red
F. None of the above

44. Which changes force include the retirement of the old managers, transfer and promotion of mangers and placement of old and static managers by a more versatile, dynamic and young lots?

1 point

A. Certain deficiencies in the existing system
B. Changes in the managerial personnel
C. Social Change
D. Reduction of Government Regulations
E. Intense Competition
F. None of the above

45. From the change formula which variable represent the significant internal or external drivers for change, or that the change emerged from a continuous process of engagement and dialogue with stakeholders?

1 point

A. The desirability of the proposed change, the end state or vision;

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B. The change that will occur
C. The first practical steps of the change
D. Dissatisfaction with the status quo
E. The resistance to change.
F. None of the above

46. As part of Lewin‟s model of Force field analysis at which stage managers discover that the outcome identified at the beginning is too large scale and complex to deal with in one analysis, and the individual forces‟ have their own force fields to be identified?

1 point

A. Make a clear statement about where you want to be or your outcome.
B. Identify and list all those elements that are driving forces, and restraining forces.
C. Analyze each of the forces
D. Develop a detailed action plan with target dates.
E. All
F. Noe of the above

47. **From > To analysis** is a technique designed to help bring into focus, and help to simplify strategic choices in the change process to enable clear business decisions to be evaluated and taken?

1 point

A. True
B. False
C. None of the above

48. In the process of organizational change, in which stage the manager introduce and manage the change, the manger should decide whether change will occur from the top down or from the bottom up?

1 point

A. Implementing the Change
B. Evaluating the Change
C. Decide On the Change to Make
D. Assessing the Need for Change
E. All
F. One of the above

49. Which of the following is wrong about bottom-up change?

1 point

A. It is more gradual and evolutionary
B. Managers at all levels work to develop a detailed plan for change.
C. It is important to overcome resistance.
D. It is important for restructuring and downsizing the organization.
E. All
F. None of the above

50. Generally, people resist change for a variety of reasons, among some of the reasons which one can’t be considered as a potential resistance to change?

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1 point

A. Maintain the status quo
B. Uncertainty
C. Learning anxiety
D. Fear
E. All
F. None of the above

51. Among the classification of stakeholders in the change process, what do we call those groups with high power/high commitment?

1 point

A. Blockers
B. Sponsors
C. Champions
D. Preachers
E. Willing workers
F. None of the above

52. Among major stakeholders of change implantation which stakeholder is not interested, or are not aware of change, and they're not interested because they've never been invited to be involved?

1 point

A. Sponsors
B. Champions
C. Sleepers
D. Preachers
E. Willing workers
F. None of the above

53. Among the following alternatives which one of the following is wrong regarding the impact/influence matrix?

1 point

A. The matrix is based on the degree to which the stakeholders are impacted by the change and the degree to which they may have some influence over the course of the change.
B. In the matrix we can position the people who are driving through the change as naturally being at the high end of the influence dimension.
C. The change agents tend to minimize the attention to those in the low impact/low influence quadrant.
D. Those who are in positions of power within the organization but who will not be affected personally or professionally by the change fall under low impact/high influence quadrant.
E. None of the above

54. Among the following alternatives which statements contained wrong notion regarding the Organization Wide type of change?

1 point

A. Organizations must undertake organization-wide change to evolve to a different level in their

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life cycle.
B. Experts assert that successful organizational change requires a change in culture.
C. Organizational wide change might include addition or removal of a product or service.
D. Organization-wide change might be a major restructuring, collaboration or “rightsizing.”
E. All
F. None of the above

55. Which alternative can be an example for incremental change?

1 point

A. Changing an organization’s structure and culture
B. Business Process Re-engineering
C. Quality management process
D. Hanging organization from its hierarchical structure to a large amount of self- directing teams.
E. All
F. None of the above

56. Identify the wrong statement about remedial types of change in the organization?

1 point

A. It may concern the improvement of the current poor performance of a product or the entire organization.
B. It helps the organization to become much more proactive and less reactive
C. Remedial projects often seem more focused and urgent because they are addressing a current, major problem.
D. It is often easier to determine the success of remedial change, because it is easy to detect the problem is solved or not.
E. All
F. None of the above

57. All are correct about Planned type of Change except?

1 point

A. It occurs when leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change.
B. It occurs with successful implementation of a Strategic Plan, plan for reorganization, or other implementation of a change of this magnitude.
C. It might occur when the Chief Executive Officer suddenly leaves the organization or significant public relations problems occur.
D. Even though it is based on a proactive and well-done plan, often does not occur in a highly organized fashion.
E. It tends to occur in more of a chaotic and disruptive fashion than expected by participants.

58. Identify a statement that doesn’t explain Evolutionary type of Change?

1 point

A. It is gradual, incremental, and narrowly focused.
B. It is not dramatic or sudden but, rather, is a constant attempt to improve, adapt, and adjust strategy.
C. Such change might entail utilizing technology in a better way or reorganizing the work process.

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D. Total quality management and organizational development are among the known evolutionary changes.
E. All except c
F. None of the above

59. Which of the following statement is correct about Revolutionary type of change?

1 point

A. It is a rapid, dramatic, and broadly focused change.
B. It involves a bold attempt to quickly find new ways to be effective
C. It best works under unexpected changes in the environment or with an impending disaster resulting from mismanagement.
D. It is a radical shift in ways of doing things, new goals, and new structure for the organization.
E. It may include Reengineering, restructuring, and quantum innovation.
F. None of the above

60. Business process reengineering (BPR) is the fundamental rethinking and radical redesign of business process to achieve dramatic improvements, therefore which types of companies need to implement BPR in their operation?

1 point

A. Companies that find themselves in deep trouble.
B. Organizations that are not yet in trouble, but whose management has the foresight to see trouble coming.
C. Organizations in peak condition.
D. All
E. All except C
F. None of the above

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Theme 3: Innovation, Strategy, and Project Management

Addis Ababa University, College of Business and Economics, Department of Management Exit Exam Practice

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* Indicates required question

ID Number*

Your answer

Part One: Entrepreneurship

1) Which one of the following products requires a lot of advertising, personal selling, and other marketing efforts because the consumer either does not know about it or knows about it but does not normally think about buying?

1 point

A. Unsought products
B. Industrial products
C. Specialty products
D. Shopping products
E. All

2) Which of the following is/are not true about the levels of the product?

1 point

A. Basic/tangible Product is the most basic level that the buyer really buying
B. Core product is the most basic level that the buyer really buying
C. Augmented product is the additional services and benefits over and above the core and basic product offered
D. A and C
E. B and C

3) Which of the following is the correct sequence of events regarding the process of selecting a target market and position strategy?

1 point

A. Segmenting the market, selecting a target market, and creating a unique positioning strategy
B. Selecting a target market, creating a unique positioning strategy, segmenting the market
C. Creating a unique positioning strategy, selecting a target market, segmenting the market
D. Segmenting the market, creating a unique positioning strategy, selecting a target market
E. Creating a unique positioning strategy, segmenting the market, selecting a target market

4) When do you recommend a given firm to use a Price skimming strategy?

1 point

A. When the firm has come up with a high-quality product
B. When the firm owns a high number of consumers from the market
C. When the firm has a high market share
D. When the firm has the potential to influence the market
E. When the firm is a market leader
F. All

5) If you are looking to commence a new business and undertake a professional

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business plan, you need to ensure that the plan has been developed in the context of attaining the following objective except?

1 point

A. Seek loans from financial institutions.
B. Visualize the concept in terms of market availability, organizational, operational, and financial feasibility.
C. Objectively evaluate the prospects of the business.
D. Monitor the progress after implementing the plan.
E. Persuade others to join the business.
F. None

6) Which of the following concept is not considered one of the contributions of small business for developing countries?

1 point

A. Economical Use of Capital
B. Unregulated Growth of Large-scale Industries
C. Dispersal over Wide Areas
D. Balanced Regional Development/ Removing Regional Imbalance
E. Unbalanced Distribution of Wealth and Decentralization of Economic Power

7) Which of the following are no general criteria for defining a small business

1 point

A. Financing of the business is supplied by one individual or a small group only.
B. The number of employees in the business is usually fewer than 150.
C. Except for its marketing activity, the firm's operations are geographically localized.
D. Compared to the biggest firms in the industry, the business is small.
E. None

8) Which of the following is incorrect about intellectual property?

1 point

A. A patent provides the owner with exclusive rights to hold, transfer, and license the production and sale of a product/process
B. Unlike the trademark, a patent can last indefinitely, as long as the patent continues to perform its indicated function
C. Process patent deals with the methods of production
D. Trademark registration provides notice to everyone that you have exclusive rights to the use of the mark across the country.
E. E. None of the above

9) According to the Ethiopian patent proclamation, non-patentable inventions include:

1 point

A. Discoveries, scientific theories, and mathematical methods
B. Plant or animal varieties or essentially biological processes for the production of plants or animals.
C. Diagnostic methods practiced on the human or animal body
D. B & C

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E. All of the above

10) One of the following is not the objective of Ethiopia's trademark directives that were enacted in 1986.

1 point

A. To grant an inventor the exclusive right to make, use, and sell of product/service
B. To provide the necessary information on trademarks to the government and individuals
C. To deposit trademarks centrally that are used by local and foreign enterprises to distinguish their goods or services
D. To provide trademark ownership and right of use when disputes arise between parties
E. All of the above.

11) Which of the following is not the accurate description of modern marketing

1 point

A. Marketing is the creation of value for customers
B. Marketing involves managing profitable relationships with customers
C. Marketing is building value-laden exchange with customers
D. Marketing emphasizes selling and advertising exclusively
E. Marketing involves satisfying customer needs

12) _____are human needs that are shaped by culture and individual personality

1 point

A. Demands
B. Values
C. Exchanges
D. Necessities
E. Wants

13) The following are the consequences of inadequate market research and investigation of success factors except;

1 point

A. Locating the business poorly
B. High degree of customer satisfaction
C. Inadequate sales volume
D. Shortage of finance
E. All of the above.

14) Railroads were once operated based on the thinking that users wanted trains that would offer the most quality, performance, and innovative features. The railroad-managing companies overlooked the fact that there could be other modes of transportation. This reflects the_____concept.

1 point

A. Selling
B. Marketing
C. Societal marketing

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D. Production
E. Product

15) When demand for athletic shoes produced by Nike and endorsed by Haile G/Sellasie is high, Nike limits how many pairs of shoes are manufactured. This action maintains strong demand by limiting supply. This decision contradicts the philosophy of which marketing concept.

1 point

A. Societal marketing
B. Product
C. Production
D. Marketing
E. Selling

16) A (n) is a set of actual or potential buyers of a product or service.

1 point

A. audience
B. Subsidiary
C. Focus group
D. market
E. Control group

17) The marketing concept takes a(n) It starts with a well-defined market, focuses on customer needs, and integrates all marketing activities that affect customers.

1 point

A. Relationship marketing approach
B. Outside-in perspective
C. Telling and selling approach
D. Product centered make-and sell philosophy
E. Inside-out perspective

18) Which of the following is not the quality of a typical entrepreneur?

1 point

A. Value of money over achievement.
B. Desire for immediate feedback.
C. Confidence, in his/her ability to succeed.
D. Future orientation.
E. None of the above.

19) Which one of the following is/ are not the characteristics of an entrepreneur?

1 point

A. They are risk takers
B. They are information seekers
C. They commit their effort not only for themselves but also to the well-being of others
D. They set complex and unattainable personal goals
E. B and D only

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F. C and D only

20) Which of the following is/are not an activity of an entrepreneur at the pre-start-up stage of the entrepreneurial process?

1 point

A. Identification and evaluation of business opportunities
B. Conducting a feasibility study
C. Preparation of business plan
D. Market and product analysis
E. Managing the business's operations
F. None of the above

21) Which of the following statement (s) is/ are true about a business plan?

1 point

A. It outlines the potential activities to address
B. It helps to determine the feasibility of the new venture
C. It is a comprehensive set of guidelines for a new or an existing business
D. It points out where we are, where we want to go, and how to get there
E. All of the above.

22) Which one of the following factor is irrelevant in the evaluation of a business opportunity?

1 point

A. The risk associated with the new business idea
B. The differential advantage in the competitive environment
C. The possible return from the resulting venture
D. The personal skill of the entrepreneur
E. None of the above

23) Which of the following is/are true about the legal issues of entrepreneurship?

1 point

A. Patent protection for an entrepreneurial invention is given for an indefinite period of time
B. The owner of a trademark can give it to other individuals and/or businesses
C. Patent prevents others from printing, copying, or publishing any original work of authorship
D. Copyright gives protection to both the idea and the form in which the works/invention of the owner from being used by others.
E. All of the above

24) According to the Ethiopian laws, which of the following is/are not a patentable invention?

1 point

A. Scientific discoveries and theories
B. Manufacturing processes
C. Biological processes for the production of plants and animals
D. All of the above.
E. None of the above.

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25) Positive external trends or changes that provide unique and distinct possibilities for innovating and creating value are called?

1 point

A. Weaknesses
B. Threats
C. Strengths
D. Opportunities
E. None

26) All of the following statements best describe the context for entrepreneurship except?

1 point

A. Entrepreneurship takes place in a wide variety of contexts.
B. Entrepreneurship does not take place in social enterprises
C. Entrepreneurship takes place in small businesses.
D. Entrepreneurship takes place in large businesses.
E. None

27) What does an entrepreneur needs to be able to convince customers to buy, but also to create a strong network of connections excited about helping their organization or idea grow?

1 point

A. Planning
B. Persuasion and networking
C. Building self-confidence
D. Demanding efficiency and quality
E. Information-seeking
F. Goal Setting

28) Law and regulations that influence business activity on the market (e.g. company's law, competition law) and within an organization (e.g. labor law, accounting, and tax law); provisions of the Constitution are considered as an_____environment in entrepreneurship?

1 point

A. Human Resource Environments
B. Socio-Cultural Environment
C. Demographic Environment
D. Economical Environments
E. Political Environment
F. None

29) _____is the ability to apply creative solutions to those problems and opportunities in order to enhance people's lives or to enrich society?

1 point

A. Entrepreneurship
B. Thinking New Thinking

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C. Innovation
D. Creativity
E. All
F. None

30) The ability to combine ideas in a unique way is referred to as_____.

1 point

A. Assertiveness
B. Creativity
C. Insight
D. Competence
E. None of the above

31) Ethiopia is thinking about starting a computer company. After doing some research, she has decided that the computer industry can be divided into the following product categories: handheld computers, laptops, tablet computers, PCs, minicomputers, and mainframes. She is now trying to decide which product category she is the most interested in competing in. The Process that Brenda is going through is called:

1 point

A. Market dividing
B. Market separating
C. Market splitting
D. Market subdividing
E. Market segmentation

32) _____is any formula, pattern, physical device, idea, process, or other information that provides the owner of the information with a competitive advantage in the marketplace.

1 point

A. Trade Secret
B. Trademark
C. Collective mark
D. Patent
E. Copyright

33) _____is a form of business ownership on which a firm that already has a successful product or service licenses its trademark and method of doing business to other businesses in exchange for an initial fee and an ongoing royalty

1 point

A. Contracting
B. Joint venturing
C. Licensing
D. Franchising
E. Subcontracting

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34) Zinabu is in the very early stages of putting together a business startup and is thinking about writing a business plan to request funds to conduct a feasibility analysis and write a more complete business plan. What type of business plan should Zinabu write at this point?

1 point

A. Operational business plan
B. Summary business plan
C. Tactical business plan
D. Strategic business plan
E. None of the above

35) One of the following doesn't involve in the new product/service development process.

1 point

A. Product design
B. Market research
C. Detail engineering
D. The idea generation
E. None of the above

36) Nowadays new product/service development activity becomes a critical factor for most businesses, because of:

1 point

A. Short product life cycle
B. Fierce global competition
C. Shortage of products
D. A & B
E. All of the above

37) Identify the false statement in the product/service development process.

1 point

A. Concept development is different from idea generation and screening procedures
B. Market strategy is important to introduce the new product to the market
C. Idea screening helps to filter and come up with novel business ideas.
D. The new product development process starts with designing the product
E. None of the above.

38) During commercialization, market entry timing is critical. Which of the following is the disadvantage of first entry?

1 point

A. Locking up key distributors
B. The risk of products being copied or improved upon by their competitors.
C. The first mover will have borne the cost of educating the market
D. B & C
E. A & C

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39) In the product/service development process, business analysis is conducted:

1 point

A. To understand the benefits that the product provides
B. To identify marginal ideas
C. To estimate total sales
D. To understand market size and structure
E. None of the above

40) One of the following may not be a plausible reason for a company to enter to product development process:

1 point

A. Reacts to market signals,
B. Response to changes in customer demand,
C. adopt new technologies
D. New opportunity
E. None of the above

41) Why intellectual property is so important for entrepreneurs?

1 point

A. It is a vital instrument to protect their assets
B. It has a significant contribution to product design.
C. It plays a critical role to identify business opportunities
D. It can play a significant role to develop a market strategy
E. All of the above
Option 2

42) According to the intellectual property systems in Ethiopia, which one of the following is not acceptable to patentability right

1 point

A. Computer program
B. Scientific theory
C. Biological process
D. All of the above
E. None of the above

43) Copyrights are applicable for all but

1 point

A. Movies
B. Process design
C. Literary work
D. Dramatic Work
E. Computer software

44) Which one of the following is under the domain of intellectual property rights?

1 point

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A. Manufactures
B. Composition matters
C. Processes
D. Machines
E. All of the above

45) _____is the consumer's estimate of the product's overall capacity to satisfy his or her needs?

1 point

A. Value
B. Wants
C. Product
D. Demands
E. Cost

46) _____Is the entrepreneur who agrees to operate a branch of the business in their location while paying the franchisor various fees and royalties for the use of the business idea or model?

1 point

A. Franchiser
B. Manufacturer
C. Franchisee
D. Licensing
E. Acquires

47) During the process of small business formation, one of the major activities is to build and manage teams, therefore formulated teams are expected to perform either of the following functions except?

1 point

A. Make adjustments to the plan based on changes in the environment
B. Market what will maintain profitability
C. Execute the business plan;
D. Identify fundamental changes in the business as they occur
E. All

48) _____, is one in which the total asset value or a paid-up capital of birr100, 000 (one hundred thousand) and not more than Birr 1.5 million; and operates with 6-30 persons.

1 point

A. Corporation
B. A Micro Enterprise
C. Small Enterprises
D. Partnership
E. Large business scale

49) A_____prevents others from employing property for a specified period of time.

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1 point

A. Licensing agreement
B. Copyright
C. Trademark
D. Patent

50) A (n)_____is a comprehensive picture of what an entrepreneur wants an organization to become.

1 point

A. Strategy
B. Vision
C. Executive Summary
D. Mission Statement
E. None of the above

Part Two: Management Information System

1. Select the wrong statement about Management Information System (MIS)

1 point

A. It is concerned with processing information to data
B. It supports managers with the tools to organize and decide
C. It helps managers to control the entire operation of the organization
D. It has a cost of creating and implementing

2. Which is true about data and Information in MIS?

1 point

A. Data can be used interchangeably with information
B. All type of information is useful in decision making
C. Fake information is destruction in decision making
D. Real information is useful in making an effective decision

3. One of the following is not true about a system

1 point

A. A system can exist in a vacuum
B. Subsystems are greater than the system
C. The subsystem should work together to achieve some specific goal
D. Systems thinking is a way of seeing the components of the system rather than the big system.

4. Select the true statement about the components of a system

1 point

A. Input is converted raw data into meaningful form
B. The result of processing is a feedback
C. The activity of converting the output to input is processing
D. Operation and performance of the system should be controlled

5. The function of one subsystem is tied to the functions of the others. This

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characteristic of a system is

1 point

A. Purpose
B. Interface
C. Interdependence
D. Environment

6. An information system is composed of the following elements except

1 point

A. Human
B. Procedure
C. Database
D. None

7. One is the drawback of using information (IT) technology in business

1 point

A. creates, processes, stores, retrieves, and exchange information
B. plays a vital role in expanding businesses
C. contributes to managerial decision-making and workgroup collaboration
D. security risk in relation to data and fraud

8. Information age is

1 point

A. Comes before the industrial age
B. It is a base for the agricultural age
C. It is based on information technology
D. All of the above

9. Which one is considered a means of business transformation

1 point

A. Use of wireless technology
B. Use of web technologies
C. Use of cloud computing
D. All of the above

10._____helps improvement of efficiency to attain higher profitability in a company and the flow of value to a customer.

1 point

A. Improved decision making
B. Competitive advantage
C. Operational excellence
D. Customer and supplier intimacy

11. Managers do the following activities except

1 point

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A. They plan by selecting the best course of action to achieve the plan
B. They analyze the tasks necessary for the operational plan
C. They control the performance of the work by setting performance and standards
D. None of the above

12. One is not advantage of using a management information system in a business

1 point

A. It supports decision making all levels of the organization
B. It intended to make the organization stand alone
C. Provides support to managers as they work to achieve corporate goals
D. Enables managers to compare results to established company goals

13. There is a direct relationship between investment in information technology and business grows

1 point

A. True
B. False

14._____is a business strategy that seeks to understand specific client needs in order to deliver the 'best total solution'

1 point

A. Customer and supplier intimacy
B. Improved decision making
C. Competitive advantage
D. Survival

15. Using accurate information leads

1 point

A. better decisions
B. underproduction of goods and services
C. Misallocation of resources
D. Poor response times

16. Competitive advantage helps a business in

1 point

A. Delivering better performance
B. Charging more for superior products
C. Underperform a business in an industry
D. coordinate its activities only regionally

17. Information systems serve at which levels of management?

1 point

A. Only at the Senior management level
B. Only at the operational level
C. Only at the senior and middle level
D. Senior, middle and operational level

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18. Data workers and production or service workers work with_____level of the management

1 point

A. Senior
B. Operational
C. Middle
D. Middle and operational

19. Investments in information technology will result in:

1 point

A. Productivity decline
B. Revenue decrease
C. short long-term strategic positioning
D. profit increase

20. A description of how a company produces, delivers, and sells a product or service to create wealth and profitability

1 point

A. Improved decision making
B. Competitive advantage
C. Operational excellence
D. Business model

21. An organization has 4 computers located in a room. If you are asked to network with them, what type of network do you suggest is the best fit?

1 point

A. Peer-to-Peer network
B. Intelligent terminal
C. Client/Server network
D. Dump terminal

22. A client-server network is

1 point

A. A networked arrangement of PCs and server
B. A standalone PC
C. A standalone PC and standalone server
D. A data transfer protocol

23._____is an arrangement of nodes and connecting lines between the nodes

1 point

A. Backbone
B. Segment
C. Transmission Media
D. Topology

24. A computer network within a limited size of area such as an office, home, or building

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1 point

A. WAN
B. LAN
C. MAN
D. CAN

25. The global network is

1 point

A. Internet
B. LAN
C. MAN
D. Peer to peer

26. Which type of network covers a limited geographic distance, such as an office, building, or a group of buildings in close proximity to each other?

1 point

A. LAN
B. MAN
C. WAN
D. Internet

27._____is a multipoint topology

1 point

A. Ring
B. Star
C. Mesh
D. Bus

28. Which topology provides a redundant communication path between all devices?

1 point

A. Ring
B. Star
C. Mesh
D. Bus

29. If one computer in a network fails, the entire network gets failed. For which network topology this is true given that all the computers have equal access?

1 point

A. Bus topology
B. Star topology
C. Ring topology
D. Mesh topology

30. One is not a type of network device

1 point

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A. Bridge
B. IP address
C. Switch
D. Router

31. Shared conventions for communicating information between devices is

1 point

A. Protocol
B. Destination
C. Transmission media
D. Source

32. The top layer (layer 7) of the OSI reference model is

1 point

A. Network layer
B. Presentation layer
C. Application layer
D. Physical layer

33. Which TCP/IP protocol allows a user to access a remote computer

1 point

A. Telnet
B. SMTP
C. FTP
D. DNS

34. Domain Name System

1 point

A. Converts IP address to the domain name
B. Converts domain name to IP address
C. transferring messages among hosts
D. helps to upload or download a file

35. One of the following is the disadvantage of using an Information system (IS)

1 point

A. determines appropriate decision makings
B. allows for the processing and analyzing of information.
C. Designed to accumulate information for the day-to-day activities of an organization
D. Vulnerability to malware

36. Transaction Processing System is the basic business system that serves at which level of the organization?

1 point

A. Executive level
B. Operational level
C. Middle Management level

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D. At all levels

37._____is an information system designed to support marketing decision-making.

1 point

A. Transaction Processing System
B. Marketing Information Systems
C. Process Control Systems
D. Enterprise Collaboration Systems

38. An information system that is designed to monitor and control industrial processes such as beer production

1 point

A. Enterprise Collaboration Systems
B. Management Information Systems
C. Process Control Systems
D. Executive Information Systems

39. Which information system uses tools such as groupware, e-mail, chat, and video conferencing to facilitate sharing of documents and knowledge between teams and individuals in an enterprise?

1 point

A. knowledge management System
B. E-Business system
C. Enterprise Collaboration Systems
D. Management Information Systems

40._____provides support for the decision-making processes of managers and other business professionals

1 point

A. E-Business system
B. Decision Support Systems
C. Process Control Systems
D. Enterprise Collaboration Systems

41. The information system which Provides high-level summary of data for top-level managers is

1 point

A. Marketing Information Systems
B. Transaction Processing System
C. Process Control Systems
D. Executive Information Systems

42._____covers the process of knowledge creation and acquisition from internal processes and the external world.

1 point

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A. Business Analytics
B. Database
C. Data Warehouse
D. Knowledge Management System

43. A type of knowledge that cannot be expressed easily through words or pictures

1 point

A. Tacit knowledge
B. Explicit knowledge
C. Data Warehouse
D. Database Management System

44. In_____e-commerce model, a consumer provides a product or service to an organization

1 point

A. B2B
B. C2C
C. C2B
D. B2C

45. In computer security, the prevention of data from unauthorized access and read operation is

1 point

A. Confidentiality
B. Availability
C. Integrity
D. Vulnerability

46. What are the three fundamental goals of information security?

1 point

A. Accountability, confidentiality, and integrity
B. Confidentiality, accessibility, and availability
C. Availability, accountability, and confidentiality
D. Confidentiality, Integrity, and availability

47. In information system security, which one of the following is an example of a Human threat

1 point

A. Encryption
B. Virus
C. Hacker
D. Firewall

48. FTP internet services are

1 point

A. Internet Browsers

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B. Used to send emails
C. Used to download and upload files
D. Used to remotely log in a system

49. A Malicious software that duplicates itself and attached to another program is

1 point

A. Worm
B. Virus
C. Avast
D. Trap door

50. A network security threat that blocks access of legitimate users to a service or a system

1 point

A. Spyware
B. Denial of service attack
C. Logic bomb
D. Authentication

Part Three: Strategic Management

1. An important first step in the process of formulating a company's mission is to answer the question:

1 point

A. What is our budget for advertising?
B. What are the government regulations that are most likely to impact our business?
C. What is our business?
D. How do we persuade shareholders to provide risk capital?
E. How many employees should we hire?

2. The threat of new entrants is high when there are:

1 point

A. High capital requirements
B. Low economies of scale
C. High switching costs
D. High differentiation among competitor’s products and services
E. None of the above

3. If the industry is mature & there is slow growth, the appropriate strategy for a strong company is:

1 point

A. Filing bankruptcy
B. Decline strategy
C. Stability strategy
D. Turnaround strategy
E. None of the above

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4. Strategy formulation refers to the:

1 point

A. Task of executing corporate- and business-level plans
B. Process by which strategies are put into action
C. Design of organizational structures and control systems
D. Implementation of emergent strategies
E. Analyzing an organization's external and internal environment and then the process of selecting an appropriate strategy

5. A company's strategic vision concerns

1 point

A. A company's directional path and future product-customer-market-technology focus.
B. Why the company does certain things in trying to please its customers?
C. Management's storyline of how it intends to make a profit with the chosen strategy.
D. "Who we are and what we do."
E. What future actions the enterprise will likely undertake to outmaneuver rivals and achieve a sustainable competitive advantage?

6. A company's mission statement typically addresses which of the following questions?

1 point

A. Who we are? What do we do? And why we are here?
B. What objectives and level of performance do we want to achieve?
C. Where are we going and what should our strategy be?
D. What approach should we take to achieve sustainable competitive advantage?
E. What business model should we employ to achieve our objectives and our vision?

7. Which one of the following is not part of a company's broad macro-environment?

1 point

A. Conditions in the economy at large.
B. Population demographics and societal values and lifestyles.
C. Technological and ecological factors.
D. Governmental regulations and legislation.
E. The company's resource strengths, resource weaknesses, and competitive capabilities.

8. Which of the following conditions acts to *weaken* buyer bargaining power?

1 point

A. When buyers are unlikely to integrate backward into the business of sellers
B. When buyers are well informed about sellers' products, prices, and costs
C. When the costs incurred by buyers in switching to competing brands or to substitute products are relatively low
D. When buyers can postpone purchases if they don't like the prices offered by sellers
E. When buyers are few in number and/or often purchase in large quantities

9. A resource-based strategy

1 point

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A. Is often based on cross-department combinations of intellectual capital and expertise.
B. Uses a company's valuable and rare resources and competitive capabilities to deliver value to customers those rivals have difficulty matching.
C. Is typically based on stand-alone resource strength such as technological expertise.
D. Refers to a company's most efficiently executed value-chain activity.
E. Uses industry key success factors to provide a company with a core competence that rivals cannot effectively imitate.

10. What does Dog symbolize in the BCG matrix about the product life cycle?

1 point

A. Introduction
B. Growth
C. Maturity
D. Decline
E. None of the above

11. The chief difference between a low-cost leader strategy and a focused low-cost strategy is

1 point

A. Whether the product is strongly differentiated or weakly differentiated from rivals
B. The degree of bargaining power that buyers have
C. The size of the buyer group that a company is trying to appeal to
D. The production methods being used to achieve a low-cost competitive advantage
E. The number of upscale attributes incorporated into the product offering.

12. A joint venture is an attractive way for a company to enter a new industry when

1 point

A. A firm is missing some essential skills or capabilities or resources and needs a partner to supply the missing expertise and competencies or fill the resource gaps.
B. It needs access to economies of scope and good financial fits to be cost-competitive.
C. It is uneconomical for the firm to achieve economies of scope on its initiative.
D. The firm has no prior experience with diversification.
E. It has not built up a hoard of cash with which to finance a diversification effort.

13. Identifying and appraising a company's resource strengths and weaknesses and its external opportunities and threats is called:

1 point

A. Competitive asset/liability analysis
B. SWOT analysis
C. Competitive positioning analysis
D. Strategic resource assessment
E. None of the above

14. Broad differentiation strategies are well suited for market circumstances where:

1 point

A. Most buyers have the same needs and use the product in the same ways

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B. Buyers are susceptible to clever advertising
C. There are many ways to differentiate the product or service and many buyers perceive these differences as having value
D. Barriers to entry are high and suppliers have a low degree of bargaining power
E. Price competition is especially vigorous

15. Addis Ababa University seizes the security value chain activities previously performed by the university to an outside employment agency to handle the security issue. This is an example of:

1 point

A. Outsourcing strategy
B. Conglomerate strategy
C. Concentric strategy
D. Integration strategy
E. None of the above

16. The difference between a merger and an acquisition is

1 point

A. That a merger involves one company purchasing the assets of another company with cash, whereas an acquisition involves one company becoming the owner of another company by buying all of the shares of its common stock
B. That a merger is the combining of two or more companies into a single corporate entity (with the newly created company often taking on a new name) whereas an acquisition is a combination in which one company, the acquirer, purchases the operations of another, the acquired
C. That the brands of both companies are retained in a merger whereas with an acquisition there is only one surviving brand name
D. That a merger involves two or more companies deciding to adopt the same strategy whereas an acquisition involves one company becoming the owner of another company but with each company still pursuing its separate strategy
E. None of the above

17. When an East Africa bottling share company reaches out and invests in distribution channels and retail outlets, it is said to be engaged in

1 point

A. Forward integration
B. Horizontal integration
C. Backward integration
D. Concentric integration
E. None of the above

18. A buyer can often exercise its bargaining power over its suppliers if:

1 point

A. It has a low switching cost to shift to other suppliers
B. The volume it buys accounts for a smaller percentage of its suppliers' sales
C. It has few suppliers to choose from
D. There are many buyers in the market

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E. All of the above

19. A subsidiary of Coca-Cola company has realized that the cost of bottles it used to purchase does not comply with its standards and hence decides to establish a bottling company, the strategy it pursues is called:

1 point

A. Forward integration
B. Horizontal integration
C. Backward integration
D. Concentric integration
E. None

20. Company X has several strategic business units. Among the strategic business units, one of them has a large market share in a rapidly growing industry. This single business unit would be classified as:

1 point

A. A dog
B. A star
C. A question marks
D. A cash cows
E. None of the above

21. Conglomerate diversification refers to:

1 point

A. Adding new, but related products and services
B. Adding new and unrelated products and services
C. Externalizing some of its operational activities to external business partners
D. Externalizing all of an organization's operational activities to external business partners
E. All the above

Mrs. X was an executive with Digital Industries, a leading manufacturer of color televisions. She recognized that the color television market in the late 1970s was facing significant challenges. After two decades of highly successful development and marketing, the sales of color televisions had slowed, and replacing older color television sets largely created her market. Using this scenario answer the following question:

22. Using the logic of the BCG grid, Mrs. X should recognize that her strategic business unit was in which quadrant?

1 point

A. Star
B. Question Mark
C. Cash Cow
D. Dog
E. None of the above

23. The strategy that the BCG matrix suggests that Mrs. X should take for this SBU is:

1 point

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A. Invest and grow
B. Liquidate while still profitable.
C. Ask her astrologer for advice.
D. Keep the SBU healthy and use its excess earnings to invest in other SBU'S.
E. Divestiture.

24. Rivalry among seller tend to be less intense when:

1 point

A. Demand for the product is decreasing rapidly
B. The number of competitors increases and they are fairly equal in size and competitive capability
C. The payoff from a successful strategic move is high
D. The product or services are strongly differentiated and customers have high switching costs
E. All of the above

25. The term “strategic group”:

1 point

A. Refers to industries where rival firms all follow the same strategy
B. Refers to a group of rival firms with comparable market approach and competitive strategies
C. Refers to groups of strategies that produce about the same financial performance
D. Applies to situations where rival firms are forced to shift to almost identical competitive strategies
E. Both A and B

26. The seriousness of the competitive threat of entry is greater when:

1 point

A. Important economies of scale are present and there are, also, big experience curve effects
B. Buyers have high switching costs
C. The industry’s capital requirements are high
D. Brand preferences and customer loyalty are low
E. All except ‘C’

27. The opportunities which are most significant to a company are the ones which:

1 point

A. Increase market share
B. Can provide competitive advantage and/or significantly boost profitability
C. Reinforce its overall business strategy
D. Correct its internal weaknesses
E. All of the above

28. The best example of a potential company weakness is:

1 point

A. Rising sales of substitute products
B. Changing buyer’s needs and tastes in the company’s target market
C. No clear strategic direction
D. Patented technology
E. None of the above

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29. The strategy of striving to be the low–cost producer tends to be more appealing than differentiation when:

1 point

A. There are many ways to achieve product differentiation
B. Customers are not price sensitive
C. There are many differences among buyers
D. The offerings of rival firms are essentially identical or standardized
E. All of the above

30. Which one of the following is the advantage of the concentration strategy?

1 point

A. The opportunity for managers to develop first –hand in-depth knowledge of the business, the market, customers, and major competitors
B. Increased capacity to develop a higher-quality product
C. A reduced need to use price cuts to build volume or market share
D. All of the above
E. Only A and B

31. An advantage of related diversification is that:

1 point

A. it is less capital-intensive than unrelated diversification
B. it is more profitable than unrelated diversification
C. it is less risky than vertical integration because of the lower capital requirement
D. it offers a way for a firm to exploit what it does best
E. all of the above

32. The axes used to construct the four–cell BCG style business portfolio matrix is?

1 point

A. Profitability and return on investment
B. Profitability and relative market share
C. Industry growth rate and relative market share
D. Relative market share and industry attractiveness
E. Industry attractiveness and stage in the industry life cycle

33. Which of the following is the best example of vertical integration?

1 point

A. A large computer software firm acquiring a small local and regional software firm.
B. A manufacture of soft drinks expands into the manufacturing of fruit juices.
C. Manufacturer of personal and home computers opens up a chain of retail stores to handle the sales and services of its line of computers
D. All of the above
E. None of the above

34. A core competence:

1 point

A. Refers to a company's best-executed functional strategy

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B. Serves as a unifying force for a company's operating strategies
C. Is something a firm does especially well in comparison to rival companies
D. All of the above
E. All except 'B'

35. Ethiopian Airlines used to advertise its high-quality air travel service, saying it flew "anywhere anytime." What generic strategy is represented by this advertisement?

1 point

A. Cost leadership
B. Differentiation
C. Stuck in the middle
D. Focused differentiation
E. Both cost leadership and differentiation simultaneously

36. Which of the following is not one of the primary concerns of corporate-level strategy?

1 point

A. The number and type of businesses a corporation owns
B. Strategies for increasing or decreasing the number of businesses a corporation owns
C. The allocation of resources across business units
D. Maximizing return to shareholders
E. None of the above

37. Which of the following has nothing to do with the sustainability of competitive advantage?

1 point

A. Capabilities are valuable in formulating and implementing a value-creating strategy
B. Capabilities are possessed by a large number of current competitors
C. Capabilities cannot be developed by other firms except at a cost disadvantage
D. Capabilities do not have a strategic equivalent
E. None of the above

38. Beverage makers are finding that water sales are increasing, due to consumers 'preferences for healthy drinks. Which part of the macro environment does this represent?

1 point

A. Economic forces
B. Political forces
C. Technological forces
D. Social forces
E. Threat of substitute products

39. FETIL TIBEB Company manufactures traditional clothes designed to match different events such as weddings, graduations, holidays, and others. Traditional clothes are to a high standard of design and manufacture and sold for a particular group of buyers under a prestigious label.

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The strategy most probably followed by FETIL TIBEB is:

1 point

A. Cost Leadership
B. Differentiation strategy
C. Focused Cost-leadership strategy
D. Focused differentiation strategy
E. None of the above

40. Based on the SWOT Matrix, which type of alternative is almost always defensive in nature?

1 point

A. Strength-opportunity
B. Strength-threat
C. Weakness-opportunity
D. Weakness-threat
E. None of the above

41. Overall cost-leadership strategy requires:

1 point

A. Tight cost control
B. Structured organization and responsibility
C. Frequent, detailed control report
D. All of the above
E. None of the above

42. The marketing strategy emphasizes price as the key to good value; Production focuses on tight cost control; research and development focus on inventing cost reduction techniques. Which of the business-level strategies is illustrated here?

1 point

A. Differentiation
B. Stability
C. Growth
D. Cost Leadership
E. None of the above

43. Which of the following is incorrect regarding how a cost leadership strategy can help a firm to improve its competitive position against the five competitive forces of an industry?

1 point

A. A firm will Make rivals hesitate to compete based on price
B. A firm can frighten off potential new entrants due to their need to enter on a large scale to cost competitive
C. A firm can mitigate suppliers' power by being able to absorb cost increases due to a low-cost position
D. A firm will enjoy high customer loyalty, thus experiencing less threat from substitutes than its competitors

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E. None of the above

44. The top management of XYZ Company decided to sell two of its poor-performing business units and use the money to subsidize and maintain the remaining three business units. The scenario described best relates to:

1 point

A. Growth strategies
B. Defensive strategy
C. Stability strategy
D. Differentiation strategy
E. None of the above

45. Assume, Century Mall recently launched a cinema equipped with Dolby Atmos Speakers, which is not found in the other cinemas in Ethiopia. In the context of resources and capabilities, the situation most likely satisfies the criteria:

1 point

A. Valuable
B. Rare
C. Costly to imitate
D. Non-substitutability
E. None of the above

46. Assume you work for Ghion Transport Company and your recent analysis indicated that if customers want to travel from Addis Ababa to Hawassa using special buses, there are many options available in the market, they can check prices of different bus companies fast over the phone and there aren't any switching costs involved in the process. Based on your analysis:

1 point

A. The bargaining power of suppliers is strong
B. The threat from new entrants is weak
C. The threat from substitute products is weak
D. The bargaining power of buyers is strong
E. None of the above

47. One of the findings by XYZ company on the industry concluded that the growth of the industry will likely slow down significantly in the coming years. This situation most likely leads to:

1 point

A. Increased power of suppliers
B. Increased power of buyers
C. Increased threat from new entrants
D. Intense rivalry among competing firms
E. Strong threat from substitute products

48. The Ethiopian government already launched a tender process to partially privatize Ethio Telecom. Along with the privatization, liberalization of the industry by the government is also expected in the future. Based on the Five Forces Model, the situation

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most likely leads to:

1 point

A. Decrease in the barriers to entry into the Ethiopian telecom sector.
B. Increased power of suppliers.
C. Decrease in the number of suppliers.
D. Removal of rivalry among existing firms.
E. None of the above

49. Company "A" was a supplier of Company "B." But currently, Company "A" is entering the local market as a direct competitor of Company "B." Company "A" would be considered which force of Porter?

1 point

A. Threat of substitutes
B. Bargaining power of suppliers
C. Bargaining power of customers
D. Threat of new entrants
E. Rivalry among seller

50. When a firm can make products that are unique and better than the ones provided by the competitors, it is said to have:

1 point

A. Competitive advantage
B. Comparative advantage
C. Opportunity cost
D. Stability strategy
E. An external opportunity

Part Four: Project Management

Identify the correct answer and select the answer of your choice. There is only one best answer.

1. Which one of the following **CANNOT** describe a project?

1 point

A. A project is a complex set of activities where resources are used in expectation of returns.
B. A project has boundaries that make it to be distinguishable from another project.
C. A project normally has a specific geographical location with identifiable targets and beneficiaries.
D. A project does not have a specific group of benefits because it is difficult to identify, quantify and value either socially or monetarily.

2. One can describe a project based on the following characteristics, ***except:***

1 point

A. A project is an exception
B. A project has Unique Activities
C. Project goals and deadlines are not specific
D. The desired result is identified

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3. Connected activities or interdependencies of project activities means:

1 point

A. Connectedness implies that there is a logical or technical relationship between pairs of activities.
B. A project consists of a number of interrelated activities that are performed non-sequentially.
C. There is no order to the sequence in which the activities that make up the project must be completed.
D. They are considered connected because the output from one activity of project “A” is the input to the activity of project “B”.

4. Updating projects involves repeating or extending an existing economic activity with the same output, technology, and organization.

1 point

A. True
B. False

5. New investments are designed to establish a new productive process independent of previous lines of production.

1 point

A. True
B. False

6. Expansion projects involve replacing or changing some elements in an existing activity without a major change of output.

1 point

A. True
B. False

7. Which of these is not one of the constraints of a project?

1 point

A. Scope
B. Resources
C. Team
D. Budget

8. Which of the following is not a project management goal?

1 point

A. Avoiding customer complaints
B. Keeping overall costs within budget
C. Delivering the software to the customer at the agreed time
D. Maintaining a happy and well-functioning development team

9. What is the first step in project planning?

1 point

A. Determine the budget

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B. Determine project constraints
C. Inspect the deliverables
D. Establish the objectives and scope

10. A project is anything which is

1 point

A. Not implicitly expressed
B. Not a physical objective
C. Implicitly expressed
D. Social acceptability

11. Project managers have to assess the risks that may affect a project

1 point

A. True
B. False

12. Cultural implications of the project are examined by

1 point

A. Cultural feasibility
B. Economic feasibility
C. Technical feasibility
D. Marketing feasibility

13. Identify the incorrect statement in the characterization of the market

1 point

A. Price structure of manufacturers, whole-sellers, and retailers may be examined
B. Breaking up the aggregate demand gives deeper insights into market segments
C. Segmental information is helpful because the nature of demand tends to be the same from one segment to another.
D. Customers may be characterized socio-demographically and attitudinally

14. Which one of the following best describes a project stakeholder?

1 point

A. A party who is concerned about the project going ahead.
B. A party with an interest or role in the project or is impacted by the project.
C. A party who has a vested interest in the outcome of the project.
D. A party who has a financial stake in the organization managing the project.

15. Which one of the following statements is true?

1 point

A. An increase in project scope is likely to increase the project cost.
B. A decrease in the project time is likely to increase project quality.
C. An increase in the project quality requirements is likely to decrease project costs.
D. A decrease in the project cost is likely to decrease project time

16. Which of the following is most incorrect about Time Series Analysis/method of demand forecasting?

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1 point

A. It is based on the idea that data relating to past demand can be used to predict future demand.
B. The data in the analysis may include several components, such as trend, or seasonal influences
C. It includes cause and effect relationship
D. It assumes the future will follow the same patterns as the past

17. A project manager should keep an eye on which one of the following for its effectiveness?

1 point

A. Scope and Quality
B. Cost/ budget
C. Time and resource
D. All of the above parameters are required to be managed.

18. Which one of the following is **NOT** an example of a project?

1 point

A. Organising an event, like a wedding or a party
B. Baking a wedding cake
C. Shelving books at the library
D. Building an extension on a house

19. The main aim of a project risk management process should be to:

1 point

A. identify project risks and then manage them appropriately.
B. identify all project risks and transfer them immediately.
C. identify all the things that are threats or opportunities on a project.
D. satisfy the organization's project management process.

20. One of the reasons a project life cycle is split into phases is to:

1 point

A. facilitate formal go/no-go decision-making during the project.
B. balance the costs of work in each phase of project development.
C. mirror the major deployments of resources throughout the project.
D. chunk work into time periods of similar durations.

21. Which of the following best describes a project environment?

1 point

A. The type of organization concerned with implementation.
B. The structured method used to control the project.
C. The context within which a project is undertaken.
D. An understanding of the risks involved in the project.

22. Which one of the following is **NOT** a possible cause of project failure?

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1 point

A. The project plan incorporates detail with respect to all the management functions and tools.
B. Only the project team is interested in the end result.
C. The project team is not communicating.
D. The project plan lacks structure.

23. Project management refers to the following**, except:**

1 point

A. Developing a project proposal for approval purposes.
B. Establishing clear and achievable objectives
C. Balancing the competing demands for quality, scope, resources, time, and cost
D. Adapting the specification, plans, and approach to the different concerns and expectations of the various stakeholders.

24. Which one of the following is a **micro** source of the project idea?

1 point

A. National policies, strategies, sectoral, sub – sectoral or regional plans
B. The identification of unsatisfied demands or needs
C. General surveys like resource potential surveys, regional studies, and statistical publications, indicate direct or indirectly investment opportunities.
D. Constraints on the development process due to shortage of essential infrastructure facilities.

25. Which one of the following is a **macro** source of the project idea?

1 point

A. The need to remove shortages in essential materials, services or facilities that constrain development efforts;
B. Constraints on the development process due to shortage of essential infrastructure facilities.
C. The initiative of private or public enterprises in response to incentives provided by the government;
D. The necessity to complement or expand investments previously undertaken;

26. Which one of the following is false about financial analysis?

1 point

A. Basic question : Can we earn satisfactory return for investment in a project
B. Involve estimates of investment costs, means of finance, sales & operating costs
C. Evaluate a project based on appropriated decision criteria
D. None

27. Assume the initial investment of a given project is Br 25,000 and the annual cash inflow for this project is Br3,000 per year for ten years. If the cost of the project is 10%, What would be the NPV of this project?

1 point

A. Br3,689
B.-Br5,969.36
C. Br2, 858

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D. None

28. Given all the data in question 27, what would the benefit-cost ratio of the project?

1 point

A.1.82
B. 2.13
C.0.76
D. None

29. Using the same data as in question 27, what is the payback (non- discounted) period of the project?

1 point

A.8.33
B. 6.53
C.7.45
D. None

30. All of the followings statements are true about the cost of capital of a project, except:-

1 point

A. Used as a discount rate in discounting project cash flows
B. It can be used as the benchmark for project evaluation
C. It represents the weighted average cost of source of financing of a project
D. None

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Theme 4: Managerial Statistics and Business Research

Addis Ababa University, College of Business and Economics, Department of Management Exit Exam Practice

* Indicates required question

ID Number*

Your answer

Part One: Business Research Methods

Instruction: From the alternatives given for each question or statement, choose the letter that holds the best answer.

1. Which of the following variables may indicate the continuous one?

1 point

A. Income
B. Gender
C. Marital status
D. Job title
E. None of the above

2. Research that is conducted to address a specific business decision or problem for a specific organization is called

1 point

A. Applied research
B. Pure research
C. Basic research
D. Fundamental research
E. None of the above

3. Which of the following is the first step in starting the research process?

1 point

A. Searching sources of information to locate the problem.
B. Survey of related literature

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C. Identification of problem
D. Searching for solutions to the problem
E. Reviewing the literature

4. _____refers to some difficulties or challenges that affect the outcome of the research

1 point

A. Statement of the problem
B. Scope of the study
C. Significance of the study
D. Literature review
E. Limitation of the study

5. Sample is required under the following conditions except;

1 point

A. When the population is very large
B. When there is an infinite population
C. When the census is impossible
D. When there is a finite population
E. None of the above

6. Which of the following is a discrete variable?

1 point

A. Race
B. Gender
C. Religion
D. Income
E. None of the above

7. In processing data, operations are involved in the following sequence:

1 point

A. Tabulation, Classification, Coding, Editing
B. Editing, Tabulation, Classification, Coding
C. Editing, Coding, Classification, Tabulation
D. Editing, Classification, Coding, Tabulation
E. None of the above

8. The preliminary pages of a research report contain the following except:

1 point

A) Title
B) Literature review
C) Acknowledgement
D) List of tables
E) None of the above

9. Which one of the following has the correct association?

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1 point

A. Nonprobability sampling and simple random sampling
B. Probability sampling and convenience sampling
C. Probability sampling and stratified sampling
D. Nonprobability sampling and Cluster sampling
E. None of the above

10. One of the following is not a characteristic of good research

1 point

A. The purpose of the research, or the problem involved, should be clearly defined and sharply delineated in as unambiguous as possible
B. The research procedures used should be described in sufficient detail to permit another researcher to repeat the research.
C. The procedural design of the research should be carefully planned to yield results that are as objective as possible
D. There must be high ethical standards and frankly revealed limitations
E. None of the above

11. _____ is a type of hypothesis that always predicts that there will be no differences between the groups being studied

1 point

A. Null
B. Alternative
C. Experimental
D. Test
E. Nondirectional

12. _____ refers to the boundaries that the researcher establishes for the study in terms of geographic boundaries, segments of the universe, or a time period.

1 point

A. Executive summary
B. Problem statement
C. Scope of the study
D. Literature review
E. None of the above

13. A set of suggested tentative solutions for a problem is known as_____

1 point

A. Hypothesis
B. Research proposal
C. Statement of the problem
D. Conclusion
E. None of the above

14. A written document that shows the overall plan and strategy for conducting a study refers to:

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1 point

A. Research design
B. Research report
C. Research proposal
D. Sampling method
E. Sample frame

15. Which one of the following is NOT a non-probability sampling method?

1 point

A. Judgmental sampling
B. Snow-ball sampling
C. Purposive sampling
D. Stratified sampling
E. None of the above

16. All are primary sources of data collection except

1 point

A. Self-administered Questionnaires
B. Observation method
C. Data gathered from the organization's report.
D. Interview
E. None of the above

17. A research approach to accurately portray the characteristics of a particular individual, situation, or group is:

1 point

A. Descriptive research
B. Explanatory research
C. Exploratory research
D. Experimental research
E. None of the above

18. _____ is a kind of research that is meaningful in situations where the researcher does not have enough understanding to do the research project.

1 point

A. Descriptive research
B. Causal research
C. Exploratory research
D. Qualitative research

19. Which of the following is the first step in starting the research process?

1 point

A. Searching sources of information to locate the problem.
B. Survey of related literature
C. Identification of problem
D. Searching for solutions to the problem

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20. A common test in research demands much priority on

1 point

A. Reliability
B. Usability
C. Objectivity
D. All of the above

21. A reasoning where we start with certain particular statements and conclude with a universal statement is called

1 point

A. Deductive Reasoning
B. Inductive Reasoning
C. Abnormal Reasoning
D. Transcendental Reasoning

22. The essential qualities of a researcher are

1 point

A. Spirit of free inquiry
B. Reliance on observation and evidence
C. Systematization or theorizing of knowledge
D. All the above

23. "All living things are made up of cells. Blue whale is a living being. Therefore blue whale is made up of cells". The reasoning used here is

1 point

A. Inductive
B. Deductive
C. Both A and B
D. Hypothetic-Deductive

24. The reasoning that uses general principle to predict specific results is called

1 point

A. Inductive
B. Deductive
C. Both A and B
D. Hypothetic-Deductive

25. All research process starts with

1 point

A. Hypothesis
B. Experiments to test the hypothesis
C. Observation
D. All of these

26. Which of the following is the BEST hypothesis?

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1 point

A. Students taking formative quizzes will perform better on chapter exams than students not taking these quizzes
B. Taller students will have higher test scores than shorter students
C. Students taught in a cooperative group setting should do better than students in a traditional class
D. Students using laptops will do well

27. Which of the following is the best hypothesis statement to address the research question? "What impact will the new advertising campaign have on the use of brand B"?

1 point

A. The new advertising campaign will impact brand B's image
B. The new advertising campaign will impact brand B's image trial
C. The new advertising campaign will impact Brand B usage at the expense of Brand C
D. The new advertising campaign will impact brand B's market penetration

28. Rationalism is the application of

1 point

A. Research Solution
B. Logic and arguments
C. Reasoning
D. Previous findings

29. Why do you need to review the existing literature?

1 point

A. To give your dissertation a proper academic appearance with lots of references
B. Because without it, you could never reach the required word count
C. To find out what is already known about your area of interest
D. To help in your general studying

30. The application of the scientific method to the study of business problems is called

1 point

A. Inductive reasoning
B. Deductive reasoning
C. Business Research
D. Grounded Theory

31. An operational definition

1 point

A. One that bears no relation to the underlying concept
B. An abstract, theoretical definition of a concept
C. A definition of a concept in terms of specific, empirical measures
D. One that refers to opera singers and their work

32. Which of the following is not a function of clearly identified research questions?

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1 point

A. They guide your literature search
B. They keep you focused throughout the data collection period
C. They make the scope of your research as wide as possible
D. They are linked together to help you construct a coherent argument

33. Hypothesis refers to

1 point

A. The outcome of an experiment
B. A conclusion is drawn from an experiment
C. A form of bias in which the subject tries to outguess the experimenter
D. A tentative statement about the relationship

34. A literature review is based on the assumption that

1 point

A. Copy from the work of others
B. Knowledge accumulates and learns from the work of others
C. Knowledge Di accumulates
D. None of the above option

35. A theoretical framework

1 point

A. Elaborates the researchers among the variables
B. Explains the logic underlying these researchers
C. Describes the nature and direction of the researchers
D. All of the above

36. After identifying the important variables and establishing the logical reasoning in theoretical framework, the next step in the research process is

1 point

A. To conduct surveys
B. To generate the hypothesis
C. To focus group discussions
D. To use experiments in an investigation

37. “There is no relationship between higher motivation level and higher efficiency” is an example of which type of hypothesis?

1 point

A. Alternative
B. Null
C. Co relational
D. Research

38. Which of the following is not a role of hypothesis?

1 point

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A. Guides the direction of the study
B. Determine the feasibility of conducting the study
C. Identifies relevant and irrelevant facts
D. Provides a framework for organizing the conclusions

39. An interview conducted by a trained moderator among a small group of respondents in an unstructured and natural manner is a ----------

1 point

A. Depth Interview
B. Case Study
C. Focus Group
D. None of the above

40. Which of the following similarity is found in qualitative research and survey research?

1 point

A. Examine topics primarily from the participant's perspectives
B. They are guided by predetermined variables to study
C. They are descriptive research methods
D. Have large sample sizes

41. In evaluating the significance of the research problem, an important social consideration is

1 point

A. The genuine interest of the researcher in the problem.
B. Practical value of the findings to educationists, parents, and social workers, etc.
C. Necessary skills, abilities, and background of knowledge of the researcher.
D. Possibility of obtaining reliable and valid data by the researchers.

42. Data collection that focuses on providing an accurate description of the variables in a situation forms the basis of which type of study

1 point

A. exploratory study
B. descriptive study
C. causal study
D. All of the above

43. A condition that exists when an instrument measures what it is supposed to measure is called

1 point

A. validity
B. accuracy
C. reliability
D. none of the above

44. An experimental research design normally involves

1 point

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A. Manipulating the independent variable
B. Manipulating the dependent variable
C. Several repeated measures
D. Data collected over an extended time period

45. _____ presents a problem, discusses related research efforts, outlines the data needed for solving the data, and shows the design used to gather and analyze the data.

1 point

A. Research Question
B. Research Proposal
C. Research Design
D. Research Methodology

46. The purpose of _____ research is to help in the process of developing a clear and precise statement of the research problem rather than in providing a definitive answer.

1 point

A. Marketing
B. Causal
C. Exploratory
D. Descriptive

47. If one variable depends upon or is a consequence of the other variables, it will be termed as

1 point

A. Independent variables
B. Intervening variable
C. Dependent variables
D. Categorical variables
E. None of the above

48. In a research topic, “The impact of product quality on the profitability of soft drink products”, which is the independent variable?

1 point

A. Profitability
B. Soft drink products
C. Impact
D. None of the above
E. Sales Volume

49. When the researcher wishes to determine whether there is a relationship between SAT scores and grade-point averages (GPAs) among a sample of college freshmen, the goal of the research will be called

1 point

A. Exploratory

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B. Prediction
C. Explanation/understanding
D. Experimental
E. None of the above

50. A concise description of the research report or proposal is known as

1 point

A. Background of the study
B. Statement of the problem
C. Abstract
D. Bibliography
E. None of the above

Part Two: Statistics for Management I

1. *Nationality is an example of what level of measurement?*

1 point

A) Ordinal
B) Nominal
C) Ratio
D) Interval

A survey of a sample of undergraduate students in the faculty of Business and Economics revealed the following regarding the gender and majors of the students:

Gender	Major		
	Accounting	Economics	Management
Male	22	10	8
Female	3	5	2

A student is randomly selected, use the above table to answer questions (2-5)

2. *The probability of selecting a male student is*

1 point

A) 3/5
B) 4/5
C) 1/5
D) 3/10

3. *The probability of selecting an Accounting or Economics major is*

1 point

A) 4/5
B) 2/5

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C) 5/8
D) 7/10
Option 5

4. *The probability of selecting a male or a management major is*

1 point

A) 14/25
B) 21/25
C) 3/5
D) 16/25

5. *The probability of selecting an Accounting major, given that the student selected is a female is*

1 point

A) 1/2
B) 3/10
C) 1/3
D) 1/4

6. *If a constant value is added to every observation of data, then the arithmetic mean is obtained by:*

1 point

A) Subtracting the constant
B) Adding the constant
C) Multiplying the constant
D) Dividing the constant

7. *The mean of ten numbers is 58. If one of the numbers is 40, what is the mean of the other nine?*

1 point

A) 18
B) 60
C) 162
D) 540

8. *The mean of 11 numbers is 7. One of the numbers, 13, is deleted. What is the mean of the remaining 10 numbers?*

1 point

A) 7.7
B) 6.4
C) 6.0
D) 5.8

9. *What is the Arithmetic average of the Absolute Deviation of a series called?*

1 point

A) Coefficient of Mean Deviation

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B) Mean Deviation
C) Quartile Deviation
D) Standard Deviation

10. *Find the value of the third quartile when the first quartile is 104 and the quartile deviation is 8.*

1 point

A) 136
B) 146
C) 120
D) 130

11. *Which set of observations has the minimum variation?*

1 point

A) 30,40,50,60,70
B) 56,58,60,62,64
C) 38,39,40,41,42
D) 50,60,70,80,90

12. *What is the average of 3%, 7%, 10%, and 16% ?__*

1 point

A) 3.4%
B) 7.4%
C) 10.6%
D) 16.6%

13. *The most popular value in a data set is called*

1 point

A) Median
B) Mean
C) Mode
D) Geometric Mean

14. *In a box, there are 8 orange, 7 white, and 6 blue balls. If a ball is picked up randomly, what is the probability that it is neither orange nor blue?*

1 point

A) 1/3
B) 1/21
C) 2/21
D) 5/21

15. *If any of the value in the data set is negative then it is impossible to compute_____*

1 point

A) Arithmetic Mean
B) Harmonic Mean

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C) Geometric Mean
D) Mode

16. *If any of the values in the data set is zero then it is not possible to compute_____*

1 point

A) Mode
B) Median
C) Mean
D) Harmonic Mean

17. *Suppose a number x is chosen from the numbers -2, -1, 0, 1, 2. What will be the probability of > 0?*

1 point

A) 1/5
B) 2/3
C) 3/5
D) 4/5

18. *Three men have 6 different trousers, 5 different shirts, and 4 different caps. A number of different ways in which they can wear them is*

1 point

A) 120
B) 60
C) 24
D) None

19. *If a number is selected at random from the first 50 natural numbers, what will be the probability that the selected number is a multiple of 3 and 4?*

1 point

A) 7/50
B) 4/25
C) 2/25
D) None

20. *The geometric mean of numbers 3, 9, and 27 is*

1 point

A) 64
B) 27
C) 3
D) 729

21. *If the AM of a set of observations is 8 and its GM is 4. then the HM of the set of observations is*

1 point

A) 18

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B) 12
C) 16
D) 15

22. *The standard deviation of a set of 60 observations is 18. If the value of each observation is decreased by 5, then the new standard deviation of these observations would be _____.*

1 point

A) 13
B) 15
C) 18
D) 24

23. *If the probability that a bomb dropped from a place will strike the target is 70% and if 10 bombs are dropped, find the mean and variance.*

1 point

A) 4, 1.6
B) 0.4, 0.16
C) 7, 2.1
D) 0.7, 0.21

24. *If the width of each of the five continuous classes in a frequency distribution is 5 and the upper class boundary of the lowest class is 10. The upper boundary of the highest class is*

1 point

A) 15
B) 25
C) 35
D) 40

25. *The mean of four numbers is 75. If three of the numbers are 58, 76, and 88, what is the value of the fourth number?*

1 point

A. 72
B) 80
C) 78
D) 82

26. *A set of four numbers are arranged from smallest to largest. If the median is 37, which of the following could be the set of numbers?*

1 point

A. 32, 35, 39, 41
B. 32, 32, 37, 38
C. 32, 36, 40, 44
D. 32, 34, 35, 36

27. *If the value of mode is 14 and value of arithmetic mean is 5 then the value of*

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median is

1 point

A) 18
B) 8
C) 12
D) 14

28. *If events A and B are independent events , then ?*

1 point

A) 0.72
B) 0.82
C) 0.75
D) 0.68

29. Event A and B are mutually exclusive.Which of the following statements is true?

1 point

A) P(A∪B)=P(A)P(B)
B) P(A∩B)=P(A)+P(B)
C) P(A∪B)=P(A)+P(B)
D) None

30. If P(A\B)=0.14 ,P(B)=0.3 and P(A)=0.15,then P(B\A)=?

1 point

A) 0.28
B) 0.30
C) 0.18
D) 0.60

31. *If the number of observations are 15 and value of is 25 then sum of all values is*

1 point

A) 350
B) 300
C) 375
D) 320

32. *Which one of the following is the correct expansion and mean of*

1 point

$$\sum_{x=2}^{5} 3x^2$$

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$\sum_{x=2}^{5} 3x^2 = 2 + 8 + 18 + 32 + 50 = 110, \bar{x} = 22.5$

A.

$\sum_{x=2}^{5} 3x^2 = 8 + 18 + 32 + 50 = 108, \bar{x} = 27$

B.

$\sum_{x=2}^{5} 3x^2 = 12 + 27 + 48 + 75 = 162, \bar{x} = 40.5$

C.

$\sum_{x=2}^{5} 3x^2 = 1 + 4 + 9 + 16 + 25 = 45, \bar{x} = 9.5$

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D.

Use the information given below to answer questions 33-36

If the mean of the observations *is* x, -2x+3, x + 4, x-2 and 5x is 13

33. *The range of the data is*

1 point

A. 65
B. 60
C. 67
D. 62

34. The mean of all observations is

1 point

A) 15
B) 13
C) 18
D) 36

35. *The median of the observations is*

1 point

A) -12
B) 14
C) 8
D) 10

36. *Which of the following if true regarding the observations;*

1 point

A) $\bar{x}$ >$\tilde{x}$
B) $\bar{x}$ <$\tilde{x}$
C) $\bar{x}$ =$\tilde{x}$
D) $\hat{x}$ =5

37. *In arithmetic mean, sum of deviations of all recorded observations must always be*

1 point

A. two
B. minus one
C. one
D. zero

38. *Arithmetic mean is 25 and all sum of observations is 350 then number of observations are*

1 point

A. 25
B. 70
C. 14

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D. 75

39. arithmetic mean *is 12 and number of observations are 20 then sum of all values is*

1 point

A. 8
B. 32
C. 240
D. 1.67

40. *As a general rule, the _____ is the best measure of central tendency because it is more precise.*

1 point

A. Mean
B. Median
C. Mode
D. Range

41. Which one of the following is the correct expansion of

1 point

$$\sum_{k=1}^{5} 3k\,?$$

$$\sum_{k=1}^{5} 3k = 3+4+5\,.$$

A.

$$\sum_{k=1}^{5} 3k = 3+4+5+6+7\,.$$

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B

$$\sum_{k=1}^{5} 3k = 3 + 6 + 9 + 12 + 15\,.$$

C.

$$\sum_{k=1}^{5} 3k = 3 + 6 + 9 + 12 + 15 + 18 + \ldots\,.$$

D

42. *____ A statistical procedure of arranging and putting data in a form of tables, graphs, charts and/or diagrams*

1 point

A. Collection
B. Management
C. Presentation
D. Analysis

43 . *The first hand and unorganized form of data is called*

1 point

A. Secondary data
B. Organized data
C. Primary data
D. None of these

44. *A qualitative variable*

1 point

A. Always refers to a sample
B. Is not numeric
C. Has only two possible outcomes

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D. All of the above are correct

45. *Which of the following is not a probability sampling method?*

1 point

A. Simple random sampling
B. Cluster sampling method
C. Quota sampling method
D. Stratified sampling method

46. *The following are limitations of statistics EXCEPT*

1 point

A. Statistics deals with individual items
B. Statistical interpretation requires expertise skill
C. Statistical conclusions are not universally true
D. None

47. *A numerical value used as a summary measure for a sample, such as sample mean, is known as a*

1 point

A. Population parameter
B. Sample parameter
C. Sample statistic
D. Population mean

48. *The variables whose measurement is done in terms such as weight, height and length are classified as*

1 point

A. Continuous variables
B. Measuring variables
C. Flowchart variables
D. Discrete variables

49. *A bar chart constructed in which the area of each bar is proportional to the number of items in each group is known as*

1 point

A. Pie chart
B. Histogram
C. Frequency distribution table
D. Polygon

50. *The scatter in a series of values about the average is called_____*

1 point

A) Central tendency
B) Dispersion
C) Skewness
D) Symmetry

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Part Three: Statistics for Management II

1. Variance of Chi-square distribution is

1 point

A) 1
B) v
C) 2V
D) 4V

2. Which of the following is NOT an option for a null hypothesis?

1 point

A) H_o:μ= μ_o
B) H_o:μ≠ μ_o
C) H_o:μ≥μ_o
D) H_o:μ≤ μ_o

3. All of the following characterizes Chi-Square distribution, EXCEPT;

1 point

A) Its shape depends on the number of degrees of freedom.
B) The region of rejection is always in the left-tail of the Chi-Square distribution.
C) It is a positively skewed distribution.
D) As the degrees of freedom increase, the critical value of the chi-square distribution becomes larger.

4. The null and alternative hypotheses divide all possibilities into:

1 point

A) Two sets that overlap
B) Two non-overlapping sets
C) Two sets that may or may not overlap
D) as many sets as necessary to cover all possibilities

5. If α is probability of Type I error, then 1−α is probability of;

1 point

A) Rejecting H_o when H_o is true
B) Accepting H_o when H_o is true
C) Accepting H_o when H_1 is true
D) Rejecting H_o when H_1 is true is 1− α

6. For a given hypothesis test, if we do not reject , and is true.

1 point

A) Type I error has been committed.
B) Type II error has been committed.
C) Type III error has been committed.
D) No error has been committed.

7. Type II error is defined as the probability of _____ , when it should _____.

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1 point

A) Failing to reject; be rejected
B) Failing to reject; not be rejected
C) Rejecting, not be rejected
D) Rejecting, rejected

8. When carrying out a large sample test of $H_0: \mu \leq 10$ vs. $H_1: \mu > 10$, we reject at level of significance α when the calculated test statistic is:

1 point

A) Less than z_a
B) Greater than $-Z_a$
C) Greater than z_a
D) Greater than $z_a/_2$

9. The degrees of freedom for the Chi-Square test statistic when testing for independence in a contingency table with 5 rows and 2 columns would be

1 point

A) 10
B) 7
C) 4
D) 12

10. When conducting a hypothesis test about a single mean, at a given level of significance, as the sample size n increases, the probability of a Type II error:

1 point

A) Will decrease.
B) Will increase.
C) May increase or decrease
D) Remains the same

11. Alternative name for a chi-square contingency table analysis known?

1 point

A) Independent samples chi-square test
B) Directional chi-square test
C) Chi-square test for independence
D) One-sample chi-square

12. What value(s) of α would we reject H_0 for $\mu \geq 10$, if ($\bar{x}$ =1, s =4, and n =36?

1 point

A) 5%
B) 2%
C) 3 %
D) 4%

13. Which of the following values of the chi-square distribution CANNOT occur?

1 point

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A) 0.005
B) 100
C) 40
D) -20

14. The null hypothesis for the Chi-Square test of independence should specify

1 point

A) That the two numerical variables are dependent
B) That the two categorical variables are independent
C) That the two numerical variables are independent
D) That the two categorical variables are dependent

15. Which of the following values of the Chi-Square test statistic would be most likely to suggest that the null hypothesis were really true?

1 point

A) 99.01
B) 0.32
C) -14.97
D) 23.71

16. When using the chi-square test for differences in two proportions with a contingency table that has r rows and c columns, the degrees of freedom for the test statistic will be:

1 point

A) (r - 1)(c - 1)
B) n1 + n2 - 2
C) n -1
D) (r - 1) + (c - 1)

17. When testing for the equality between two proportions, which one is NOT the correct alternative hypothesis?

1 point

A) $H_1: n_1 - n_2 \neq 0$
B) $H_1: n_1 - n_2 < 0$
C) $H_1: n_1 - n_2 > 0$
D) $H_1: n_1 + n_2 \neq 0$

18. For the chi-square test to be effective, the expected value for each cell in the contingency table has to be at least

1 point

A) 3
B) 5
C) 10
D) 9

19. As the degrees of freedom increase (and especially when the degrees of freedom are more than 90), the graph of the chi-square distribution looks more and more

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_____.

1 point

A) Symmetrical
B) Right Skewed
C) Left Skewed
D) Asymmetrical

20. What hypothesis states equality or no difference, or no relationship/effect?

1 point

A) Statistical hypothesis
B) Null hypothesis
C) Alternative hypothesis
D) None

21. Which hypothesis is generally formulated to look for evidence to support a claim called a research hypothesis?

1 point

A) Statistical hypothesis
B) Null hypothesis
C) Alternative hypothesis
D) None

22. A level of significance of 5% means:

1 point

A. There's a 5% chance we're wrong
B. There's a 5% chance we'll be wrong if we fail to reject the null hypothesis
C. There's a 5% chance we'll be wrong if we reject the null hypothesis.
D. There's a 5% chance you'll get an A on the test.

23. Which value separates the acceptance region from the rejection region in a normal curve when testing the hypothesis?

1 point

A. Computed value
B. t-value
C. z-value
D. Critical value

24. Which of the following shows a right-tailed test?

1 point

A) H_1: $\mu < 15$
B) H_0: $\mu < 15$
C) H_1: $\mu > 15$
D) H_0: $\mu > 15$

25. Type I error occurs when:

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1 point

A. We obtain the wrong test statistic
B. We reject the null hypothesis when it is actually true
C. We fail to reject the null hypothesis when it's actually false
D. We reject the alternate hypothesis when it's actually true

26. We conclude "Fail to reject ". What could we use as our interpretation?

1 point

A. The proportion of babies born male is not 0.50.
B. There is not enough evidence to say that the proportion of babies born male is different from 0.50.
C. There is enough evidence to say that the proportion of babies born male is 0.50.
D. Non

27. What does it mean to say a test is two-tailed?

1 point

A) There is no predicted direction for the alternative hypothesis
B) There are two alternative hypotheses
C) There are two types of errors
D) H_0 may be rejected in two sides

28. Failing to reject a null hypothesis that is characterized as

1 point

A) A Type I error
B) A Type II error
C) Both a Type I and Type II error
D) No error

29. A P-value indicates:

1 point

A) The probability that the null hypothesis is true
B) Probability of a Type I error
C) The probability that the alternative hypothesis is true
D) None

30. Which of the following is a property of the t distribution?

1 point

A) It is symmetric.
B) Its exact shape is characterized by the degrees of freedom.
C) As the sample size grows, it gradually approaches the normal distribution.
D) All

31. The weights of all babies born at a hospital have a mean of 8.4 pounds and a standard deviation of 0.70 pounds. If a sample of 49 babies born at this hospital is taken, what is the probability that the mean weight of babies will be from 7 pounds to 9 pounds:

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1 point

A) 45.67%
B) 62.33 %
C) 78.21%
D) None

32. Which of the following yields correct decision?

1 point

A) Accept a false null hypothesis
B) Reject a true null hypothesis
C) Accept a true null hypothesis
D) None

33. Which of the following is not an option for an alternative hypothesis?

1 point

A) $H_1=\mu$
B) $H_1>\mu$
C) $H_1\leq\mu$
D) $H_1\geq\mu$

34. If the and the population standard deviation is unknown, the correct distribution to be used should be

1 point

A) t
B) Z
C) Binomial
D) Chi-square

35. A level of significance of 5% means:

1 point

A) There's a 5% chance we're wrong
B) There's a 5% chance we'll be wrong if we fail to reject the null hypothesis
C) There's a 5% chance we'll be wrong if we reject the null hypothesis.
D) There's a 5% chance you'll get an A on the test.

36. Since α = probability of type I error then $1-\alpha$

1 point

A) Probability of rejecting H_0 when H_0 is true
B) Probability of not rejecting H_0 when H_0 is true
C) Probability of not rejecting H_0 when H_1 is true
D) Probability of rejecting H_0 when H_1 is true is $1-\alpha$

37. For a given hypothesis test, if we do not reject H_0, and H_0 is really true.

1 point

A) No error has been committed.

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B) Type I error has been committed.
C) Type II error has been committed.
D) Type III error has been committed.

38. Type II error is defined as the probability of _____ H0, when it should _____.

1 point

A) Failing to reject; be rejected
B) Failing to reject; not be rejected
C) Rejecting, not be rejected
D) Rejecting, rejected

39. When carrying out a large sample test of H_0:μ≤10 vs. H_1:μ>10 by using a rejection point, we reject H_0: at level of significance α when the calculated test statistic is:

1 point

A) Less than z_a
B) Less than $-z_a$
C) Greater than $z_{a/2}$
D) Greater than z_a

40. When conducting a hypothesis test about a single mean, at a given level of significance, as the sample size n increases, the power of the test:

1 point

A) Will decrease.
B) Will increase.
C) May increase or decrease
D) Remains the same

41. When conducting a hypothesis test about a single mean, at a given level of significance, as the sample size n increases, the probability of a Type II error:

1 point

A) Will decrease.
B) Will increase.
C) May increase or decrease
D) Remains the same

42. If standard deviation of population is 35 and sample size is 9 then standard error is distribution is

1 point

A) 12.67
B) 11.67
C) 13.67
D) 14.67

43. Random samples of size n were selected from a population with a known standard deviation. How is the standard deviation of the sampling distribution of the sample mean affected if the sample size is increased from 50 to 200?

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1 point

A. It remains the same.
B. It is multiplied by four.
C. It is divided by four.
D. It is divided by two.

44. Which of the following statements is true concerning the width of a confidence interval for a proportion?

1 point

A. The confidence interval is narrower for 99% confidence than for 95% confidence.
B. The confidence interval is wider for a sample of size 100 than for a sample of size 50.
C. The confidence interval is wider for 90% confidence than for 95% confidence.
D. None

45. Two random samples have sizes of n=49 and n=36 respectively. Which of the following is true for a 95% confidence interval?

1 point

A. The sample of n=36 has a greater degree of confidence.
B. The sample of n=49 has a greater degree of confidence.
C. The confidence interval for the sample of n=49 is narrower.
D. The confidence interval for the sample of n=49 is wider.

46. Which of the following statements is correct?

1 point

A. An extremely small p-value indicates that the actual data different significantly from the expected if the null hypothesis is true
B. The p-value measures the probability that the hypothesis is true
C. The p-value measures the probability of making a Type II error
D. The larger the p-value, the stronger the evidence against the null hypothesis

Use the following information to answer questions 47-48:
The manufacturer of an over-the-counter heartburn relief mediation claims that it product brings relief in less than 3.5 minutes, on average. To be able to make this claim the manufacturer was required by the FDA to present statistical evidence in support of the claim. The manufacturer reported that for a sample of 50 heartburn sufferers, the mean time to relief was 3.3 minutes and the standard deviation was 1.1 minutes.Untitled Title

47. Set up the null and alternative hypotheses to test the manufacturer's claim

1 point

A. HO: $\mu = 3.3$ vs. HA: $\mu \neq 3.3$
B. HO: $\mu \geq 3.5$ vs. HA: $\mu < 3.5$
C. HO: $\mu \geq 3.3$ vs. HA: $\mu < 3.3$
D. HO: $\mu \neq 3.5$ vs. HA: $\mu = 3.5$

48. Calculate the appropriate test statistic to test the hypotheses.

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1 point

A. 1.29
B. 9.09
C. -1.29
D. -2.58

49. Calculate the p-value that corresponds to the test statistic.

1 point

A. 0.0985
B. 0.0001
C. 0.4015
D. 0.005

50. How much evidence do we have that the claim is true?

1 point

A. No evidence
B. Some evidence
C. Strong evidence
D. Very strong evidence

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Theme 5: Management Science and Financial Management

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Exam Practice

* Indicates required question

ID Number*

Your answer

Part One: Operations Management

1. At HR Café, tasks that reflect operations or operations management include:

1 point

A) designing efficient layouts.
B) providing meals.
C) receiving ingredients.
D) preparing effective employee schedules.
E) all of the above.

2. An operations task performed at Hard Rock Café is:

1 point

A) borrowing funds to build a new restaurant.
B) advertising changes in the restaurant menu.
C) calculating restaurant profit and loss.
D) preparing employee schedules.
E) all of the above.

3. Operations management is applicable:

1 point

A) mostly to the service sector.
B) to services exclusively.
C) mostly to the manufacturing sector.
D) to all firms, whether manufacturing or service.
E) to the manufacturing sector exclusively.

4. Which of the following are the primary functions of all organizations?

1 point

A) production/operations, marketing, and human resources
B) marketing, human resources, and finance/accounting
C) sales, quality control, and production/operations
D) marketing, production/operations, and finance/accounting
E) research and development, finance/accounting, and purchasing

5. Which of the following would NOT be an operations function in a commercial bank?

1 point

A) auditing
B) teller scheduling
C) maintenance

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D) collection
E) check clearing

6. Which of the following tasks within an airline company are related to operations?

1 point

A) crew scheduling
B) international monetary exchange
C) sales
D) advertising
E) accounts payable

7. Which of the following is LEAST likely to be a low-cost leadership competitive advantage?

1 point

A) low overhead
B) effective capacity use
C) inventory management
D) broad product line
E) mass production

8. A firm can effectively use its operations function to yield competitive advantage through all of the following EXCEPT:

1 point

A) customization of the product.
B) setting equipment utilization goals below the industry average.
C) speed of delivery.
D) constant innovation of new products.
E) maintaining a variety of product options.

9. The ability of an organization to produce goods or services that have some uniqueness in their characteristics is:

1 point

A) mass production.
B) time-based competition.
C) competing on productivity.
D) competing on quality.
E) competing on differentiation.

10. Which of the following statements best characterizes delivery reliability?

1 point

A) a company that always delivers on the same day of the week
B) a company that always delivers at the promised time
C) a company that delivers more frequently than its competitors
D) a company that delivers faster than its competitors
E) a company that has a computerized delivery scheduling system

11. Which of the following is an example of competing based on differentiation?

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1 point

A) A firm manufactures its product with less raw material waste than its competitors do.
B) A firm's products are introduced into the market faster than its competitors' products are.
C) A firm's distribution network routinely delivers its product on time.
D) A firm offers more reliable products than its competitors do.
E) A firm advertises more than its competitors do.

12. Which of the following is the best example of competing on low-cost leadership?

1 point

A) A firm produces its product with less raw material waste than its competitors do.
B) A firm offers more reliable products than its competitors do.
C) A firm's products are introduced into the market faster than its competitors' products are.
D) A firm's research and development department generates many ideas for new products.
E) A firm advertises more than its competitors do.

13. Which of the following is an example of competing on quick response?

1 point

A) A firm produces its product with less raw material waste than its competitors do.
B) A firm offers more reliable products than its competitors do.
C) A firm's products are introduced into the market faster than its competitors' products.
D) A firm utilizes its capacity more effectively than its competitors do.
E) A firm advertises more than its competitors do.

14. Which of the following is not part of value-chain analysis?

1 point

A) product research
B) quality management
C) supply chain management
D) marketing
E) human resources

15. Standardization is an appropriate strategy in which stage of the product life cycle?

1 point

A) introduction
B) growth
C) maturity
D) decline
E) retirement

16. Cost minimization is an appropriate strategy in which stage of the product life cycle?

1 point

A) introduction
B) growth
C) adolescence
D) decline

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E) retirement

17. An SWOT analysis determines:

1 point

A) internal strengths and weaknesses and internal opportunities and threats.
B) internal strengths and weaknesses and external opportunities and threats.
C) external strengths and weaknesses and internal opportunities and threats.
D) external strengths and weaknesses and external opportunities and threats.
E) internal strengths and opportunities and external weaknesses and threats.

18. Outsourcing is simply an extension of the long-standing practice of:

1 point

A) subcontracting.
B) importing.
C) exporting.
D) postponement.
E) e-procurement.

19. What theory implies that you should allow another firm to perform work activities for your company if that company can do it more productively than you can?

1 point

A) theory of competitive advantage
B) theory of core competencies
C) theory of comparative advantage
D) theory of outsourcing
E) theory of offshoring

20. Which of the following is not an advantage of outsourcing?

1 point

A) cost savings
B) gaining outside expertise
C) improving operations and service
D) outsourcing core competencies
E) accessing outside technology

21. In which stage of the product life cycle should product strategy focus on process modifications as the product is being "fine-tuned" for the market?

1 point

A) introduction
B) growth
C) maturity
D) decline
E) incubation

22. A product's life cycle is divided into four stages, which are:

1 point

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A) introduction, growth, saturation, and maturity.
B) introduction, growth, stability, and decline.
C) introduction, maturity, saturation, and decline.
D) introduction, growth, maturity, and decline.
E) incubation, growth, maturity, and decline.

23. The analysis tool that lists products in descending order of their dollar contribution to the firm is:

1 point

A) decision tree analysis.
B) Pareto analysis.
C) breakeven analysis.
D) product-by-value analysis.
E) product life cycle analysis.

24. At which stage of the product life cycle is product strategy likely to focus on improved cost control?

1 point

A) introduction
B) growth
C) maturity
D) saturation
E) inflation

25. Which of the following is true regarding value engineering?

1 point

A) Value engineering occurs only after the product is selected and designed.
B) Value engineering creates fragile design.
C) Value engineering is oriented toward the improvement of design.
D) Value engineering occurs during production when it is clear the product is a success.
E) Value engineering can save substantial amounts of the product cost, but quality suffers.

26. Reducing the complexity of a product and improving a product's maintainability are activities of:

1 point

A) product lifecycle management (PLM).
B) product-by-value analysis.
C) manufacturability and value engineering.
D) organizing for product development.
E) design for destruction (DFD).

27. Quality function deployment (QFD):

1 point

A) determines what will satisfy the customer.
B) translates customer desires into the target design.
C) is used early in the design process.

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D) is used to determine where to deploy quality efforts.
E) all of the above

28. A graphic technique for defining the relationship between customer desires and product (or service) is:

1 point

A) product lifecycle management.
B) the house of quality.
C) the moment of truth.
D) the assembly drawing.
E) modular design.

29. A result of concurrent engineering in product design is:

1 point

A) speedier product development.
B) lower quality.
C) less customer demand.
D) higher costs.
E) all of the above.

30. Manufacturability and value engineering have which of the following benefits?

I. Reduced complexity of the product

II. Reduction of environmental impact

III. Additional standardization of components

IV. Robust design

V. Improved job design and safety

1 point

A) I, III, V
B) II, IV
C) I, III, IV
D) IV
E) I, II, III, IV, V

31. Which of the following is TRUE regarding computer-aided design?

1 point

A) It is too expensive to use in most manufacturing and design settings.
B) It is an obsolete technology.
C) It results in longer development cycles for virtually all products.
D) It is the use of computers to interactively design products and prepare engineering documentation.
E) It is the use of information technology to control machinery.

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32. An engineering drawing shows the:

1 point

A) dimensions, tolerances, materials, and finishes of a component.
B) dimensions, tolerances, cost, and sales or use volume of a component.
C) materials, finishes, machining operations, and dimensions of a component.
D) cost, materials, tolerances, and lead-time for a component.
E) cost, dimensions, and machining operations for a component.

33. Which of the following typically shows the hierarchy of components, their description, and the quantity of each required to make one unit of a product?

1 point

A) an engineering drawing
B) an assembly drawing
C) a bill of material
D) an assembly chart
E) a route sheet

34. A route sheet provides a(n):

1 point

A) exploded view of the product.
B) instruction to make a given quantity of a particular item.
C) schematic showing how the product is assembled.
D) sequence of operations necessary to produce the component.
E) set of detailed instructions about how to perform a task.

35. Which of the following documents lists the operations necessary to produce the component with the material specified in the bill of material?

1 point

A) an engineering drawing
B) an assembly drawing
C) a route sheet
D) an assembly chart
E) an operations chart

36. A restaurant kitchen contains a wall poster that shows, for each sandwich on the menu, a sketch of the ingredients and how they are arranged to make the sandwich. This is an example of a(n):

1 point

A) assembly drawing.
B) route sheet.
C) bill of material.
D) work order.
E) assembly chart.

37. A document for production that instructs to make a given quantity of a particular item, usually to a given schedule, is a(n):

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1 point

A) work order.
B) route sheet.
C) bill of information.
D) assembly chart.
E) value analysis.

38. A product-focused process is commonly used to produce

1 point

A) high-volume, high-variety products
B) low-volume, high-variety products
C) high-volume, low-variety products
D) low-variety products at either high- or low-volume
E) high-volume products of either high- or low-variety

39. Which of the following transformations generally has the highest equipment utilization?

1 point

A) process-focused process
B) repetitive process
C) product-focused process
D) specialized process
E) modular process

40. An assembly line is an example of a

1 point

A) product-focused process
B) process-focused process
C) repetitive process
D) line process
E) specialized process

41. The Academic Computing Center has five trainers available in its computer labs to provide training sessions to students. Assume that the design capacity of the system is 1900 students per semester and that effective capacity equals 90% of design capacity. If the number of students who got their orientation session is 1500, what is the efficiency of the system?

1 point

A) 1350 students
B) 1710 students
C) 78.9%
D) 87.7%
E) 90%

42. A work system has five stations that have process times of 5, 9, 4, 9, and 8. What is the processing time of the system?

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1 point

A) 4
B) 9
C) 18
D) 35
E) none of the above

43. Industrial location analysis typically attempts to

1 point

A) minimize costs
B) maximize sales
C) focus more on human resources
D) avoid countries with strict environmental regulations
E) ignore exchange rates and currency risks

44. Which of the following is usually not one of the top considerations in choosing a country for a facility location?

1 point

A) availability of labor and labor productivity
B) exchange rates
C) attitude of governmental units
D) zoning regulations
E) location of markets

45. A good layout requires determining

1 point

A) material handling requirements
B) capacity and space requirements
C) environment and aesthetics
D) cost of moving between various work areas
E) all of the above

46. Quality "lies in the eyes of the beholder" is

1 point

A) an unrealistic definition of quality
B) a user-based definition of quality
C) a manufacturing-based definition of quality
D) a product-based definition of quality
E) the definition proposed by the American Society for Quality

47. "Making it right the first time" is

1 point

A) an unrealistic definition of quality
B) a user-based definition of quality
C) a manufacturing-based definition of quality
D) a product-based definition of quality

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E) the definition proposed by the American Society for Quality

48. Which of the four major categories of quality costs is particularly hard to quantify?

1 point

A) prevention costs
B) appraisal costs
C) internal failure costs
D) external failure costs
E) None is hard to quantify.

49. Based on his 14 Points, Deming is a strong proponent of

1 point

A) inspection at the end of the production process
B) an increase in numerical quotas to boost productivity
C) looking for the cheapest supplier
D) training and knowledge
E) all of the above

50. PDCA is most often applied regarding which aspect of TQM?

1 point

A) Six Sigma
B) Employee Empowerment
C) Continuous Improvement
D) Benchmarking
E) JIT

51. If 1 million passengers pass through an Airport with checked baggage each month, a successful Six Sigma program for baggage handling would result in how many passengers with misplaced luggage?

1 point

A) 3.4
B) 6.0
C) 34
D) 2700
E) 6 times the monthly standard deviation of passengers

52. "Kaizen" is a Japanese term meaning

1 point

A) a foolproof mechanism
B) just-in-time (JIT)
C) a fishbone diagram
D) setting standards
E) continuous improvement

53. Under which of the following do planning tasks associated with job assignments, ordering, job scheduling, and dispatching typically fall?

1 point

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A) short-range plans
B) intermediate-range plans
C) long-range plans
D) mission-related planning
E) strategic planning

54. Under which of the following do planning tasks associated with production planning and budgeting, as well as setting employment, inventory, and subcontracting levels, typically fall?

1 point

A) short-range plans
B) intermediate-range plans
C) long-range plans
D) demand options
E) strategic planning

55. Which of the following is the term used for intermediate-range capacity planning with a time horizon of three to eighteen months?

1 point

A) material requirements planning
B) enterprise resource planning
C) strategic planning
D) aggregate planning
E) job scheduling

56. An aggregate plan satisfies forecast demand by potentially adjusting all EXCEPT which of the following?

1 point

A) production rates
B) labor levels
C) inventory levels
D) overtime work
E) facility capacity

57. Dependence on an external source of supply is found in which of the following aggregate planning strategies?

1 point

A) varying production rates through overtime or idle time
B) subcontracting
C) using part-time workers
D) back ordering during high-demand periods
E) hiring and laying off

58. The short-term scheduling activity called "loading":

1 point

A) assigns dates to specific jobs or operations steps.
B) specifies the order in which jobs should be done at each center.

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C) assigns jobs to work centers
D) assigns workers to jobs.
E) assigns workers to machines.

59. Which of the following is an aid used to monitor jobs in progress?

1 point

A) a Gantt load chart
B) the assignment method
C) a Gantt schedule chart
D) Johnson's rule
E) a Gantt progress chart

60. Forward scheduling is the scheduling of:

1 point

A) the end items or finished products.
B) jobs as soon as the requirements are known.
C) the start items or parts.
D) the final operation first beginning with the due date.
E) jobs according to their profit contributions.

Part Two: Financial Management

Choose the best answer from the given alternatives

1. Which of the following ratios measures the ability of the business firm to pay its current liabilities and current portion of long-term debts as they mature?

1 point

A. Activity ratio
B. Profitability ratio
C. Liquidity ratio
D. Market ratio

2. Company J and Company K each recently reported the same EPS. Company J's stock, however, trades at a higher price. Which of the following statements is most correct?

1 point

A. Company J must have a higher P/E ratio.
B. Company J must have a higher market-to-book ratio.
C. Company J must be riskier.
D. Company J must have fewer growth opportunities.

3. Which of the following statements is most correct?

1 point

A. Using cash to purchase inventories will reduce a company's quick ratio.
B. Using cash to purchase inventories will reduce the quick ratio and current ratio.
C. Using cash to purchase inventories will increase the quick ratio and current ratio.
D. Using cash to purchase inventories will increase a company's quick ratio.

4. A company increases its debt ratio, but leaves its operating income (EBIT) and

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total assets unchanged, which of the following may occur:

1 point

A. The company's net income will rise.
B. The company's liability will increase.
C. The company's basic earning power will fall.
D. The company's equity will increase.

5. ABC Corporation has 100,000 shares of common stock outstanding. The company's net income is $750,000 and its P/E ratio is 8. What is the company's stock price?

1 point

A. $20.00
B. $30.00
C. $60.00
D. $50.00

6. ABC Inc. has earnings after interest but before taxes of $300. The company's before-tax times-interest-earned ratio is 7.00. The company's interest charges will be

1 point

A. $42.86
B. $50.00
C. $40.00
D. $60.00

7. Determine a firm's total asset turnover (TAT) if its net profit margin (NPM) is 5 percent, total assets are birr 8 million, and ROI is 8 percent.

1 point

A. 1.60
B. 2.05
C. 2.50
D. 4.00

8. The gross profit margin is unchanged, but the net profit margin declined over the same period. This could have happened if

1 point

A. CGS increased relative to sales.
B. Sales increased relative to expenses.
C. The tax rate increased.
D. Dividends decreased

9. Quick asset does not include _____.

1 point

A. Marketable securities.
B. Cash.
C. Receivables
D. Inventories.

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10. Current ratio is 1, the difference between current assets and current liabilities will be

1 point

A. Positive.
B. Zero
C. Negative.
D. Undecided

11. Which of the following statements is wrong?

1 point

A. Financial management is studied under the assumption that there is a capital market and capital exchange in the business environment.
B. Financial management is studied in the context of a corporate form of business organization.
C. Corporations raise capital in financial markets by buying securities.
D. A successful study of financial management requires the need for a conceptual framework.

12. A capital market is a market in which the values of all assets and securities at any instant in time fully reflect all available public information. This description may refer

1 point

A. Efficient capital markets
B. The Agency problem
C. The curse of competitive markets
D. The time value of money

13. For a healthy business the current ratio lies between

1 point

A. 0 to 1.5
B. 1.5 to 3
C. 3 to 4.5
D. 4.5 to 6

14. Inventory turnover measures the relationship of inventory with:

1 point

A. Average inventory
B. Cost of Goods Sold
C. Total Purchases
D. Total Assets

15. In Net Profit Ratio, the denominator is:

1 point

A. Net Sales
B. Total asset
C. Credit Sales
D. Cost of goods sold

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16. In quick ratio, quick assets are compared with:

1 point

A. Quick liabilities
B. Current Liabilities
C. Fixed Assets
D. CGS

17. Debt to total assets ratio can decrease by

1 point

A. Repaying a debt
B. Borrowing more
C. Issuing bonds or debentures
D. Issuing equity shares

18. During the year the business distributed a dividend of $60,000 with retained earnings of double of the dividend. The net income reported by the business for the year was

1 point

A. $120,000.
B. $150,000.
C. $180,000.
D. $165,000.

19. Other things are constant, which of the following will not affect the quick ratio?

1 point

A. Fixed assets are sold for cash.
B. Cash is used to purchase inventories.
C. Cash is used to pay the long-term debt.
D. Accounts receivable are collected.

20. XYZ Ltd. has earned an 8% Return on Total Assets of 5,000,000 birr and has a Net Profit Ratio of 5%. Find out the Sales of the firm.

1 point

A. 400,000 birr
B. 250,000 birr
C. 8,000,000 birr
D. 83,33,333 birr

Part Three: OPERATIONS RESEARCH

1. Operations Research (OR), which is a very powerful tool for ----------

1 point

A. Research
B. Decision–Making
C. Operations
D. None of the above

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2. Operations Research is a ----------

1 point

A. Applied science
B. Art
C. Mathematics
D. Both A and B

3. Which theory concerns making sound decisions under conditions of certainty, risk, and uncertainty

1 point

A. Game Theory
B. Network Analysis
C. Decision Theory
D. None of the above

4. What Key concept under which technique is a network of events and activities, resource allocation, time and cost considerations, network paths, and critical paths?

1 point

A. Game Theory
B. Network Analysis
C. Decision Theory
D. None of the above

5. In ---------- models, everything is defined and the results are certain,

1 point

A. Deterministic Models
B. Probabilistic Models
C. Both A and B
D. None of the above

6. Which technique is used to imitate an operation before actual performance?

1 point

A. Simulation
B. Integrated Production Models
C. Inventory Control
D. Game Theory

7. What enables us to determine the earliest and the latest times for each of the events and activities and thereby helps in the identification of the critical path?

1 point

A. Programme Evaluation and Review Technique
B. Critical Path Method (CPM)
C. Both A and B
D. Deployment of resources

8. In simplex method, we add ---------- variables in the case of '='

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1 point

A. Slack Variable
B. Surplus Variable
C. Artificial Variable
D. None of the above

9. Every LPP associated with an original LPP is called ----------

1 point

A. Primal
B. Dual
C. Non-linear programming
D. None of the above

10. To make an unbalanced assignment problem balanced, what is added with all entries as zeroes?

1 point

A. Dummy rows
B. Dummy columns
C. Both A and B
D. Dummy entries

11. A feasible solution is called a basic feasible solution if the number of non-negative allocations is equal to ----------

1 point

A. m-n+1
B. m-n-1
C. m+n-1
D. None of the above

12. Linear programming is a

1 point

A. Constrained optimization technique
B. Technique for economic allocation of limited resources
C. Mathematical technique
D. All of the above

13. The distinguishing feature of an LP model is

1 point

A. Relationship among all variables is linear
B. It has a single objective function
C. Value of decision variables is non-negative
D. All of the above

14. While solving an LP model graphically, the area bounded by all the constraints is called

1 point

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A. Feasible region
B. Infeasible region
C. Unbounded solution
D. None of the above

15. Non-negativity condition is an important component of the LP model because

1 point

A. Variables value should remain under the control of the decision-maker
B. Value of variables makes sense & corresponds to real-world problems
C. Variables are interrelated in terms of limited resources
D. None of the above

16. Maximization of the objective function in an LP model means

1 point

A. Value occurs at an allowable set of decisions
B. Highest value is chosen among allowable decisions
C. Neither of above
D. Both A & B

17. Which of the following is NOT a characteristic of the LP

1 point

A. The problem must be of minimization type
B. Resources must be limited
C. Only one objective function
D. Parameters value remains constant during the planning period

18. Non-negativity condition in an LP model implies

1 point

A. A positive coefficient of variables in the objective function
B. A positive coefficient of variables in any constraint
C. Non-negative value of decision variables
D. None of the above

19. Which of the following is a limitation associated with an LP model

1 point

A. The relationship among decision variables in linear
B. No guarantee to get integer-valued solutions
C. No consideration of the effect of time & uncertainty on the LP model
D. All of the above

20. Which of the following statements is true concerning the optimal solution of an LP problem

1 point

A. At optimal solution all resources are completely used
B. Every LP problem has an optimal solution
C. If an optimal solution exists, there will always be at least one at a corner

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D. None of the above

21. The shipping company manager wants to determine the best routes for the trucks to take to reach their destinations. The problem can be solved using the:

1 point

A. Shortest route solution technique
B. Minimum spanning tree solution method
C. Maximal flow solution method
D. Minimal flow solution method
E. None

22. Select the correct equation for calculating float for an activity.

1 point

A. Float = LFT - EST
B. Float = LST - EST
C. Float = LST – EFT
D. None

23. The coefficient of optimism may be selected to be a value between:

1 point

A. 0 and -1
B. 0 and +1
C. -1 and +1
D. -6 and +6
E. None

24. Which of the following is not an assumption or requirement of a transportation problem?

i. Goods are the same, regardless of source.

ii. There must be a single source.

iii. Minimum quantities must be shipped.

iv. Shipping costs per unit do not vary with the quantity shipped.

1 point

A. I and IV
B. II and III
C. I, II and IV
D. I and III
E. I, II, III, and IV

25. Which of the following is an assumption of assignment problems?

1 point

A. The number of assignees and the number of tasks are the same

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B. The objective is to minimize the number of assignments not made.
C. Each task is to be performed by exactly one assignee.
D. A and C only
E. None of the above

26. A job assignment problem is unbalanced when:

1 point

A. Each worker can perform only one job.
B. A worker cannot perform all the jobs but can do only some of the job
C. The number of jobs and the number of workers are the same.
D. The number of jobs is not the same as the number of workers.
E. None

27. In case a worker cannot be assigned a particular job:

1 point

A. The relevant cost item is replaced by a zero
B. The relevant cost item is the same as the lowest cost in the ith matrix.
C. The relevant cost item is replaced by M, a very large number.
D. The relevant cost item is subtracted from all the other cost items.
E. None

28. If the number of lines covering all the zeroes is less than the number of rows, the least uncovered number is:

1 point

A. Subtracted from all other numbers
B. Added to all covered numbers.
C. Subtracted from all covered numbers
D. Subtracted from all uncovered numbers and added to twice covered numbers.
E. None

29. In case multiple zeroes are obtained in all rows and columns:

1 point

A. No solution is possible for the problem.
B. A unique solution exists for the problem.
C. The problem has multiple solutions.
D. The problem has infeasible solutions.
E. None

30. A maximizing assignment problem can be converted to an equi-minimization problem by:

1 point

A. Subtracting the lowest element from all other elements of the given matrix.
B. Subtracting the lowest element of each row from other elements in that row.
C. Subtracting all elements of each column from the highest element in the column.
D. Subtracting all elements in the matrix from the highest element in the matrix.
E. None

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31. The cost of assigning a dummy worker to a job in a job assignment problem is:

1 point

A. Equal to the highest number in the matrix.
B. Equal to the lowest number in the matrix.
C. Equal to zero.
D. Equal to the average cost of the relevant column.
E. None

32. When making optimal assignments:

1 point

A. Assignments are made to the largest cost element in the row or column.
B. Assignments are made to cells with non-zero values only.
C. Assignments can arbitrarily be made to any cell
D. If a column or a row has only one zero in it, an assignment must be made in the zero cells of that row or column before considering other rows or columns.
E. None

33. One of the following is not characteristic of decision theory

1 point

A. State of nature
B. Decision criterion
C. Degree of certainty
D. All of the above
E. None

34. Under complete certainty, the decision makers' decision is mostly similar to one of the following decision criteria under uncertainty

1 point

A. Maximax
B. Minmax
C. Principle of insufficient reason
D. All of the above
E. None of the above

Answer questions 35-38 based on the information given below

A construction company wants cement at three of its project sites. It procures cement from three plants, A, B, and C. Transportation cost per ton, capacities, and requirements are given as follows:

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Plants	Project site				*Supply (in tons)*
	P_1	P_2	P_3	*P4*	
A	50	75	30	*45*	*12*
B	65	80	40	*60*	*17*
C	40	70	50	*55*	*11*
Demand (in units)	*10*	*10*	*10*	*10*	*40*

35. What will be the initial solution using the NWCR method

1 point

A. 2250
B. 2060
C. 2300
D. 2415

36. What will be the initial solution using the Least Cost method

1 point

A. 2030
B. 2415
C. 2065
D. 2250

37. What will be the initial solution using the VAM method

1 point

A. 2415
B. 2030
C. 2020
D. 2065

38. What will be the optimal solution (maximum profit)

1 point

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A. 2015
B. 2030
C. 2020
D. 2010

Answer questions 39-*43* based on the information given below

Alternative	*State of nature*	
	Good economic condition (S_1)	*Bad econ*
Expand (A_1)	700,000	
Maintain (A_2)	1,200,000	
Sell (A_3)	350,000	

39. What will be the profit using Maximax decision criteria

1 point

A. 1,200,000
B. 350,000
C. 700,000
D. 400,000
E. None

40. What will be the profit using Maximin Decision criteria

1 point

A. 1200,000
B. 700,000
C. 400,000
D. 350,000
E. None

41. Which alternative will be selected using the Minimax regret criteria.

1 point

A. A_1,$600,000
B. A_3,$500,000
C. A_2,$850,000
D. A_1,$350,000
E. None

42. Which alternative will be selected using the Laplace criteria?

1 point

A. A_2,$600,000
B. A_1,$600,000

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C. A_2,$350,000
D. A_1,$550,000
E. A_3,$500,000

43. What will be the profit using Hurwicz Decision criteria, assume that α=0.40

1 point

A. $A_2$$375,000
B. A_3,$400,000
C. A_1,$520,000
D. A_2,$360,000
E. A_3,$350,000

Suppose that probabilities were available for the states of nature $P(S_1)=0.60$ and $P(S_2)=0.40$ answer the questions follow

44. Which alternative will be selected using EMV?

1 point

A. 560,000
B. 580,000
C. 350,000
D. 450,000
E. 640,000

45. What is the amount of EPC

1 point

A. 802000
B. 800000
C. 808000
D. 880000

46. The amount of EVPI will be;

1 point

A. 350,000
B. 300,000
C. 320,000
D. 240,000
E. 260,000

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