Management Exit Exam

(Yekatit 9, 2016)

Questions with Detail Answer & Notes

1. Which one of the following indicates classification of research design based on purpose of the study?

A. Temporal study designs
C. Descriptive study design
B. Cross sectional study design
D. Longitudinal study design

Justification

Research is an organized, systematic, data based on critical, objective, scientific investigation into a specific problem, undertaken with the purpose of finding answers or solutions to it. A Research Design is the detailed blueprint used to guide a research study toward its objectives. Research can be classified in to different types based on different bases

Classification of research based on goals (application)

- **Pure/ Basic Research** is the investigation of problems to further and develop existing Knowledge.
- **Applied Research** is done with the intention of applying the results of the findings to solve specific problems currently being experienced in the organization.

Classification of the research based on approaches

- **Quantitative Research;** Based on the measurement of quantity or amount. Applicable to phenomenon that can be expressed in terms of quantity.
- **Qualitative Research;** Concerned with qualitative phenomena. Is important in behavioral sciences where the aim is to discover the underlying motives, interests, personality and attitudes of human beings.

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Classification of research based on Specific Objectives (purpose)

- **Exploratory Research;** Is carried out to investigate the possibilities of undertaking a particular research study. It Is also called a 'feasibility study' or a 'pilot study'. As its name implied, such research is aimed at discovering, identifying, and formulating a research hypothesis rather than their testing. When there are few or no studies that can be referred such research is needed.
- **Descriptive Research;** Its major purpose is description of the state of affairs as it exists at present. It tries to discover answers to the questions who, what, when and sometimes how. Researcher has no control over the variables, he can only report what has happened or what is happening.
- **Correlation Research or Explanatory research;** Its main emphasis is to discover or establish the existence of a relationship/association/ interdependence between two or more aspects of a situation. It explains why and how a phenomenon is happening and has happened.

Classification of research based on the number of contacts

- **Cross-sectional studies;** Also known as one-shot or status studies. Study some phenomenon by taking a cross section (only once) of it at one time. They are carried at once and represent a snapshot of one point in time.
- **The before-and-after study design;** A before-and-after design can be described as two sets of cross-sectional observations on the same population. It is comprised of two cross-sectional observations, the second being undertaken after a certain period, also known as the pretest/post-test design
- **Longitudinal study design;** Is used to determine the pattern of change in relation to time. Longitudinal studies are also useful when you need to collect factual information on a continuing basis.

Classification of research based on Reference Period

- **The Retrospective study design;** Retrospective (reviewing past) studies investigate a phenomenon, situation, problem or issue that has happened in the past.

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- **The prospective study designs;** Prospective studies refer to the likely prevalence of a phenomenon, situation, problem, attitude or outcome in the future.
- **The Retrospective-prospective study design;** Retrospective-prospective studies focus on past trends in a phenomenon and study it into the future.

2. Which types of organizational culture emphasizes rules, policies, procedures, chain of command, and decision making?

A. Entrepreneurial culture
C. Market culture
B. Bureaucratic culture
D. Clan culture

Justification

Culture refers to values, beliefs, and customs that exist in a society. Organizational culture is the shared social knowledge within an organization regarding the rules, norms, and values that shape the attitudes and behaviors of its employees. Types of Organizational Culture:

- ✓ **Bureaucratic Culture;** An organization that emphasizes rules, policies, procedures, chain of command, and centralized decision making has a bureaucratic culture.
- ✓ **Clan Culture;** Tradition, loyalty, personal commitment, extensive socialization, teamwork, self-management, and social influence are attributes of a clan culture.
- ✓ **Entrepreneurial Culture;** Innovation, creativity, risk taking, and aggressively seeking opportunities illustrate an entrepreneurial culture.
- ✓ **Market Culture;** An emphasis on sales growth, increased market share, financial stability, and profitability are attributes of a market culture.

3. Suppose Mr. Abebe is an employee in the human resource management department of XYZ Company and after measuring his performance in the assigned particular task the organization assigns him as a human resource manager of the company, in this case which human resource management activity is performed by the organization?

A. Demotion
C. Promotion
B. Transfer
D. Separation

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Justification

A demotion; is a compulsory reduction in an employee's rank or job title within the organizational hierarchy of a company, public service department, or other body. A demotion may also lead to the loss of other privileges associated with a more senior rank and/or a reduction in salary or benefits. An employee may be demoted for violating the rules of the organization by a behavior such as excessive lateness, misconduct, or negligence.

Promotion; An improvement in pay, prestige, position and responsibilities of an employee within his/her organization. A promotion is a move to a higher-level job with more authority, responsibility and pay. There are three types of promotion

- ✓ **Horizontal Promotion;** Involves an increase in responsibilities and pay, and a change in designation/title. Employees may be promoted to higher ranks in other departments as well. No change on nature of job
- ✓ **Vertical Promotion;** Results in greater responsibility, prestige and pay, together with a change in the nature of the job. Employees are promoted from one rank to the next higher rank in the same department.
- ✓ **Dry Promotion;** Worker is moved to higher subsequent level hierarchy with greater power, responsibility, position and no increase salary. Designations are different but no change in responsibilities. For example, when a university professor is made Head of the Department, there is no increase in salary

Transfer; A transfer involves a change in the job of an employee without a change in responsibilities or remuneration. Promotion significant increase in responsibility, status, and income occurs, but all these elements are stagnant in the transfer. Types of transfer

- ✓ **Production Transfers;** Being made for filling the position in such departments having lack of staff, from the departments having surplus manpower.
- ✓ **Replacement Transfers;** This takes place to replace a new employee who has been in the organization for a long time and thereby giving some relief to an old employee from the heavy pressure of work.
- ✓ **Versatility transfer;** Versatility transfers are affected to make employees versatile and competent in more than one skill.

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- ✓ **Shift transfers;** Employees are transferred from one shift to anther due to their personal reasoning like health problem or evening college for higher studies or any family problems.
- ✓ **Remedial transfers;** are affected at the request of employees are called personal transfers. It refers to rectification of wrong selection or placement employees. If the employee can adjust himself in the given job, he/she can be transferred to the job where he can use his skills and abilities accordingly.

Separation; refers to employee leaving the organization. It is called "negative recruitment". It may take the form of retirement, either compulsory or voluntary, resignation, dismissal, lay-off or retrenchment.

4. The future value of $1100, compounded at the rate of 6% annually, after 10 years is:

A. 1790.85 **B. 1969.93** **C. 1600.00** **D. 1819.40**

Justification

To calculate the future value of an investment compounded annually, you can use the formula:

$$FV=PV*(1+r)^{n}$$

Given:	Solution:
PV = $1,100	$FV=1100*(1+0.06)^{10}$
r=6%=0.06	$FV=1100*(1.06)^{10}$
n=10 years	$FV=1100*1.790847$
Required; FV?	$FV\approx1969.931$

5. Which of the following is incorrect about planning?

A. Concerns all managers and levels of management

B. Leads to accomplishment of objectives at minimum cost

C. Focus of thinking for things happened in the past

D. Lays a foundation for other functions

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Justification

Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. It bridges the gap from where we are and to where we want to go. It is in essence the exercise of foresight". There are some natures of planning and it's also called the characteristics of planning which can show the best planning process.

- **Primary Function;** Planning is the primary function of management. It precedes all other management functions.
- **Pervasiveness of Planning;** Planning is a pervasive activity. Managers at all levels of organization perform the planning function.
- **Future-Oriented;** Planning is always future-oriented because it is done for the future. It decides in the present what is to be done in the future.
- **Intellectual Process:** Planning is an intellectual process, which involves creative. thinking and. imagination.
- **Continuous Process;** Planning is a continuous and never ending process of a manager in an organization.
- **Increases Efficiency;** Planning aims to increase the efficiency of the organization at all levels. The guiding principle of a good plan is the maximum output and profit at the minimum cost.

6. From the following type of research which one helps us to gain familiarity with a phenomenon or to achieve new insights into it?

A. Descriptive research studies **C. Hypothesis-testing studies**

B. Exploratory research studies: **D. Diagnostic research studies**

Justification

- **Descriptive Research;** Descriptive research aims to accurately and systematically describe a population, situation or phenomenon.
- **Exploratory Research;** Is carried out to investigate the possibilities of undertaking a particular research study.

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As its name implied, such research is aimed at discovering, identifying, and formulating a research hypothesis rather than their testing. When there are few or no studies that can be referred such research is needed, and it helps us to gain familiarity with a phenomenon or to achieve new insights into it.

- **The hypothesis-testing research design**; involves a systematic approach to testing hypotheses and drawing meaningful conclusions based on empirical evidence.
- **Diagnostic research**; determines the root cause of a problem and finds the most effective solution. It's often used in marketing to identify areas of improvement or potential opportunities for growth.

7. One of the followings is not the purpose of project identification.

A. To identify existing gap and its magnitude

B. To generate useful data and information

C. Bring to light ideas for potentially viable projects

D. To accomplish project feasibility studies

Justification

Project identification is the process of searching for and subsequently finding potential projects that might be realized to generate benefits in excess of costs to contribute towards the attainment of development objectives.

The purpose of project identification is to:

- Define the project scope and objectives clearly to guide the team and stakeholders.
- Identify key stakeholders and their roles to ensure effective communication.
- Assess resources, budget, and timeline to establish feasibility and constraints.
- Determine the problem statement and rationale for addressing the project.
- Conduct a thorough environmental scan to understand the context and impact.
- Develop a preliminary project plan outlining tasks, milestones, and deliverables.
- Align the project with organizational goals and strategic priorities.

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8. Which one is controllable general factors influencing plant location for all types of organization?

A. Proximity to markets
C. Governmental policy
B. Community attitude
D. Climate conditions

Justification

There are several factors that influence plant location; Those factors may be categorized as controllable vs uncontrollable

Controllable Factors	Uncontrollable Factors
Proximity to markets	Government policy
Supply of materials	Climate conditions
Transportation facilities	Supporting industries and services
Infrastructure availability	Community and labour attitudes
Labour and wages	Community Infrastructure

9. Which one of the following shows the demerit of arithmetic mean?

A. It is highly affected by abnormal values in the series
B. It doesn't need arrangement of data
C. It affords a good standard of comparison
D. Its value is always definite or unique

Justification

Merits and demerits of Arithmetic mean:

Merits:

- It is rigidly defined.
- It is easy to understand and easy to calculate.
- If the number of items is sufficiently large, it is more accurate and more reliable.

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- It is a calculated value and is not based on its position in the series.
- It is possible to calculate even if some of the details of the data are lacking.
- It provides a good basis for comparison.

Demerits:

- It cannot be obtained by inspection nor located through a frequency graph.
- It cannot be in the study of qualitative phenomena not capable of numerical measurement i.e., Intelligence, beauty, honesty etc.,
- It can ignore any single item only at the risk of losing its accuracy.
- It is affected very much by extreme values.
- It cannot be calculated for open-end classes.
- It may lead to fallacious conclusions, if the details of the data from which it is computed are not given.

10. Pattern of behavior that a leader uses to influence employees to achieve organizational goals is referred to as:

A. Leadership
C. Leadership theory
B. Leadership style
D. Management

Justification

Leadership; is the process of influencing the activities of an organized group toward goal achievement.

Leadership style; is the typical pattern of behavior a leader uses to influence employees to achieve organizational goals.

Leadership theory; encompasses a range of skills and qualities that are essential for effective leadership in various contexts. **Leadership theories** are the explanations of how and why certain people become leaders.

Management; is the process of planning, organizing, leading and controlling the work of the organization members and of using all available organizational resources to reach stated organizational goals. **Management** is the art of getting things done through people effectively and efficiently

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11. Which of the followings is correct regarding the difference between goal and objective?

A. Goal must be bounded by time while it is not mandatory for objective.

B. Quantification & time criteria are mandatory for objective, but not for goal.

C. Quantification is mandatory for goal while it is optional for objective

D. An objective can have two or more goals for a given period of time.

Justification

A goal is a broad statement that focuses on the desired results/ outcome to be accomplished over a long-time frame. Some common examples of business goals include the following:

- Maximizing profits, and Growing revenues

Objectives are specific, actionable targets that need to be achieved within a smaller time frame, such as a year or less, to reach a certain goal. Objectives describe the actions or activities involved in achieving a goal. Following are some examples of objectives:

- Earn a minimum of 15% return on investment in a fiscal year, and increase the company's market share to 7% by the end of the next fiscal year

The Difference between goals and objectives

- ✓ Goals are broad; objectives are narrow.
- ✓ Goals are general intentions; objectives are precise.
- ✓ Goals are intangible; objectives are tangible.
- ✓ Goals are abstract; objectives are concrete.
- ✓ Goals can't be validated as is; objectives can be validated.

12. Which one of the following is not the assumption of linear programing model:

A. Continuity

B. None negativity

C. Negativity

D. Proportionality

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Justification

Linear programming (LP) is a mathematical modeling technique useful for economic allocation of scarce or limited resources, such as labor, material, machine, time, warehouse space, capital, energy, etc., to several competing activities, such as products, services, jobs, new equipment, etc., on the basis of a given criterion of optimality. The major Assumption of LP Models are

- **Linearity.** The linearity requirement is that each decision variable has a linear impact on the objective function and in each constraint in which it appears. Following the above example, producing one more unit of product 1 adds Br. 4 to the total profit. This is true over the entire range of possible values of X1. The same applies to each of the constraints. It is required that the same coefficient (for example, 2 lb. per unit) apply over the entire range of possible value so the decision variable.
- **Divisibility.** The divisibility requirement pertains to potential values of decision variables. It is assumed that non-integer values are acceptable. For example: 3.5 TV sets/hr. would be acceptable → 7 TV sets/2hrs.
- **Certainty.** The certainty requirement involves two aspects of LP models. i) With respect to model parameters (i.e., the numerical values) – It is assumed that these values are known and constant e.g. in the above example each unit of product 1 requires 2 labs, this is known and remain constant, and also the 300 lab/hr. available is deemed to be known and constant. ii) All the relevant constraints identified and represented in the model are as they are.
- **None-negativity.** The non-negativity constraint is that negative values of variables are unrealistic and, therefore, will not be considered in any potential solution; only positive values and zero will be allowed.

13. Your business can only be sustainable in the long run if it works in harmony with the social and natural environment. To understand the relationship between environment and business entrepreneurs must know.

A. How much your business depends on the environment

B. Used back ward assumptions

C. Follow few peoples advise

D. Depend on your own limited skill

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Justification

Business environment refers to the factors external to a business enterprise which influence its operations and determine its effectiveness. Business environment may be healthy or unhealthy. Healthy business environment means the conditions are favorable to the growth of business whereas unhealthy environment implies conditions hostile or unfavorable to business operations.

The most successful entrepreneur is one who not only adjusts to the environment but also modifies the environment to suit his requirements through the direct and indirect influences he can exercise over the system.

14. _____involves supervision which is essential to make sure that work is performed according to orders and instructions.

A. Planning **C. Controlling**

B. Directing **D. Organizing**

Justification

Management functions are the activities that managers are supposed to perform as result of the position held in the organization. Regardless of the type of firm, all managers have certain basic functions-planning, organizing, staffing, directing/ leading and controlling. Below, these functions are briefly described.

A. **Planning:** Planning is the first and foremost function in management. Also, it is one of the fundamental and pervasive of all functions. It is a decision-making process that determines what to do, how to do it, why it is done, when it is to be done, by whom it is to be done and with what resources. It serves as a bridge that connects the present with the future as in planning what should be done in the future is determined today.

B. **Organizing:** is the process of distributing the work among the group members and establishing the relationships that are needed to ensure smooth accomplishment of jobs. It involves identification of activities to be carried out, grouping these activities into working units, assignment of responsibilities to each unit with corresponding authority. It is also the process of combining and integrating resources in productive interrelationship for achieving the objectives.

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C. **Staffing:** is the process of ensuring that employees are recruited, selected, trained, and developed, and rewarded for successful accomplishment of goals. It is a continuous and vital function of management which involves filling and keeping filled positions in a given organizational structure. It is placing right person for right position.

D. **Leading/Directing:** Leading involves influencing and motivating employees to perform essential tasks. Directing in management is the crucial function of guiding, motivating, and leading employees to achieve organizational objectives. Directing involves giving instructions, guiding, supervising, and motivating employees to achieve organizational goals. It directly involves supervision to ensure that work is performed according to orders and instructions. It involves providing clear instructions, offering constructive feedback, and creating a positive work environment to inspire and oversee the workforce.

E. **Controlling:** Controlling is the measuring and correcting of activities of subordinates to ensure that events conform to plans or set standards. It measures performance against goals and plans. Controlling function involves the following elements; Controlling involves monitoring performance, comparing it with goals, and taking corrective action as necessary.

- Establishing standards of performance
- Measuring current performance & comparing performance with established standards
- Taking corrective actions, if deviations are detected.

15. One of the followings is true.

A. Intuition-based strategic decision- making is not useful in situations of great uncertainty

B. Strategic management is all about gaining and maintaining competitive advantage.

C. Strategic management focuses merely on strategy formulation stage

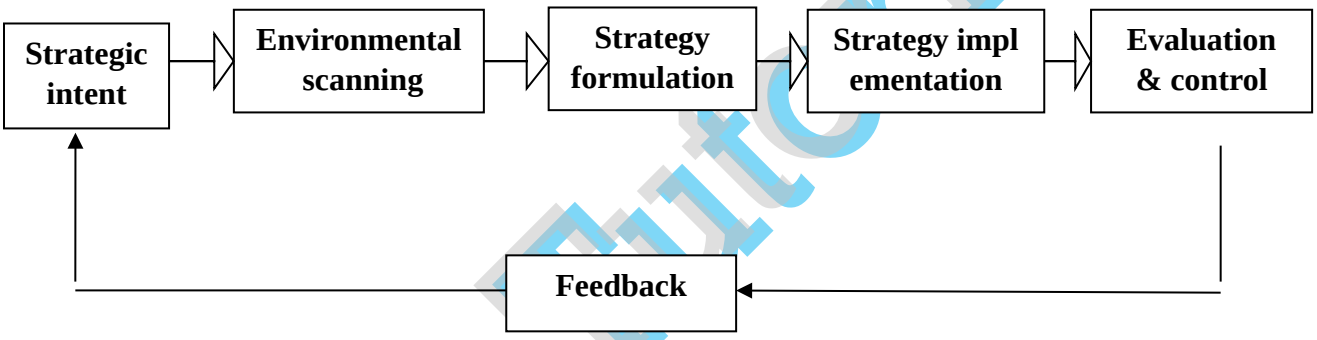
D. Strategic planning incorporates all stages of strategic management process.

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Justification

Intuition-based strategic decision-making is useful in situations of great uncertainty. And Strategic management is beyond gaining and maintaining competitive advantage. **Strategic planning process incorporates all stages of strategic management process;** In today's highly competitive business environment, budget-oriented planning or forecast-based planning methods are insufficient for a large corporation to survive and prosper. The firm must engage in **strategic planning** that clearly defines objectives and assesses both the internal and external situation to formulate strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track.

A simplified view of the strategic planning process is shown by the following diagram:



Strategic intent; takes the form of a number of corporate challenges and opportunities, specified as short term projects. The strategic intent must convey a significant stretch for the company, a sense of direction, which can be communicated to all employees. It should not focus so much on today's problems, but rather on tomorrow's opportunities. Strategic intent should specify the competitive factors, the factors critical to success in the future.

Environmental Analysis: This involves assessing the internal and external factors that may affect the organization's ability to achieve its goals. It includes analyzing the competitive landscape, market trends, technological advancements, and other relevant factors.

Strategy Formulation: Strategy Formulation is the development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths & weakness. In this stage, organizations develop strategies based on the insights gathered from the environmental analysis. This includes defining the organization's mission, vision, and goals, as well as identifying strategic alternatives and selecting the most appropriate courses of action.

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Strategy Implementation: It is the process by which strategy & policies are put into actions through the development of programs, budgets & procedures. This stage involves allocating resources, designing organizational structures, and implementing policies and procedures to support the chosen strategies.

Strategy Evaluation: After the strategy is implemented, it is vital to continually measure and evaluates progress so that changes can be made if needed to keep the overall plan on track. It includes measuring performance against established goals, identifying deviations from the plan, and making adjustments as needed to ensure that the organization stays on track.

16. Which one of the following is not a critical concern in implementing an international promotion programme?

A. Methods of determining the resource implications

B. Use any type of media without analyzing it relevance

C. Setting the objective appropriately

D. Selection of persons to undertake the promotion

Justification

International promotion is communicating the business internationally or worldwide. It is the development and dissemination of marketing information to the market in overseas or across national borderlines. **Effective promotion** requires an understanding of communication process and how this process is affected by environmental factors.

- **Setting objectives**: objective can be; Obtain sales, building a favorable image, information giving, stimulating distributors or building confidence in a product.
- **Message selection:** advertising appeals should be consistent with tastes, wants and attitudes in the market.
- **Selecting advertising agency**; Agencies can be used or not depending on the organization's own abilities, confidence in the market and market coverage.

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- **Media selection:** a great difference in variety and availability of media across the world. Media choice depends on its cost, coverage, availability, character (national or local or international).
- **Budget decision:** The company will decide the estimated cost of promotional activities

17. Which one of the following statements shows the difference between goods and service?

A. Services have low customer interaction while goods have high customer interaction

B. Service operations are subject to low variability of input than manufacturing of goods

C. Unalike goods, Service is act oriented

D. Services are usually tangible while goods are intangible

Justification

Manufacturing and service organizations differ chiefly because manufacturing is goods-oriented and service is act-oriented. The differences involve the following

Physical nature of the product: manufacturing goods are tangible and durable products whereas services are intangible, perishable products often being ideas, concepts or information. Moreover, manufactured goods are output that can be produced, stored, and transported in anticipation of future demand. By contrast, service cannot be pre-produced.

Customer contact: Most customers for manufactured products have little or no contact with the production system. Primary customer contact is left to distributors and retailers. However, in many service organizations the customers themselves are inputs and active participants in the process. At a college, for example, the student studies, attends lectures, takes exams, and finally receives a Diploma.

Response time to customer demand: While manufacturers generally have days or weeks to meet customer demand, many services must be offered within minutes of customer arrival.

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***Location* and *size* of operation:** Manufacturing facilities often serve regional, national, or even international markets and therefore, generally requires larger facilities, more automations and greater capital investment. In general, service cannot be shifted to distant locations. Thus, service organization requires direct customer contact and must locate relatively near their customers.

Measurement of quality and productivity: As manufacturing system tends to have tangible products quality and productivity is relatively easy to measure.

Labor content of jobs: Services often have a higher degree of labor content than manufacturing jobs do, although automated services are an exception.

Uniformity of inputs: Service operations are often subject to a higher degree of variability of inputs. Each client, patient, customer, repair job, and so on presents a somewhat unique situation that requires assessment and flexibility.

Inventory: Unlike manufactured goods, services cannot be stored. Instead, they must be provided "on demand."

Wages: Manufacturing jobs are often well paid, and have less wage variation than service jobs, which can range from highly paid professional services to minimum-wage workers.

Ability to patent: Product designs are often easier to patent than service designs.

Typical differences between manufacturing and services (Normann, 1991)

	Manufacturing	**Service**
Tangibility	Product is generally concrete	Service is intangible
Ownership	Transferred when sold	Not generally transferred
Resale	Can be resold	Cannot generally be resold
Demonstrability	Can be demonstrated	Does not exist before Purchase
Storability	Can be stored	Cannot be stored
Simultaneity	Production precedes consumption	Generally, coincide

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Location	Production/selling/ consumption locally differentiable	Spatially united
Transportability	Can be transported	Generally, not
Production	Seller alone produces	Buyer/client takes part
Contact	Indirect contact	Direct contact usually Necessary
Internationalization	Can be exported	Service usually cannot
Output	Can be inventoried	Cannot be inventoried
Inventory	Use much inventory	Use fewer inventory
Facility	Require large facility	Small facilities
Uniformity of input & Output	High	Low
Quality and productivity	Easy to measure	Difficult to measure
Automation	Easy	Difficult
Response time	Long	Short

18. Which of the followings is correct about behavioral approach to information systems?

A. It emphasizes mathematically based models to study information systems.

B. It emphasizes physical technology and formal capabilities of the systems.

C. It concentrates on changes in attitudes, management and organizational policy.

D. **It ignores issues like strategic business integration, design, and implementation**.

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Justification

Behavioral Approach; An important part of the information systems field is concerned with behavioral issues that arise in the development and long-term maintenance of information systems. Issues such as strategic business integration, design, implementation, utilization, and management cannot be explored usefully with the models used in the technical approach. Other behavioral disciplines contribute important concepts and methods. For instance, sociologists study information systems with an eye toward how groups and organizations shape the development of systems and also how systems affect individuals, groups, and organizations. Psychologists study information systems with an interest in how human decision makers perceive and use formal information.

19. _____describes the variation among values of the members of the population.

A. Population standard deviation
C. Sample standard error
B. Sample standard deviation
D. Population Mean

Justification

Population standard deviation: This refers to the measure of the dispersion or variability of values in a population. It is calculated using the entire set of data points in a population.

Sample standard deviation: This is similar to population standard deviation but is calculated using a subset of the data, known as a sample, rather than the entire population.

Sample standard error: The standard deviation of the sampling distribution of sample means equals to the population standard deviation divided by the square root of the sample size.

Population Mean: This is the average value of the entire population.

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20. Financial Management is mainly concerned with:

A. **Profit maximization**
B. **All aspects of acquiring and utilizing financial resources for firms' activities**
C. **Efficient management of every business**
D. **Arrangement all organizational resources**

Justification

Financial management is the activity concerned with planning, raising, controlling and administering of funds used in the business. Financial management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations.

21. Which of the followings is true about project and program?

A. **Project is narrower than program in scope and it can have programs as components**
B. **The projection of cost and time for program is easier than that of program.**
C. **Project is specific and detail while program is comprehensive and generals**
D. **Program is narrower than project in scope and it can have projects as components:**

Justification

Programs They are a relatively broad set of activities designed to accomplish a particular set of goals. They are complex and encompass goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed, and other elements necessary to carry out a given course of action; they are supported by budgets. A program might include such general activity as purchasing new machines or introducing new product in the market.

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Thus, a program is a complex of objective, policies, procedures, task assignments, steps to be taken, resources to be employed and other elements to carry out a given course of action.

Projects; Projects are parts of a general program and direct the efforts of individuals or work groups towards the achievement of well-defined goals. They are typically less comprehensive & narrower in focus than programs; and usually have predetermined target dates for completion. Project is a subset of a specific program. It is a smaller portion of a program. Projects are connected with a major program but a project can be handled by itself.

22. In the transformation system of treating patient and getting the desired outcome of healthy individual in hospital the primary input is _____

A. Health care **C. Government**

B. Hospital **D. Patient**

Justification

Operations management is the activity of managing the resources which produce and deliver products and services. The administration of process that transforms inputs of labor, capital and materials in to output bundles of products and services that are valued by customers. Using the generalized concepts of operations management, we can call such system as operations system and the operation management has the prime responsibility for transforming input in to output.



1. **Inputs**: Inputs to the system may be labor, material, machine, facilities, energy, information, technology etc. Inputs in operating system can be: customer in a bank, patient in a hospital, commuters to public transport system, files and papers to an office situations and program to be run in a computer center. The types of inputs used will vary from one industry to another.
2. **Components**: are machines, persons, tools, in the system.
3. **Outputs**: similarly output from the system may be in terms of finished products, transported goods, delivered massages, cured patients, serviced customers etc.

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4. **Transformation;** all operation functions are essentially a part of the conversion process which transforms entities in shape, size, form, location, space, time, and state. The essence of the operations function is to add value and efficiency during the transformation process: **Value-added** is the term used to describe the difference between the cost of inputs and the value or price of outputs. The greater the **value added**, the more productive a business is. An obvious way to add value is to reduce the cost of activities in the transformation process. Activities that do not add value are considered a waste; these include certain jobs, equipment, and processes. **Efficiency:** it means being able to perform activities well, and at the lowest possible cost. An important role of operations is to analyze all activities, eliminate those that do not add value, and restructure processes and jobs to achieve greater efficiency. Today's business environment is more competitive than ever, and the role of operations management has become the focal point of efforts to increase competitiveness by improving value added and efficiency.

System	*Inputs*	*Components*	*Transformations*	*Output*
Hospital	Patients	Doctors, Nurses, Staff, Equipment, Facility, Energy, etc.	Physiological, Examination, Monitoring, Surgery and Therapy etc.	Cured person
Bank	Clients	Teller, Staff, Facility etc.	Exchange	Loan/deposit etc.
College	High school graduate	Teacher, Class room, Books etc.	Imparting knowledge	Educated person

23. An internal and external factor that influences an organization s marketing activities is known as

A. Marketing mix

B. Marketing environment

C. Marketing process

D. Marketing concept

Justification

Companies succeed as long as they have matched their products or services to today's marketing environment. A company's **marketing environment** consists of the actors and forces outside marketing that affect marketing management's ability to develop and maintain successful transactions with its target customers. The marketing environment offers both opportunities and threats.

Marketing mix is marketing manager's tool for achieving marketing objectives/targets. For attracting consumers and for sales promotion, every manufacturer has to concentrate on four basic elements/components. These are: product, pricing, distributive channels (place) and sales promotion techniques. A fair combination of these marketing elements is called Marketing Mix.

Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. Marketing management process has five steps:

- ✓ Understanding marketplace and Customers' needs, wants and demands;
- ✓ Designing customer-driven marketing strategies
- ✓ Constructing an integrating marketing program that deliver superior value
- ✓ Building strong customer relationships
- ✓ Capturing value from customers in return

The marketing concept is a process when a company plans and implements to maximize profit by increasing sales, satisfying customer's needs and beating competitors. The purpose is to create a situation that benefits both parties; customer and the company. The idea of the marketing concept is to anticipate and satisfy the needs and wants of customers better than the competitors. The marketing concepts were originally derived from the book of Adam Smith, Wealth of Nation. It remained unknown to the world until the 21st century. The marketing concept is a philosophy that centers on identifying and fulfilling the needs and wants of customers. It is based on the idea that businesses should focus their efforts on understanding customer needs and delivering value to satisfy those needs more effectively than competitors. The marketing concept emphasizes customer orientation, integrated marketing efforts, and long-term relationships with customers.

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24. A product designed originally for a local market is exported to other countries with virtually no change, except the translation of words and other cosmetic changes known as

A. Product Standardization
C. Product Purchasing
B. Product Differentiation
D. Product Identification

Justification

Product Standardization; The process of establishing and implementing a uniform set of specifications and features for a product. **Product standardization** refers to the strategy of keeping a product consistent across different markets, with minimal or no modifications, except for necessary adjustments such as translation and cosmetic changes to adapt to local preferences or regulations.

Product differentiation; is a way for products and brands to command market share based on consumer preferences. Customers choose products for various reasons, whether it be price, brand image, quality, durability, taste, color, or a temporary trend.

Product Purchasing; is the act of buying the goods and services that a company needs to operate and/or manufacture products.

Product identification; is a unique series of characters that distinguish a product, part, or item.

25. From the following choices one indicates any difficulty and challenging situation, real or artificial the solution of which requires reflective thinking

A. Scientific study
C. Research problems
B. Hypothesis testing
D. Research methods

Justification

Scientific Study: refers to a systematic and organized investigation or examination of a particular subject or phenomenon using scientific methods. It involves observation, experimentation, analysis, and interpretation of data to gain knowledge or understanding about the subject being studied.

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A hypothesis is something that has been proven to be true. A hypothesis is something that has not yet been proven to be true. It is some statement about a population parameter or about population distribution. **Hypothesis testing** is the process of determining whether or not a given hypothesis is true.

A research problem refers to some difficulty which a researcher experiences in the context of either a theoretical or practical situation and wants to obtain a solution for the same. A problem is a gap between what actually exists and what should have existed. The significance of a problem can be measured by the gap. Problems mean gaps-a problem occurs when there is a difference between the current conditions and a more preferable set of conditions. In other words, a gap exists between the way things are now and a way that things could be better.

Research methods; are the techniques, procedures, or strategies used by researchers to collect, analyze, and interpret data in order to address research questions or problems.

26. Which one is an approach to product distribution when products are destined for a large quantity market?

A. Mass distribution

B. Specific distributions

C. Exclusive distribution

D. Selective distribution

Justification

Depending on the type of product being distributed distribution strategies classified as:

- **Intensive (Mass) distribution:** Used commonly to distribute low priced or impulse purchase products. Intensive distribution refers to a strategy where a product is made available in as many outlets as possible within a given market area.
- **Exclusive distribution:** Involves limiting distribution to a single outlet. The product is usually priced high, and it requires the intermediary to place much detail in its sell. An example of would be the sale of vehicles through exclusive dealers.
- **Selective distribution:** A small number of retail outlets are chosen to distribute the product. Selective distribution is common with products such as computers, televisions household appliances, where consumers are willing to shop around and where manufacturers want a large geographical spread.

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27. All are the Significance of Measuring Correlation, Except one,

A. To reduce the range of uncertainty of our prediction

B. Show some kind of relationship across several types of variables

C. Aids in locating the critically important variables on which others depend

D. A high correlation is necessarily indicative of a causal relationship between two variables

Justification

Correlation is statistical Analysis which measures and analyses the degree or extent to which the two variables fluctuate with reference to each other. Correlation refers to the relationship of two variables or more. For example, relation between height of father and son, yield and rainfall, wage and price index, share and debentures etc.

Correlation is an analysis of the co-variation between two or more variables. Correlation expresses the inter-dependence of two sets of variables upon each other. One variable may be called as (subject) independent and the other relative variable (dependent).

Choice A, B, & C are the significance of correlation measures, whereas Choice D is the features of regression analysis than that of correlation. Correlation simply measures the degree and direction of association between variables, but it does not establish a causal relationship between them.

28. The factors which are relevant to international business, such as the WTO principles and agreements refer to

A. Favorable environment

B. Internal environment

C. Domestic environment

D. Global environment

Justification

A favorable (healthy) environment refers to external conditions or circumstances that are conducive to the success or growth of a business or organization.

An internal environment is a business term used to refer to the culture, technology, work processes, dynamics and management of a company.

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The domestic business environment involves all the economic, social, and cultural characteristics of the country in which the business takes place

The factors relevant to international business, including principles and agreements established by organizations like the World Trade Organization (WTO), pertain to the **global environment.**

29. All the followings are symptoms of an ineffective organizational structure used for strategy implementation, except

A. Too large a span of control

B. So many unachieved objectives

C. Extremely many attended meetings

D. Optimum levels of management

Justification

Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan. It is the process by which objectives, strategies, and policies are put into action through the development of programs, budgets, and procedures. Although implementation is usually considered after strategy has been formulated, implementation is a key part of strategic management. The symptoms of an ineffective organizational structure are

- Lack of clear hierarchy: Confusion about reporting lines and decision-making authority.
- Poor communication: Information silos, delayed responses, and misalignment on goals.
- Limited flexibility: Difficulty adapting to change or seizing new opportunities.
- Low employee morale: Decreased motivation, engagement, and productivity.
- Inefficiencies: Bottlenecks, overlaps in roles, and redundant processes.

30. Which of the followings does indicate the main activities of project managers during project implementation?

A. Evaluate project effectiveness

B. More action than thinking

C. More thinking than action

D. Prepare project road maps

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Justification

Project implementation is the process of putting a project plan into action to produce the deliverables, otherwise known as the products or services, for clients or stakeholders. During this stage, project managers and teams work together to coordinate activities, allocate resources effectively, manage timelines, assign responsibilities, monitor progress, and adapt to changes or unforeseen circumstances.

31. One of the following may not be factors affects pricing policy decision.

A. Supply and demand variations

B. Currency fluctuations

C. Tariff and distribution costs variation

D. Similarity in cost of goods

Justification

A company's pricing policy is determined by a combination of external and internal influencing factors, and it must take each into account in equal measure.

Internal pricing influences are factors over which the company can exercise direct control: o Company objectives o Distribution channels o Product cost o Product differentiation o Product lifecycle o Geographic factors o Customer types o Ethical considerations	**External factors** are elements of the environment that cannot be controlled but must be taken into consideration. The external influences on pricing include: o Demand o Price sensitivity o Level of competition o Economic climate o Consumer behavior o Government policies o Supplier influence

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32. From the following one is the major area in which valuable innovation might be made

A. Recognize ideas

B. Recognize possibilities

C. Recognize alternatives

D. New Product

Justification

Innovation lies at the heart of the entrepreneurial process and is a means to the exploitation of opportunity. It is the implementation of new idea at the individual, group or organizational level. Innovation is a process of intentional change made to rate value by meeting opportunity and seeking advantage.

There are four distinct types of innovation, these are as follows:

- Invention - described as the creation of a new product, service or process
- Extension - the expansion of a product, service or process
- Duplication - defined as replication of an already existing product, service or process
- Synthesis - the combination of existing concepts and factors into a new formulation

The following are some of the major areas in which valuable innovation might be made.

A. New product: A new product can be developed through new or existing technology. The new product may offer a radically new way of doing something or it may simply be an improvement on an existing item. The new product must offer the customer an advantage if it is to be successful.

B. New Services: A service is an act which is offered to undertake a particular task or solve a particular problem.

C. **New Production Techniques:** Innovation can be made in the way in which a product is to be manufactured. A new production technique should allow the end user to obtain the product at a lower cost, or a product of higher quality or better service in the supply of the product.

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D. **New Way of Delivering the Product or Service to the Customer:** Customer can only use product/service they can access. A common innovation is to take a more direct routine by cutting out distributors or middlemen.

E. **New Operating Practices:** As with innovations in the production of physical products, innovation in service delivery must address customers need and offer them improved benefits, for example easier access to the service, a higher quality service, a more consistent service, a faster or less time-consuming service etc.

F. **New Means of Informing the Customer about the Product:** People will only use a product or service if they know about it. Demand will not exist if the offering is not properly promoted to them. Promotion consists of two parts; a message what is said and a means – the route by which that message is delivered.

G. **New Means of Managing Relationship within the Organization:** Any organization has a wide variety of communication channels running through it. The performance of the organization will depend to a great extent on the effectiveness of its internal communication channels. These communication channels are guided by the organization's structure.

H. **New Ways of Managing Relationships between Organizations:** Organizations sit in a complex web of relationships to each other. The way they communicate and relate to each other is very important.

33. Of the following which one is the importance of motivation?

A. Resistance to organizational change

B. High employee turnover

C. Low level of performance

D. Increase organizational image

Justification

Motivation is the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal. Motivation represents the forces acting on or within a person that cause the person to behave in a specific, goal-directed manner.

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Motivation is the willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need.

There are several characteristics of motivation.

- ❖ Motivation is a psychological phenomenon. It is the inner desire of an individual to accomplish something more.
- ❖ Motivation is a continuous process. Since need is a continuous phenomenon if one need is satisfied the other need emerges and so does individual propel to work and thus the continuous chain is created.
- ❖ Motivation is the result of the person's thoughts and expectations.
- ❖ Motivational needs are ordered

The following are among the importance's of motivation:

- o High level of performance
- o Low employee turnover and absenteeism.
- o Acceptance of organization change
- o Organizational image

34. Assume that a project enterprise equity, preference, and debt in the proportion of 0.6, 0.3, and 0.1 respectively if the component cost of equity, preference, and debt are 15%, 13% and 11% respectively what is the weighted average of cost of capital?

A. 13.9% **B. 14.9%** **C. 13.96%** **D. 14%**

Justification

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

The firm's capital structure is composed of debt, preferred stock, common stock, and retained earnings. Each capital source accounts to some portion of the total finance. But the percentage contribution of one source is usually different from another. So, we must compute the weighted average cost of capital rather than the simple average.

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The weighted average cost of capital (WACC) is the weighted average of the individual costs of debt, preferred stock and common equity (common stock and retained earnings). It is also called the composite cost of capital.

If the weights of the component capital sources are all given, the weighted average cost of capital can be computed as:

WACC = WdKdt + WpsKps + WceKs

Where:

WACC = The weighted average cost of capital

Wd = The weight of debt

Wps = The weight of preferred stock

Wce = The weight of common equity

Kdt = The after – tax cost of debt

Kps = The cost of preferred stock

Ks = The cost of common equity

The WACC is found by weighting the cost of each specific type of capital by its proportion in the firm's capital structure. Weights of the individual capital sources can be calculated based on their book value or market value.

WACC= 15(0.6) +13(0.3) +11(0.1) = 9+ 3.9+ 1.1 = 14

WACC= 14%

35. Informal Organization makes use of communication.

A. Diagonal **C. Grapevine**

B. Upward **D. Downward**

Justification

Organizations can be classified into formal and informal types.

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Formal organization is an organization that is deliberately and rationally designed and approved by management through organizing process to achieve organizational goals/ objectives. It is planned structure of an organization which is deliberately created to attain desired objectives. It is a system with well-defined jobs, definite authority, responsibility, and accountability.

Common characteristics of formal organization are

- ✓ **Consciously designed**: Formal organization are purposefully designed and established to attain certain end results.
- ✓ **Based on delegated authority**: In a formal organization each employee has delimited authority; therefore, there is superior-subordinate relationship.
- ✓ **Organizational chart is drawn:** Organizational chart shows jobs & departments, and it is the most tangible depiction/ picture of an organizational structure.
- ✓ **Deliberately impersonal:** Positions in an organization are not personal properties. They are always open to someone who fit the position. People who meet the requirements of the job can fulfill the position.

Informal organization refers to people in-group associations, but these associations are not specified in the structure of the formal organization. They are not included or established deliberately/ officially in the formal organization channel but formed adjacent to the formal organization. They always exist in the formal organization; nothing can destroy them; they cannot be avoided. They are natural grouping of people in the work situation based on their behavioral patterns; interests; beliefs; objectives; etc.

Characteristics of informal organization

- ✓ **Group norms:** This is the core behavior among the workers in the informal organization. There are agreements/ rules and regulations which may not be written that govern the behavior of members. The members act accordingly without showing any deviation.
- ✓ **Group cohesiveness:** Members of the informal organizations basically have strong relationships. The more the group sticks together the more they will be successful in attaining the objectives.

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- ✓ **Group leadership**: Members in the informal organization select someone who is most active among the others as a leader, and such people are conventional leaders.
- ✓ **Communication network:** It is also called grapevine. It is the network outside the formal communication channel established by the organization;
- ✓ **Lifespan and purpose**: Informal organizations have short life span in comparison with formal organization. Therefore, they cease to exist when the members meet their interests and re-established when another need arises.

36. Mr. Abebe is a manager of gold water Company and he is concentrated on achieving high production efficiency and Wide distribution by assuming consumers are primarily interested in product availability and low price Which philosophy is used by Mr. Abebe?

A. The Production Concept **C. Marketing Concept**

B. Holistic Concept **D. The Product Concept**

Justification

Marketing management philosophies are the basic orientations that help a given organization market its products and achieve its objectives.

- The **production concept** holds that consumers will favor products that are available & highly affordable in terms of price. The Management should focus on improving production & distribution efficiency.
- **Product concept:** The idea that consumers will favor products that offer the most quality, performance and features. The organization should therefore devote its energy to making continuous product improvements.
- **Selling concept:** The idea that consumers will not buy enough of the organization's products unless the organization undertakes a large-scale or aggressive selling and promotion effort.
- **Marketing concept:** holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do.

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- **Societal marketing concept:** The idea that the organization should determine the needs, wants and interests of target markets and deliver the desired satisfactions more effectively and efficiently than competitors in a way that maintains or improves both the consumer's and society's well-being.
- **Holistic marketing**: concept considers all the different parts of a business as one single entity. It is based on the premise that the whole is greater than the sum of its parts. As such, there is a shared aim and purpose for all the activities related to a business. This ensures that each person in every department, from sales to operations to HR to marketing and others, work towards one common goal.

37. _____is the process of dividing a target market into smaller, more precisely defined groups of consumers or organizations who have common needs.

A. Market concentration **C. Market segmentation**

B. Product positioning **D. Target marketing**

Justification

Concentrated marketing; Instead of going after a small share of a large market, the firm goes after a large share of one or a few submarkets.

Product positioning; is the process of creating a distinct image or perception of a product or brand in the minds of consumers relative to competing products or brands.

Market segmentation; Dividing a market into distinct groups of buyers with different needs, characteristics or behaviors. It is a process of splitting or dividing potential customers into certain groups/ segments sharing similar levels of needs.

Target marketing; involves identifying and selecting specific customer segments or target markets that a business intends to focus its marketing efforts and resources on.

38. One is belonging to promotion marketing mix element.

A. Packaging **C. Channel**

B. Location **D. Advertisement**

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Justification

Promotion is all about communication. **Promotion** is the way a business makes its products known to the customers, both current and potential.

The main aim of promotion is to ensure that customers are aware of the existence and positioning of products. **Promotion** is also used to persuade customers that the product is better than competing products and to remind customers about why they may want to buy. In fact, promotion has many potentials uses in business.

Organization promotional mix strategy can consist of:

Types of Promotion	Explanation
Advertising	Any non-personal paid form of communication using any form of mass media (TV, radio, newspaper, magazine, cinemas, billboard, etc.)
Public Relations	It involves developing positive relationships with the organization media public. The art of good public relations is not only to obtain favorable publicity within the media, but it is also involves being able to handle successfully negative attention.
Sales Promotion	Commonly used to obtain an increase in sales short term. Could involve using money off coupons or special offers.
Personal Selling	Selling a product service one to one by using sales representatives. **Free samples**
Direct Mail	Is the sending of publicity material to a named person within an organization. Direct mail allows an organization to use their resources more effectively by allowing them to send publicity material to a named person within their target segment. By personalizing advertising, response rates increase thus increasing the chance of improving sales.

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Internet Marketing	Promoting and selling your services online using various forms of online marketing techniques such as banner advertisements, videos or social media.
Sponsorship	Where you pay an organization to use your brand or logo. This organization usually has a high profile so that you know that your brand will be seen by a large audience. Most common use of sponsorship is with sporting events. The 2012 Olympics being held in London is being sponsored by a number of organizations such as McDonald and Coca-Cola as the event will attract a worldwide audience that will run into hundreds of millions.

39. One of the following is may not be necessary criteria for selecting market entry strategies in international business?

A. Launching business without detail investigation

B. Clearly identify of risk factors

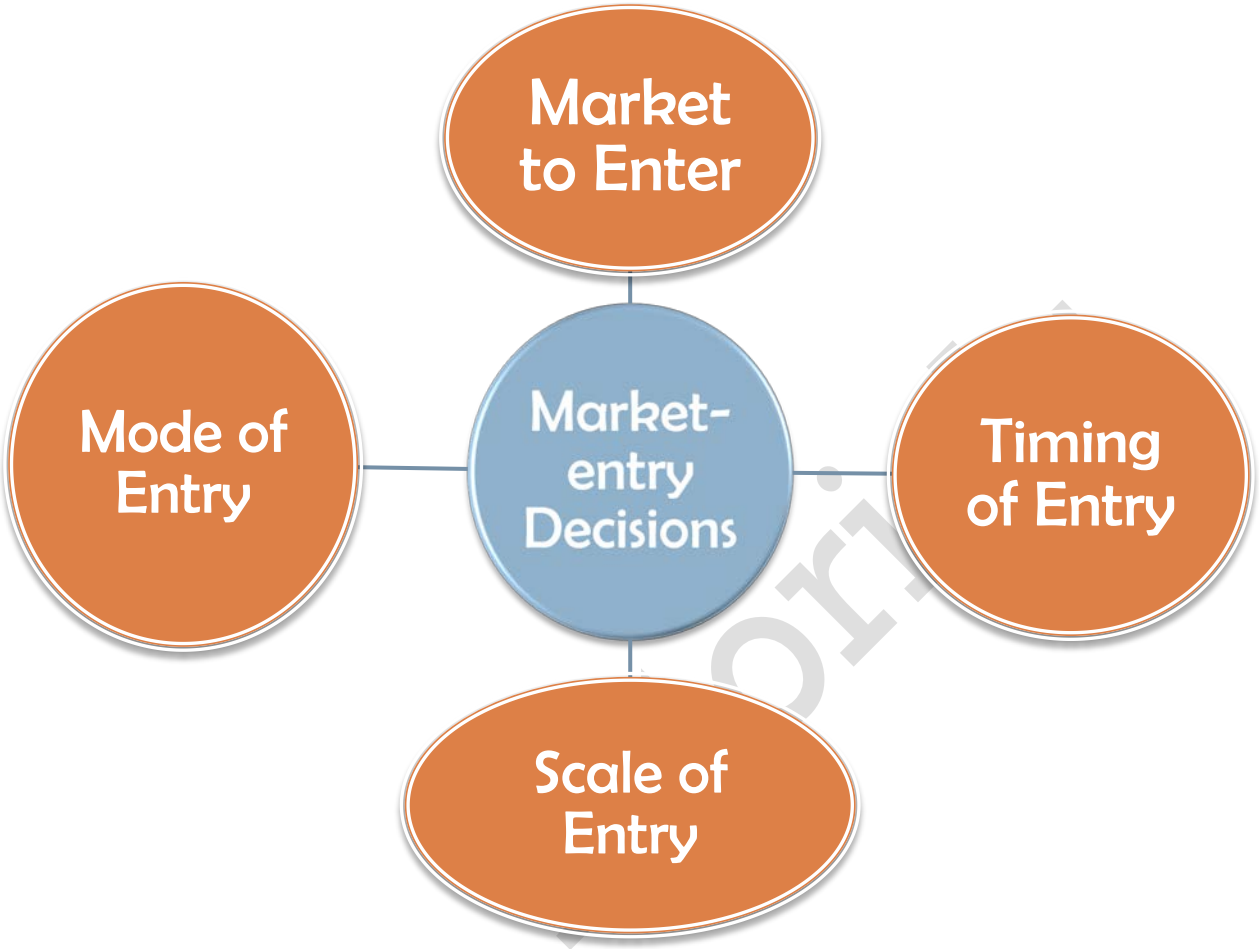
C. Costs to include direct and indirect costs

D. Speed of market entry desired

Justification

International marketing is not simple as copying exactly the domestic marketing strategy. It involves multiple uncontrollable that affects marketing decisions. Like other decisions, market entry requires the consideration of various factors. The international marketer should make the market-entry decisions like;

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The Major Market selection requirement

- ✓ Profit Potential
  - Size and growth potential
  - Structural attractiveness
  - Company consideration
- ✓ Benefits, Cost and Risk trade-off
  - Progress of economic growth
  - Political environment
  - Stability of market, policies and politics
- ✓ Operationalization
  - Suitability of the product to the market
  - Nature of indigenous competition
  - Availability of unmet need
  - Accessibility

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40. Among the following one is the component of job description statement.

A. Physical characteristics **C. Personal characteristics**

B. Psychological characteristics **D. Duties and responsibilities**

Justification

Job Description is a written statement of what jobholder does, how it is done, under what conditions and why. Elements such as; title, duties, environmental conditions, authority and responsibilities; It is used to describe the job to applicants, to guide new employees, and to evaluate employees and can support other functions of HRM. The main points to be included in a job description are;

- ✓ The title of the job
- ✓ The job grades
- ✓ Description about purpose of the job
- ✓ Major duties performed like:
  - *Percentage of time devoted to each duty.*
  - *Performance standards to be achieved.*
  - *Working conditions and possible hazards.*
  - *Number of employees performing the job and how they report to.*
  - *The machines and equipment used on the job and so on.*
- ✓ Working environment
- ✓ Supervision given and received
- ✓ Conditions of work

41. Assume that ABC Commercial Bank can do something best that other commercial banks cannot do, and it owns skillful experts and advanced technologies that other banks in the industry desire. These indicate that ABC Commercial Bank has a

A. Business intelligence **C. Competitive advantage**

B. Strategy and policy **D. Mission statement**

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Justification

Business intelligence (BI) is the set of tools and systems used to collect and analyze data to gain insights and make informed decisions within an organization.

Strategy is the complex plan for bringing the organization from a given posture to a desired position in a future period of time. **A policy** is a broad guide line for decision-making that links the formulation of strategy with its implementation. Companies use policies to make sure that employees throughout the firm make decisions & take actions that support the corporation's mission, objectives & strategy.

In business, a **competitive advantage** is an attribute that allows an organization to outperform its competitors. Competitive advantage is what makes a company's products or services more desirable than its rivals'. It can be based on cost, differentiation, or focus.

Mission is the purpose or reason for the organization's existence. It tells what the company is providing to society, either a service like housekeeping or a product like automobiles.

42. Which one of the followings is a sign of good strategy implementation for a firm?

A. If the firm is meeting or exceeding its performance targets efficiently

B. It the firm performing value chain activities in a manner that disrupts firms' operations

C. If it is not leading to the achievement of planned objectives and targets

D. If it is messes up the strategic positions of the firm in the industry

Justification

Signs of good strategy implementation include:

- ✓ **Clear Communication:** Effective strategy implementation involves clear communication of the strategic goals, objectives, and action plans throughout the organization. When employees understand the strategy and their roles in executing it, they are more likely to align their efforts towards achieving strategic objectives.

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- ✓ **Alignment with Goals:** Good strategy implementation ensures alignment between the organization's strategic goals and its day-to-day activities and decision-making processes. Actions and initiatives undertaken at all levels of the organization should contribute to the achievement of strategic objectives.
- ✓ **Accountability and Ownership:** Clear accountability and ownership of tasks and responsibilities related to strategy implementation are essential. When individuals or teams are held accountable for their contributions to the strategic objectives, it fosters a sense of ownership and commitment to achieving results.
- ✓ **Flexibility and Adaptability:** Good strategy implementation involves the ability to adapt and respond to changing circumstances, market dynamics, and emerging opportunities or threats. Organizations that demonstrate flexibility and agility in adjusting their strategies and tactics as needed are better positioned for success.
- ✓ **Employee Engagement and Motivation:** Engaged and motivated employees are essential for successful strategy implementation. Organizations that prioritize employee involvement, empowerment, and recognition create a supportive environment conducive to effective strategy execution.
- ✓ **Continuous Improvement:** Good strategy implementation involves a commitment to continuous improvement and learning. Organizations that foster a culture of innovation, experimentation, and learning from both successes and failures are better equipped to adapt and evolve in a dynamic business environment.

43. In hypothesis testing the value of the sample statistic that separates the regions of acceptance and rejection is

A. Indecision
C. Rejection Region
B. Critical Value
D. Acceptance Region

Justification

Critical value is used to separate the critical/rejection region from non-critical region. The level of α specifies the critical value for the sampling distribution. Critical values are typically obtained from statistical tables.

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Indecision refers to the inability or reluctance to make a decision or choose between different options. Indecision can arise due to factors such as conflicting priorities, insufficient information, fear of making the wrong choice, or a lack of confidence in one's decision-making abilities.

The rejection region, also known as the critical region, is the range of values of the test statistic that leads to the rejection of the null hypothesis in a hypothesis test.

The acceptance region is the complementary set of the rejection region in a hypothesis test. It consists of the values of the test statistic that do not lead to the rejection of the null hypothesis.

44. The decision to invest a substantial sum in any business venture expecting to earn a minimum return is

A. Capital budgeting decision

B. Financing decision

C. Working capital decision

D. Investment decision

Justification

Capital budgeting involves choosing projects that add value to a company. The capital budgeting process can involve almost anything including acquiring land or purchasing fixed assets like a new truck or machinery. Companies use different metrics to track the performance of a potential project, and there are various methods to capital budgeting.

Financing decisions involve determining the sources and structure of funding for a business's operations or investment activities. These decisions typically pertain to raising capital through debt, equity, or other financing mechanisms to support the business's financial needs.

Working capital decisions involve managing the day-to-day liquidity and operational efficiency of a business by determining the appropriate levels of current assets and liabilities. These decisions relate to managing cash, inventory, accounts receivable, and accounts payable to ensure smooth business operations.

An investment decision is a well-planned action that allocates financial resources to obtain the highest possible return. It is often used interchangeably with Capital Budgeting. But the investment decision is an umbrella term for all the small and big decisions related to investments. Whereas, capital budgeting only covers long-term investments.

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45. Which one of the following statements is true about formal group?

A. **Formed based on commonality of culture, religious function, liking for each other**
B. **Exists without any rigid rules and their common interest is bond for existence**
C. **They represent the human side of an organization**
D. **Formed based on the work and human resources required by skill and knowledge**

Justification

Formal organization is an organization that is deliberately and rationally designed and approved by management through organizing process to achieve organizational goals/ objectives. It is planned structure of an organization which is deliberately created to attain desired objectives. It is a system with well-defined jobs, definite authority, responsibility, and accountability.

Common characteristics of formal organization are

- ✓ **Consciously designed**: Formal organization are purposefully designed and established to attain certain end results.
- ✓ **Based on delegated authority**: In a formal organization each employee has delimited authority; therefore, there is superior-subordinate relationship.
- ✓ **Organizational chart is drawn:** Organizational chart shows jobs & departments, and it is the most tangible depiction/ picture of an organizational structure.
- ✓ **Deliberately impersonal:** Positions in an organization are not personal properties. They are always open to someone who fit the position. People who meet the requirements of the job can fulfill the position.

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46. Any form of financial or non-financial payment given to an employee for the service he/she provides to the organization is:

A. Motivation
C. Incentive
B. Reward
D. Compensation

Justification

Motivation is the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal. Motivation is the willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need.

Reward is an incentive plan to reinforce the desirable behavior of workers or employers and in return for their service to the organization. Rewards are often used to reinforce positive behavior and encourage individuals to continue performing at a high level. The primary objective of organizations in giving rewards is to attract, maintain and retain efficient, high performing and motivated employees.

An **incentive** provides additional compensation for those employees who perform well. They are used to stimulate desired behavior, drive performance, and align individual actions with organizational objectives. It attempts to tie additional compensation as directly as possible to employee productivity. rewards are given as recognition for past behavior or achievements, incentives are offered to motivate and influence future behavior or outcomes.

Compensation refers to any form of financial or non-financial payment given to an employee for the service he/she provides to the organization. This includes salaries, wages, bonuses, benefits, and other perks provided to employees in exchange for their work.

47. Which one of the following is true about outcomes of functional conflict?

A. Job performance may be reduced
B. Relationships may be damaged
C. Conflict may cause job stress
D. Organizational decision making is improved

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Justification

Conflict is processes that begin when one party perceives that another party has negatively affected or is about to negatively affect something that the first party cares about. Conflict may be the pursuit by two different persons or goals that are incompatible, so that gains by one person must come about at the expense of the other.

Conflict outcomes may be either Functional or Dysfunctional

Functional Outcomes; Generally, conflict is constructive when it:

- Stimulates creativity and innovation,
- Improves the quality of decisions,
- Encourages interest among group members,
- Provides the medium through which problems can aired and tensions released,
- Fosters environment of self-evaluation and change.

Dysfunctional Outcomes: Uncontrolled opposition breeds discontent, which acts to dissolve commonalities, and eventually leads to the destruction of the group. Among the more undesirable consequence are:

- Reduction in group cohesiveness
- Delay in decision making which need to be done urgently
- Hostility and aggression development,
- Increase employee turnover,
- Decrease employee satisfaction,
- Increases inefficiencies of work units

48. Which one is not a reason to, why statistics is required in so many areas?

A. It used to make decisions

B. Since it gives always exact information

C. It gives you a better understanding of how decision affects you

D. Since numerical information is everywhere

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Justification

Statistics is important, useful, and well worth studying. Because

- **Helps you make decisions based on evidence and data;** Statistics provides insights into different situations and helps us make informed decisions. It allows you to test whether your strongly held opinions and beliefs are backed by empirical evidence.
- **Helps you make convincing arguments;** Two main parts of statistics exist: inferential statistics and descriptive statistics. In statistical inference, you'll learn how to analyze data and look for evidence to support any number of hypotheses. Once you've learned something from your data, you can use descriptive statistics to summarize and present your findings using charts, graphs, tables, and other more advanced data visualizations.
- **Helps you make predictions;** A major application of statistics is prediction. You can use statistics to analyze past data and make predictions about future outcomes and events. Computer scientists, sports betters, businesses, and investors all use statistics for prediction and forecasting.
- **Is a powerful research tool;** Statistics is an important tool in academic research. By collecting and analyzing data, researchers deepen their understanding of the subject they study. This helps spawn new ideas, theories, and concepts.
- **Gives you hidden insights;** Statistics can show you things you might not have seen otherwise. One of the most exciting aspects of statistics is running into counterintuitive findings that confront your assumptions about the world.
- **Has applications in medicine and public health;** Pharmaceutical companies, doctors, and medical researchers use statistical experiments like randomized control trials to develop new treatments and to detect and mitigate serious side effects.
- **Has applications in business, economics, and politics;** Statistics is central to business, economics, and politics. Companies use statistics to learn about their customers, make predictions about market trends, and improve their products. Economists use statistics to study finance, inequality, and business cycles. Politicians and their staff use statistics to navigate elections, poll voters on important issues, and to develop policies.
- **Helps researchers fight climate change and plays a major role in new technology development**

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- ☛ **Use it in everyday life;** Statistics helps you navigate your daily life. You can use statistics to improve your health and fitness and your finances and productivity. You can even find applications for it in hobbies like gardening, developing a side hustle, playing poker, or analyzing sports**.**

Limitations of statistics; The preceding discussions highlighted the importance of statistics in business should not lead anyone to conclude that statistics is free from any limitations. Statistics has a number of limitations.

- ✓ Statistics has no place in all such cases where quantification is not possible. For example, beauty, intelligence, courage cannot be quantified.
- ✓ Statistics reveal the average behavior, the normal or general trend. An application of the 'average' concept if applied to an individual or a particular situation may lead to a wrong conclusion and sometimes may be disastrous.
- ✓ Since statistics are collected for a particular purpose, such data may not be relevant or useful in other situations.
- ✓ Statistics is not 100% precise as is mathematics or accountancy.
- ✓ In statistical surveys, sampling is generally used as it is not physically possible to cover all the units comprising the universe. The results may not be appropriate as far as the universe is concerned.

49. You want to perform everything according to procedure or policy, which leadership style is presently"

A. Autocratic **C. Democratic**

B. Bureaucratic **D. Lazes fair**

Justification

Leadership style is considered as pattern of behavior a leader uses to influence employees to achieve organizational goals.

- **Autocratic leadership style** involves centralized decision-making with little to no input from subordinates. The leader typically dictates tasks and expects strict obedience.

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- **Bureaucratic leadership style** emphasizes strict adherence to established rules, policies, and procedures. Adherence to procedures and policies is a central aspect of bureaucratic leadership.
- **Democratic leadership style** involves shared decision-making, with input and participation from team members. While democratic leaders may value adherence to procedures and policies, they also prioritize collaborative decision-making and inclusivity.
- **Laissez-faire leadership style** is characterized by minimal interference from the leader, providing autonomy to subordinates to make decisions and manage their tasks independently.

50. Identify the correct statement about training.

A. It focuses on improving individual's performance in all aspects.

B. It focuses on improving skills for doing a particular task.

C. It has long term focus for improving skills.

D. It is not restricted to a particular job

Justification

It is known that successful candidates placed on the jobs need training, to perform their duties effectively. Workers must be trained to operate machines, reduce scrap and avoid accidents. It is not only the workers who need training. Supervisors, managers and executives also need to be developed in order to enable them to grow and acquire maturity of thought and action. Training and development constitute an ongoing process in any organization. Training and development of people is one of the fundamental operative functions of personnel management. According to a Chinese scholar, **"If you wish to plan for a year, sow seeds; if you wish to plan for ten years plant trees; if you wish to plan for life time develop man".**

- Employee training is the process where people learn the skills, knowledge, attitude, and behavior needed in order to perform their job effectively.
- Training is a learning experience which seeks a relatively permanent change in an individual that will improve the ability to perform on the job.

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- Training is defined as any attempt to improve employee performance on a currently held job or one related to it. This usually means changes in specific knowledge, skills, attitudes, or behaviors. To be effective, training should involve a learning experience, be a planned organizational activity, and be designed in response to identified needs. Ideally training should be designed to meet the goals of individual employees.

The term training is often confused with the term development. Training is different from development.

- Development refers to learning opportunities designed to help employees grow. Such opportunities do not have to be limited to improving employee's performance on their current jobs.
- Training is a short-term process involving a systematic and organized procedure by which non-managerial personnel acquire technical knowledge and skill for a definite purpose.
- Development is a long-term educational process consisting of a systematic and organized procedure by which managerial personnel acquire conceptual and theoretical knowledge for general purposes.
- Continuous training leads to employee's development

Distinction between Training and development

Training	Development
Short term process	**Long term process**
Given to technical people	**Given for managerial staff**
People acquire technical knowledge and skill	**Executives acquire conceptual and theoretical Knowledge**
It is job centered	**It is career oriented or career focused (growth oriented)**

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51. Which one of the following is the factor external to a business enterprise which influences its operations and determines its effectiveness?

A. External business environment

B. Entrepreneurial Skills

C. Wealth of the Entrepreneur

D. The Entrepreneurial Tasks

Justification

Business Environment

Business environment may be classified into two broad categories; namely external; and internal environment

A) External Environment

It is the environment which is external to the business and hardly to influence independently. The following are the components of external environment:

i) **Economic Environment**; Economic environment is of multidimensional nature. It consists of the structure of the economy, the industrial, agricultural, trade and transport policies of the country, the growth and pattern of national income and its distribution, the conditions prevailing in industrial, agricultural and other sectors, the position relating to balance of trade and balance of payments, and other miscellaneous conditions of the economy. There is a close relationship between a business firm and the economic environment around it. The success of a business enterprise depends considerably upon the State and growth of the economy.

ii) **Legal Environment;** Business must function within the framework of legal structure. Therefore, an adequate knowledge of laws and rules is necessary for efficient managerial performance. When new laws are made and controls exercised through legal enactments, the first reaction of the business community is to oppose them and disobey them. Management should try to understand what should be the right laws and strictly obey them when so made.

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iii) **Political Environment;** In a democratic country, politics cannot be ignored. Managers and entrepreneurs should understand the working of the political system. Such understanding and concern for national problems will help them in the long run in discharging their responsibilities to the satisfaction of the public.

iv) **Socio-Cultural Environment**; It consists the social and cultural norms of a society in a given period of time. The variables that are appraised are values, beliefs, norms, fashions and fads of a particular society. It can help in understanding the level of rigidity/flexibility of a given society towards a new product/service/concept. Traditional culture should be protected in so far as it is not a hindrance to innovation, motivation, and development.

v) **Demographic Environment;** It assesses the overall population pattern of a given geographical region. It includes variables like age profile, distribution, sex, education profile, income distribution etc. The demographic appraisal can help in identifying the size of target customers.

B) Internal Environment

Internal environment is the environment which is under the control of a given organization. Following are the components of internal environment of a business:

ii) **Raw Material:** It assesses the availability of raw material now and in the near future. If the availability of raw material is less now or would be less in future then the entrepreneur should give a serious thought to establishing a venture as the entire system can come to a standstill due to shortage of raw material.

iii) **Production/Operation:** It assesses the availability of various machineries, equipment, tools and techniques that would be required for production/operation.

iv) **Finance:** It assesses the total requirements of finance in terms start-up expenses, fixed expenses and running expenses. It also indicates the sources of finance that can be approached for funding.

v) **Human Resource:** It assesses the kind of human resources required and its demand and supply in the market. This further helps in estimating the cost and level of competition in hiring and retaining the human resources.

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B. Entrepreneurial Skills

A skill is simply knowledge which is demonstrated by action. It is an ability to perform in a certain way. An entrepreneur is someone who has a good business idea and can turn that idea into reality. To be successful, an entrepreneur must not only identify an opportunity but also understand it in great depth. He or she must be able to spot a gap in the market and recognize what new products or services fill the gap. He or she must know what features it will have and why they will appeal to the customer. The entrepreneur must also know how to inform the customer about it and how to deliver the new offerings. All this calls for an intimate knowledge of a particular sector of industry. Turning an idea into reality calls upon two sorts of skills, these are:

II. General management skills and

III. People management skills

I) General Management Skills: These are skills required to organize the physical and financial resources needed to run the venture. Some of the most important general management business skills are:

- ***Strategy Skills*** – An ability to consider the business as a whole, to understand how it fits within its market place, how it can organize itself to deliver value to its customers, and the ways in which it does this better than its competitors.
- ***Planning Skills –*** An ability to consider what the future might offer, how it will impact on the business and what needs to be done to prepare for it now.
- ***Marketing Skills –*** An ability to see past the firm's offerings and their features, to be able to see how they satisfy the customer's needs and why the customer finds them attractive.
- ***Financial Skills –*** An ability to manage money; to be able to keep track of expenditure and to monitor cash-flow, but also an ability to assess investments in terms of their potential and their risks.
- ***Project Management Skills –*** An ability to organize projects, to set specific objectives, to set schedules and to ensure that the necessary resources are in the right plat of the right time.

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- ☞ ***Time Management Skills –*** An ability to use time productively, to be able to priorities important jobs and to get things done to schedule.

II) People Management Skills: Businesses are made by people. A business can only be successful if the peoples who make it up are properly directed and are committed to make an effort on its behalf. An entrepreneurial venture also needs the support of people from outside the organization such as customers, suppliers and investors. To be effective, an entrepreneur needs to demonstrative a wide variety of skills in the way he/she deals with other peoples. Some of the more important skills we might include under this heading are:

- ☞ ***Communication Skills*** – An ability to use spoken and written language to express ideas and inform others.
- ☞ ***Leadership Skills*** – An ability to inspire people to work in a specific way and to undertake the tasks that are necessary for the success of the venture.
- ☞ ***Motivation Skills*** – An ability to enthuse people and get them to give their full commitment to the tasks in hand. Being able to motivate demands an understanding of what drives people and what they expect from their jobs.
- ☞ ***Delegation Skills*** – An ability to allocate tasks to different people. Effective delegation involves more than instructing. It demands a full understanding of the skills that people possess how they use them and how they might be developed to fulfill future needs.
- ☞ ***Negotiation Skills*** – An ability to understand what is wanted from a situations, what is motivating others in that situation and recognize the possibilities of maximizing the outcomes for all parties.

All these different people skills are interrelated. Here entrepreneurial performance results from a combination of industry knowledge, general management skills; people skills and personal motivation.

The Entrepreneurial Tasks

We recognize entrepreneurs, first and foremost, by what they actually do – by the tasks they undertake. A number of tasks have been associated with the entrepreneur. Some of the more important are:

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- ✓ **Owning Organizations:** Ownership lies with those who invest in the business and own its stock – the principals, while the actual running is delegated to professional agents or managers. Therefore, if an entrepreneur actually owns the business, then he is in fact undertaking two roles at the same time that of an investor and that of a manager. Here we can also recognize many people as entrepreneur even if they do not own the venture they are managing.
- ✓ **Founding New Organizations:** The entrepreneur is recognized as the person who undertakes the task of bringing together the different elements of the organization (people, property, productive resource, etc.) and giving them a separate legal entity. The entrepreneur makes major changes in their organizational word.
- ✓ **Bringing Innovations to Market:** The idea of innovation encompasses any new way of doing something so that value is created. Innovation can mean a new product or service but it can also include a new way of delivering an existing product or service, new methods of informing the consumer about the product or new ways of organizing the company.
- ✓ **Identification of Market Opportunity:** An opportunity is the gap in a market where the potential exists to do something better and create value. Note that opportunity always takes priority over innovation.
- ✓ **Application of Expertise:** Entrepreneurs can rarely drive their innovation to market on their own. They need the support of other people both from their organizations and from people outside such as investor customer and supplier.
- ✓ **Provision of leadership:** A slightly more technical notion is that they have a special ability in deciding how to allocate scarce resources in situations where information is limited. It is their expertise in doing this that makes entrepreneurs valuable to investors.
- ✓ **The entrepreneur as manager:** At the end of the day the entrepreneur is a manager. The distinction between an entrepreneur and ordinary manager may lie on what the entrepreneur manager manages, how they manage, their effectiveness and the effect they have as a manager not by the particular tasks they undertake.

Wealth of the Entrepreneur

Wealth is money and anything that money can buy. It includes money, knowledge and assets of the entrepreneur.

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Who Benefits from the entrepreneur's Wealth? No entrepreneur works in a vacuum. The venture they create touches the lives of many other people. To drive his/her venture forward, the entrepreneur calls up on the support of a number of different groups. In return for their support these groups expect to be rewarded from the success of the venture. Peoples who have a part to play in the entrepreneurial venture generally are called stakeholder. The stakeholder groups are; employees, investor, supplier, customer, the local community and government. Let us look at the benefits of each stakeholder.

- **Employees:** They contribute physical and mental labor to the business. Success of the entrepreneurial venture depends on their effort and motivation. Therefore, they are rewarded with:
  - Money – their wage or salary
  - The possibility of owning a part of the firm through share schemes.
  - A stage of which they can develop social relationships.
  - The possibility of personal development.
- **Investors:** These are the peoples who provide the entrepreneur with the necessary money to start the venture and keep it running. There are two main sorts of investors: stockholders and lenders. Stockholders are those who buy the stock of the company and are true owners of the firm. The actual return of the stockholders varies depending on how the business performs. Lenders, on the other hand, are people who offer money to the venture on the basis of it being a loan. They do not actually own a part of the firm and their return is independent of the business's performance. They also take priority for payment over shareholders and face lower level of risk than the stockholders.
- **Supplier:** They are the individuals and organizations who provide the business with the materials, productive assets and information it needs to produce its output. They are paid for providing these inputs.
- **Customers:** Customers may need to make an investment in using a particular supplier. Changing supplier may involve switching costs and supplier, risk of quality and expenses incurred in changing over to new inputs. The entrepreneur may reward customers by offering quality products, fair prices, regular and consistency of supply, loan arrangement etc.

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- **The local community:** Business has physical locations. The way they operate may affect the people who live and other businesses which operate nearby. A business has a number of responsibilities, which may be defined or not in national laws, to this local community. Such as:
  - Not polluting their shared environment
  - Contributing and sponsoring local development activities
  - Contribution for political and cultural stabilities and economic improvements
  - Acting in an ethical way.
- **Government:** The responsibility of government is to ensure that businesses can operate in an environment which has political and economic stability. In addition, it provides central services such as education and health-care. These activities cost money to provide. Therefore, government should be rewarded for its services. Hence, government taxes individuals and businesses.

52. Staffing is concerned with

A. Physical Factor

C. Financial Factor

B. Environmental Factor

D. Human Factor

Justification

After jobs are identified, grouped & organizational structure is created, then comes the other managerial task- staffing. Organizations possess & utilize different kinds of resources. Among these resources, human resources are the most important one. Without human resource other resources remain futile. Due to this fact organizations are said to be life less without human resource. **"Human resource is the most important resource of an organization which deserves special treatment, respect & dignity" (Robert Own).** Accordingly, staffing serves to obtain essential resources to an organization. It is the process of identifying human resource needs, procuring the necessary employee, training, utilizing and separation of these employees. The major objective of staffing function is enabling an organization **to attract, to maintain, and to utilize efficient and effective workforce**.

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Staffing is the process of obtaining & maintaining capable & competent people to fill positions in organizational structure.

Nature of Staffing Function

- Staffing is an important managerial function
- Staffing is a universal activity
- Staffing is a continuous activity
- The basis of staffing function is efficient management of personnel's
- Staffing helps in placing right people at the right job
- Staffing is performed by all managers

53. Which of the following is a written statement of the research design that includes a statement explaining the purpose of the study and a detailed and systematic outline of a particular research methodology?

A. Research proposal
C. Research methodology
B. Research paper
D. Significance of the study

Justification

A research proposal is a comprehensive document that outlines the purpose, objectives, and methodology of a research study before it is conducted. It typically includes sections such as an introduction, literature review, research questions or hypotheses, methodology, significance of the study, and references.

A research paper is a written document that presents the findings of a research study or investigation.

Research methodology refers to the systematic approach or framework used to conduct research and gather relevant data.

The significance of the study refers to the importance or relevance of the research topic and findings.

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54. As a human resource manager of an organization you can appoint the newly selected employees to the job, in this case which human resource management activity do you perform?

A. Orientation **C. Induction**

B. Selection **D. Placement**

Justification

Selection is the process of picking individuals who have relevant qualifications to fill jobs in an organization. The basic purpose is to choose the individual who can most successfully perform the job from the pool of qualified candidates.

Induction & Orientation (Socialization); When the candidate is selected and offered a job, it is necessary to introduce the new employee to the organizations philosophy, rules, policies, etc….. then the new employee begins his work. He should be assimilated to the job & organizational environment. Induction & orientation have to do with familiarizing the new employee with the organization. They can be done by oral communication and physical observation, written media like manuals, guidelines and others. The employee will be given information on the organizations history, products, operations, policies & rules, services available, opportunities & other issues.

Induction & orientation are the two important tasks to be accomplished to ensure smooth organizational membership of a new employee. They are assimilation & socialization of a new employee.

Induction

- Refers to the process of familiarizing a new employee with the overall **organizational** environment through the provision of adequate information to bring about change in new employee's expectation, behavior, and attitude in order to assure the best match with organizational interest.
- Providing information about the organization's history, purpose, operations, products/services and his contribution to the organization and needs & benefits for the new entry. It is done through the interaction of the employee, the immediate supervisors & personnel.

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Orientation

- Designed to enable new employee to familiarize with **working** environment through the provision of adequate information. It involves discussion between a manager & employee regarding the job assignment including specific location, rules and procedures of the work as well as the materials, equipment's needed to do the job.

Placement; The candidates who have been selected should be given placement letters that state their employment and specific positions, and other employment related matters.

55. Assume your staffs are performing routine tasks, they need to understand certain standards and procedures and if you want to perform everything according to procedure or policy, which leadership style is preferable?

A. Autocratic
C. Democratic
B. Bureaucratic
D. Lazes fair

Justification

It is related with question No 49, You can cross check it.

56. An action taken against an employee who has violated an organizational rule or whose performance has deteriorated to the point where corrective action is needed is:

A. Maintenance
C. Grievance
B. Discipline
D. Integration

Justification

Maintenance naturally encompasses a continuation of all operative functions discussed so far. Special efforts must be made through communication and counseling process to maintain employees' attitude

Discipline is an action taken against an employee who has violated an organizational rule or whose performance has deteriorated to the point where corrective action is needed.

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Rather than an end by itself, discipline should be viewed as a learning opportunity for the employees and as a device to improve productivity and human relations.

Causes of Disciplinary Actions

- Poor job performance or conduct that negatively affects an employee's job performance. Absenteeism, insubordination, and negligence are examples of behaviors that lead to disciplinary actions.
- Actions that indicate poor citizenship. Examples include fighting on the job or theft of company property.

A grievance is a formal complaint regarding the event, action, or practice that violated the labor contract.

Integration: It is important that the employee not only be able to work, but be willing to work as well. There must be a reasonable merger of a person and organization interest

57. When elements in the population have a known chance of being chosen as subjects in the sample which of the following sampling design is used?

A. Non probability sampling **C. Probability sampling**

B. Accidental sampling **D. Purposive sampling**

Justification

Sampling: is a process or the selection of a small number of elements from a population to make judgment about population. The technique of selecting a sample is of fundamental importance in sampling theory and it depends upon the nature of investigation. The sampling procedures which are commonly used may be classified as: **Probability sampling, and non-probability sampling.**

Probability sample is one for which the inclusion or exclusion of any individual element of the population depends upon the application of probability methods and not on a personal judgment. It is so designed and drawn that the probability of inclusion of an element is known. The essential feature of drawing such a sample is the randomness. In a probability sampling, it is possible to estimate the error in the estimates and they can be minimized also. It is also possible to evaluate the relative efficiency of the various probability sampling designs.

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Non-probability sampling is a procedure of selecting a sample without the use of probability or randomization. It is based on convenience, judgment, etc. These samples have one common distinguishing feature: personal judgment rather than the random procedure to determine the composition of what is to be taken as a representative sample. The judgment affects the choice of the individual elements. All such samples are non-random, and no objective measure of precision may be attached to the results arrived at. The major difference between the two approaches is that it is possible to estimate the sampling variability in the case of probability sampling while it is not possible to estimate the same in the non-probability sampling.

Probability sampling techniques

i. **Simple random sampling:** A simple random sample from finite population is a sample selected such that each possible sample combination has equal probability of being chosen. It is also called unrestricted random sampling. Simple random sampling may be with or without replacement.

ii. **Stratified Random Sampling:** This technique is mainly used to reduce the population heterogeneity and to increase the efficiency of the estimates. Stratification means division into groups. In this method the population is divided into a number of subgroups or strata. The strata should be so formed that each stratum is homogeneous as far as possible. Then from each stratum a simple random sample may be selected and these are combined together to form the required sample from the population. There are two types of stratified sampling. They are **proportional** and **non-proportional**.

iii. **Systematic Sampling;** This method is widely employed because of its ease and convenience. A frequently used method of sampling when a complete list of the population is available is systematic sampling. It is also called Quasi-random sampling.

iv. **Cluster sampling and multistage sampling;** Under this method, the random selection is made of primary, intermediate and final or the ultimate units from a given population or stratum. There are several stages in which the sampling process is carried out. At first, the first stage units are sampled by some suitable method, such as simple random sampling. Then, a sample of second stage unit is selected from each of the selected first stage units, again by some suitable method which may be same as or different from the method employed for the first stage units. Further stages may be added as required.

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Non- Probability sampling techniques

This is also known as non-random sample. Each element in the population does not have an equal chance of being selected. Thus, the investigator does not consider the chance of the elements in selecting the sample units. The following techniques are non-probability sampling:

a. **Convenience sampling;** In this scheme, a sample is obtained by selecting 'convenient' population elements. For example, a sample selected from the readily available sources or lists such as telephone directory or a register of the small-scale industrial units, etc. will give us a convenient sample. In these cases, even if a random approach is used for identifying the units, the scheme will not be considered as simple random sampling. For example, if one studies the wage structure in a close by textile industry by interviewing a few selected workers, then the scheme adopted here is convenient sampling. The results obtained by convenience sampling method can hardly be said to be representative of the population parameters. Therefore, the results obtained are generally biased and unsatisfactory. However, convenient sampling approach is generally used for making pilot studies, particularly for testing a questionnaire and to obtain preliminary information about the population.

b. **Quota sampling;** In this method of sampling, the basic parameters which describe the population are identified first. Then the sample is selected which conform to these parameters. Thus, in a quota sample, quotas are fixed according to these parameters, and each field investigator is assigned with quotas of the number of units to be interviewed. Within the pre-assigned quotas, the selection of the sample elements depends on the personal judgment. Quota sampling method is generally used in public opinion studies, election forecast polls, as there is not sufficient time to adopt a probability sampling scheme.

c. **Judgment sampling;** Judgment sampling method can also be called as sampling by opinion. In this method, someone who is well acquainted with the population decides which members (elementary units) in his or her judgment would constitute a proper cross-section representing the parameters of relevance to the study. This, of course, is not a scientific method, but in the absence of better evidence, such a judgment method may have to be used.

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d. **Snowball sampling;** With this approach, you initially contact a few potential respondents and then ask them whether they know of anybody with the same characteristics that you are looking for in your research.

58. Which of the following not correct about controlling function?

A. Take corrective action for poor performance

B. The starting point of management function

C. Ensuring the actual activities confined to planned

D. Measure actual performance with the expected

Justification

The purpose of controlling is to determine whether people & the various parts of an organization are on target, achieving the progress towards their objectives that they planned to achieve.

Management control is a systematic effort

- To design information feedback systems,
- To set performance standards with planning objectives
- To compare actual performances with those predetermined standards,
- To determine whether there are any deviations & to measure their significance, &
- To take any action required to assure that all organizational resources are being used in the most effective & efficient way in achieving organizational objectives.

59. Which of the followings is not part of technical analysis of a project?

A. Analysis of appropriate machines, equipment, and tools

B. Analysis of employees and management team know-how

C. Analysis of mentally and physically workability of the project

D. Analysis of customers past and present needs of the project

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Justification

The technical analysis is used to establish whether or not a project is technically feasible and provide tentative alternatives to achieve the project's objectives. The technical feasibility analysis should consider various aspects and alternatives of a project as follows:

- ✓ Preliminary research and testing
- ✓ Selection of the production process
- ✓ Specification of operating and assembly equipment
- ✓ Location, buildings and site layout
- ✓ Availability of raw material and labor force
- ✓ Proximity of the location to the port
- ✓ Supplementary engineering works
- ✓ Efficiency
- ✓ Flexibility of productive capacity
- ✓ Work schedules
- ✓ Size of project

60. Assume your organization have rigid and formalized system and if it is not influenced by technological product and market changes and maintains a constant pattern, which form of organizational structure is preferable for the given organization?

A. Matrix structure
C. Organ's structure
B. Mechanistic structure
D. Bureaucratic structure

Justification

- **Matrix structure** is an organizational arrangement where employees report to multiple managers, typically across different functional areas or projects. It promotes cross-functional collaboration and flexibility in resource allocation.
- **Mechanistic structure** is a centralized organizational design characterized by rigid hierarchies, strict control, and standardized processes. Decision-making authority is concentrated at the top, and roles are clearly defined.

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- **Organic structure** is a decentralized organizational arrangement that emphasizes flexibility, adaptability, and collaboration. It features fluid communication channels, fewer formal rules, and encourages employee empowerment and innovation.
- **Bureaucratic structure** is a highly formalized and centralized organizational design characterized by strict adherence to rules, standardized procedures, and clear hierarchical control. Decision-making authority is centralized at the top of the hierarchy.

61. _____ refers to the buying behavior of final consumers those are individuals and households buy goods/services for personal consumption.

A. Consumer buying behavior **C. Business buying behavior**

B. Corporate buying behavior **D. Strategic buying behavior**

Justification

Buyers' behavior is the behavior that buyers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. There are two types of buyers based on the purpose of purchase. Such as

- ✓ **Consumer Buying Behavior;** The buying behavior of final consumers. It is the decision-making process and physical activity involved in Acquiring, Evaluating, Using and Disposing of products.
- ✓ **Business Buying Behavior;** is the decision-making process by which business buyers establish the need for purchased products, identify, evaluate and choose among alternative brands and suppliers.

62. Which type of utility representing having a product available when you want it?

A. Time Utility **C. Possession Utility**

B. Form Utility **D. Place Utility**

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Justification

A customer purchases a product because it provides satisfaction. That something that makes a product capable of satisfying want is its utility.

- **Form Utility:** is associated primarily with production- the physical or chemical changes that make a product more valuable.
- **Place Utility:** exists when a product is readily accessible to potential customers. So physically moving the products to a store near the customers add to its value.
- **Time Utility:** Time utility means having a product available when you want it.
- **Possession Utility:** Possession utility is created when a customer buys the product-that is, ownership is transferred to the buyer.
- **Information Utility:** Information utility is created by informing prospective buyers that a product exists.

63. A field of study that investigates the impact of individuals, groups and organizational structure on behavior within the organization is:

A. Organizational behavior
C. Individual behavior
B. Team behavior
D. Group behavior

Justification

Organizational behavior is a discipline that applies the knowledge acquired about individuals, groups and the effect of structure on behavior in order to make organizations work more effectively. The behavior of any organization believed to be affected by these three factors: individual, group and organization. Organizations behavior takes into account factors relating to the individual (employee) like personality, perception, attitude and values. In addition to this, organizational behavior also addresses the possible impact of behaviors exhibited by employees when they work in groups by studying their interpersonal relationship, reactions to different leadership styles, power and organizational politics. Moreover, it assesses the nature of organizational structures and their respective impact on various dependent variables. In doing so it indicates the organizational culture, cultural diversity and ways of handling differences at organizational level.

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Look at the following exhibit to understand the organizational behavior model.

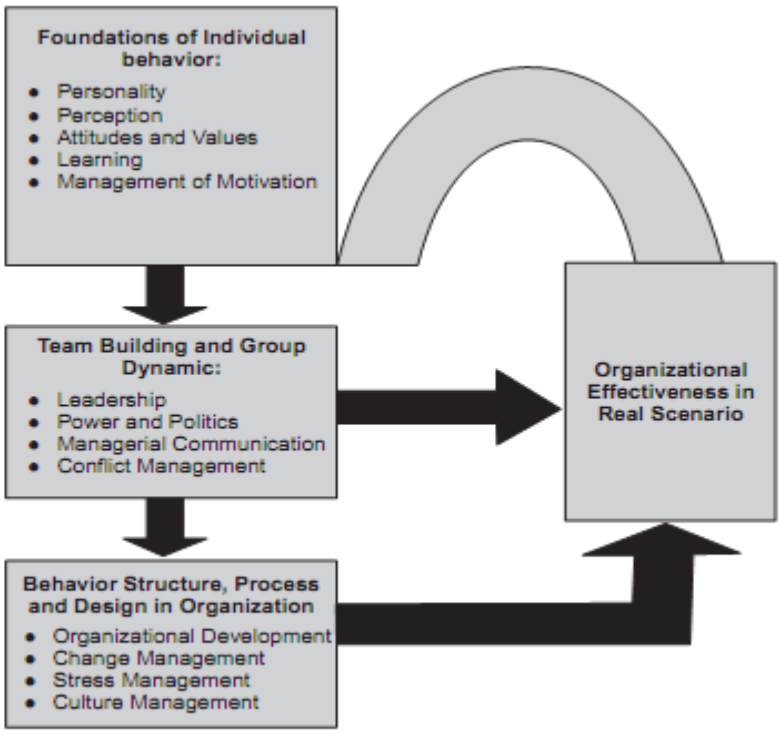


Fig. 1.12: Organization behavior model

64. Which of the following can be considered as disadvantages of interviews?

A. It is useful for collecting in-depth information

B. More appropriate for complex situations

C. Questions can be explained

D. If The researcher may introduce his/her bias

Justification

An interview involves an interviewer reading questions to respondents and recording their answers. The interview is like a conversation and has the purpose of obtaining information relevant to a particular research topic.

When interviewing a respondent, you, as a researcher, have the freedom to decide the format and content of questions to be asked of your respondents, select the wording of your questions, decide the way you want to ask them and choose the order in which they are to be asked.

Advantages	Disadvantages
o High response rate o Can collect complex information o It is useful for collecting in-depth information. o Information can be supplemented: non-verbal reactions o Questions can be explained. o Interviewing has a wider application: children, the handicapped, illiterate or very old.	o Applicable for limited sample only. o Can be difficult to analyses Interviewing is time consuming and expensive. o The quality of data depends upon the quality of the interviewer. o The quality of data may vary when many interviewers are used. o The researcher may introduce his/her bias.

65. Is the activity set of institutions, and processes for creating. communicating, delivering, and exchanging offerings that have value for customers, clients and society

A. Exchange

B. Producing

C. Good/service

D. Marketing

Justification

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (American Marketing Assocatin)

Producing; is the process or transformations of input (factors of production) into outputs (products).

Goods: Physical things that have value to buyers or customers. And **Services:** are intangible things of value that can be offered to the market.

Exchange; It is the act of obtaining a desired object from someone by offering something in return.

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66. Which one is not the advantage of using Chi-Square methods?

A. It used to analyse (nominal, ordinal and interval) scaling data

B. Easy to apply and quick to compute when sample size is small

C. Used if and only if population is distributed normally

D. It requires few assumptions

Justification

A chi-square distribution can be used to test whether a population follows one or another distribution (goodness of fit test). Chi-square distribution can also be used to test if two variables are independent. Any statistical test that uses the chi square distribution can be called chi square test. It is applicable both for large and small samples-depending on the context. That means the data has been counted and divided into categories. This distribution is not defined for negative real numbers and is not applicable when observations assume such values.

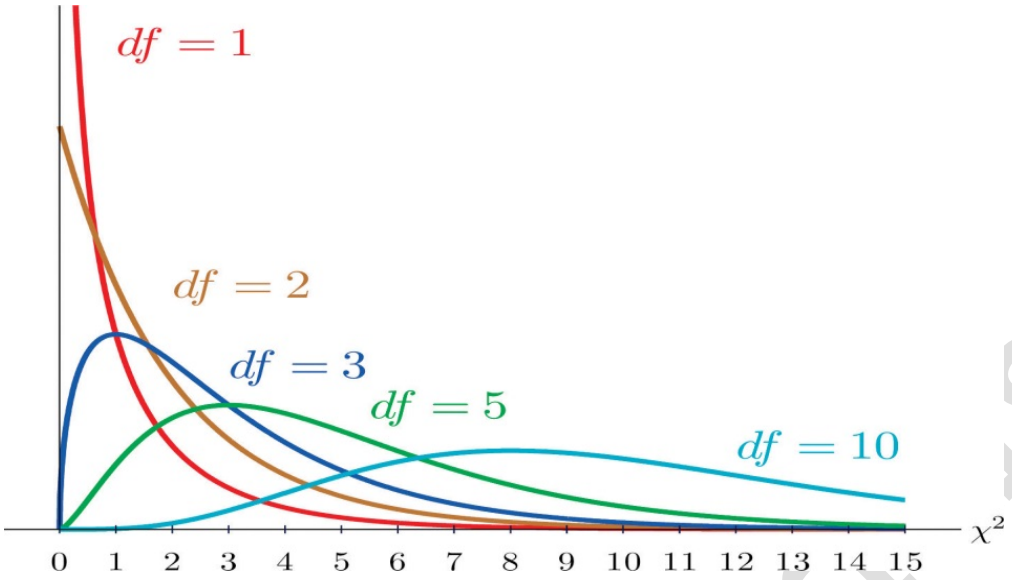
A Chi-square test is designed to analyze categorical data. That means that the data has been counted and divided into categories. It will not work with parametric or continuous data (such as height in inches).

Properties of the Chi-Square

- Chi-square is non-negative. X^2 curves do not extend to the left of zero. A chi-square random variable is a random variable that assumes only positive values and follows a chi-square distribution.
- The shape of the chi-square distribution depends on the number of degrees of freedom (df). When 'df' is small, the shape of the curve tends to be skewed to the right, and as the 'df' gets larger, the shape becomes more symmetrical and can be approximated by the normal distribution.
- The mean of the chi-square distribution is equal to the degrees of freedom, i.e. E(χ2) = df. While the variance is twice the degrees of freedom.

$$\mu_{x^2} = df \qquad \delta_{x^2} = \sqrt{2df}$$

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- Thus, χ^2 distribution depends on the degrees of freedom as its shape changes with the change in the 'df', and as 'df' becomes greater, χ^2 gets approximated by the normal distribution.
- The degrees of freedom when working with a single population variance is n-1. As $n \to \infty$ the χ^2 distribution approaches a normal distribution.

67. _____ refers to the process of identifying alternatives and selecting a course of action to solve specific problems.

A. Departmentation **C. Directing**

B. Decision making **D. Selection**

Justification

All organizations, regardless of their size or mission, divide their overall operations into sub-activities and then combine these sub-activities into working groups. **Departmentation** involves grouping of operating tasks into jobs, combining of jobs into effective work group and combining of groups into divisions often termed as 'departments.

Decision making: is defined as the process of selecting or choosing the best course of action from numbers of alternatives based on the criteria. Because managers are continually confronted with opportunities and threats/problem from external environment. They must constantly analyze the effect of different decisions on their organizations. Then select the alternative that will move the firm toward its stated objectives.

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Directing is the process of integrating the people with the organization, to obtain their willingness and enthusiastic co-operation for the achievement of its goals.

Selection is the process of identifying and choosing those applicants from the pool of applicants that the persons best meeting/fitting job specification. Securing & extracting relevant information about an applicant. It is crucial process & requires constant attainment. The ultimate objective of selection is to match the requirement of the job and the qualification like: skill, knowledge & experience of applicant.

68. Which strategy is the most appropriate strategy for a firm to reduce the threat of supplies bargaining power"

A. Backward integration
C. Related diversification
B. Forward integration
D. Vertical integration

Justification

Integration is an expansion strategy as its adoption results in a widening of the scope of the business definition of a firm. Integration is also a subset of diversification strategies as it involves doing something different from what the firm has been doing previously. Among the integration strategies we shall see two types: vertical and horizontal integration. Any new activity undertaken with the purpose of either supplying inputs (such as raw materials) or serving a customer for outputs (such as marketing of firm's product) is vertical integration.

i. **Vertical Integration:** Vertical integration could be of two types: backward and forward integration.
   - ***Backward Integration***: means retreating to the source of raw materials. Here, the firm seeks growth by acquiring ownership or increased control of supply sources. In internal backward integration, the firm creates its own source of supply, perhaps by establishing a subsidiary company. The external backward integration approach entails the purchase or acquisition of an existing supplier.
   - ***Forward Integration***: here the organization moves nearer to the ultimate customer. In this regard, the firm seeks growth by acquiring ownership or increased control of channel functions closer to the ultimate market, such as sales and distribution systems.

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Related diversification involves expanding into new businesses or markets that are related to the company's existing products, technologies, or capabilities. This strategy allows the company to leverage its existing strengths and resources while entering new areas of business.

69. If all a_{ij} values in the entering variable column of the simplex table are negative, the solution for a given linear programming problem is said to be:

A. Degenerate solution

C. Alternate solution

B. Infeasible solution

D. Unbounded solution

Justification

A degenerate solution in linear programming occurs when the basic feasible solution has one or more basic variables equal to zero. This situation can lead to inefficiencies in the optimization process. A basic feasible solution is called degenerate if one of its RHS coefficients (excluding the objective value) is 0. When applying the Simplex Method to calculate the minimum coefficient or feasibility condition, if there is a tie for the minimum ratio or minimum coefficient it can be broken arbitrarily. In this instance, at least one basic variable will become zero in the following iteration, confirming that in this instance the new solution is degenerate. The practical implication of this condition indicates that the model has at least one redundant constraint.

An infeasible solution in linear programming refers to a solution that violates one or more of the problem's constraints. It indicates that there is no feasible solution that satisfies all the constraints simultaneously. Infeasibility is a condition that arises when no value of the variables satisfy all of the constraints simultaneously. This means there is no unique (single) feasible region.

An alternate solution in linear programming refers to a solution that is equally optimal to the optimal solution. It has the same objective function value as the optimal solution but may have different values for the decision variables. In certain cases, a given LP problem may have more than one solution yielding the same optimal objective function value. Each of such optimal solutions is termed as alternative optimal solution. There are two conditions that should be satisfied for an alternative optimal solution to exist:

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- The given objective function is parallel to a constraint that forms the boundary (or edge) of the feasible solution region. In other words, the slope of the objective function is same as that of the constraint forming the boundary of the feasible solution region, and
- The constraint should form a boundary on the feasible region in the direction of optimal movement of the objective function. In other words, the constraint should be an active constraint.

An unbounded solution in linear programming occurs when the objective function can be increased indefinitely without violating any of the problem's constraints. It indicates that there is no upper limit to the objective function value, making it unbounded. Sometimes an LP problem will not have a final solution. This means when one or more decision variable values and the value of the objective function (maximization case) are permitted to increase infinitely without violating the feasibility condition, then the solution is said to be unbounded. It is important to note that there is difference between a feasible region being unbounded. It is possible for a feasible region to be unbounded but LP problem not to be bounded, that is, an unbounded feasible region may yield some definite value of the objective function. The general cause of an unbounded LP problem is a mistake in mathematical model formulation.

70._____ is the multinational process of planning, pricing, promotion, and distribution of goods, and services to create exchanges that satisfy individual and organizational objectives.

A. International marketing
C. Domestic marketing
B. Comparative marketing
D. Conventional marketing

Justification

International marketing refers to the process of planning, pricing, promotion, and distribution of goods and services across national borders to create exchanges that satisfy individual and organizational objectives. It involves tailoring marketing strategies to suit diverse cultures, economic conditions, and regulatory environments in different countries.

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Comparative marketing involves comparing the products, services, or marketing strategies of one company with those of competitors. It aims to identify strengths, weaknesses, opportunities, and threats relative to competitors to gain competitive insights and strategic advantages.

Domestic marketing focuses on marketing activities within a single country's borders. It involves understanding and meeting the needs of customers in the local market through product development, pricing, promotion, and distribution strategies tailored to the domestic market environment.

Conventional marketing refers to traditional marketing approaches and techniques used to promote products or services. It includes tactics such as advertising, direct sales, public relations, and promotional events conducted through traditional channels like television, print media, and face-to-face interactions.

71. Mridula sold 95 men's suits for the regular price of Birr 400. for the spring sale the Suits were reduced to Birr 200 and 126 were sold. At the final clearance, the price was reduced to Birr 100 and the remaining 79 suits were sold. What is the weighted mean price of a suite.

A. 257 **B. 355.5** **C. 117.52** **D. 237**

Justification

The mean or average is defined as a statistical measure that computing by the sum of the observations divided by the number of observations.

$$\bar{x} = \frac{\sum_{i=1}^{n} x_i f_i}{n}$$

$$\bar{x} = \frac{x_1 f_1 + x_2 f_2 + x_3 f_3 + \cdots + x_n f_n}{f_1 + f_2 + f_3 + \cdots f_n}$$

$$\bar{x} = \frac{95(400) + 126(200) + 79(100)}{95 + 126 + 79}$$

$$\bar{x} = \frac{71100}{237}$$

$$\bar{x} = 237$$

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72. in a transportation problem, what indicates that the minimum cost solution has been found?

A. All cells in the dummy row are empty

B. All improvement indices are negative or zero.

C. All improvement indices are positive or zero.

D. All improvement indices are equal to zero.

Justification

- **The test of optimality for a minimization (cost) problem:** If one or more of the cell evaluators is negative, the existing solution is not optimal. i.e.: For minimization (cost) problems, all the cell evaluators must be positive for optimality.
- **The test of optimality for a maximization (profit) case:** Is the reversed of minimization case. If one or more of the cell evaluators is positive, the existing solution is not optimal. i.e.: for a maximization (profit) case, all the cell evaluators must be negative for optimality.

73. _____is the only element of the marketing mix that directly produces revenue for the company.

A. Price

B. Promotion

C. Project

D. Product

Justification

Marketing mix is marketing manager's tool for achieving marketing objectives/targets. For attracting consumers every manufacturer has to concentrate on four basic elements/components. The marketing mix, often referred to as the 4Ps, is a fundamental concept in marketing that outlines the four key elements essential for effectively marketing a product or service. These elements are:

1. **Product**: This refers to the actual goods or services offered to customers to fulfill their needs or wants. It includes aspects such as product design, features, quality, branding, packaging, and any additional services that accompany the product.

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2. **Price**: Price represents the monetary value assigned to the product or service being offered. It encompasses pricing strategies, such as cost-based pricing, competition-based pricing, or value-based pricing, as well as considerations like discounts, payment terms, and perceived value by customers, and the only element of the marketing mix that directly produces revenue for the company.
3. **Place (Distribution)**: Place refers to the methods and channels used to make the product or service available to customers. It involves decisions regarding distribution channels (e.g., direct sales, retailers, online platforms), logistics, warehousing, inventory management, and ensuring that the product reaches the target market effectively and efficiently.
4. **Promotion**: Promotion involves the various tactics and strategies used to communicate the value proposition of the product or service to the target market and persuade customers to make a purchase. This includes advertising, sales promotions, public relations, personal selling, direct marketing, and digital marketing efforts aimed at building brand awareness, generating interest, and driving sales.

These four elements are interconnected and need to be carefully integrated to create a cohesive marketing strategy that effectively addresses the needs and preferences of the target market, maximizes customer value, and achieves the company's objectives.

74. Which of the following is statistical quality control tool used to monitor changes in the mean of a process?

A. P-charts **C. X-bar chart**

B. Range ® chart **D. C-charts**

Justification

Each of the charts mentioned (P-charts, R-chart, X-bar chart, and C-chart) plays a crucial role in statistical quality control and process improvement. Here's a brief overview of the importance of each chart:

A. P-charts (Proportion charts): P-charts are used to monitor the proportion of defective items or nonconformities in a process over time.

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- They help in identifying variations in the proportion of defects, which can indicate changes in the process that need attention. P-charts are particularly useful in industries where the output is discrete and can be categorized as either conforming or nonconforming.

B. Range (R) charts: R-charts are used in conjunction with X-bar charts to monitor the process variability or dispersion over time.

- They plot the range of subgroup data, which represents the difference between the highest and lowest values within each subgroup. R-charts help in detecting changes in process variability, such as shifts or drifts, which can indicate potential issues in the process.

C. X-bar ($\bar{X}$) charts: X-bar charts are used to monitor the central tendency or average of a process over time.

- They plot the means of subgroup data, providing a visual representation of the process mean and its variability. X-bar charts help in detecting shifts or trends in the process mean, allowing for timely adjustments to maintain process stability and meet quality standards.

D. C-charts (Count charts): C-charts are used to monitor the number of defects or nonconformities per unit of measurement in a process.

- They help in identifying variations in the count of defects, which can indicate changes in the process that require corrective action. C-charts are commonly used in situations where the output is measured in counts or discrete units.

75. F.W. Taylor is called as a father of _____Management

A. Contingency **C. Classical**

B. Neo-classical **D. Scientific**

Justification

Scientific Management Theory; Although we've seen how management has been used in organized efforts since early history, the formal study of management didn't begin until early in the twentieth century. These first studies of management, often called the classical approach, emphasized rationality and making organizations and workers as efficient as possible.

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Three major theories comprise the classical approach: scientific management, general administrative theory, bureaucratic theory. The two most important contributors to scientific management theory were Frederick W. Taylor and the husband-wife team of Frank and Lillian Gilbreth. The single important contributor to general administrative theory was Henri Fayol and bureaucratic theory by Max Weber.

Frederic Winslow Taylor (1856-1915)

If you had to pinpoint when modern management theory was born, 1911 might be a good choice. That was when Frederick Winslow Taylor's Principles of Scientific Management was published. Its contents were widely embraced by managers around the world. Taylor's book described the theory of scientific management: the use of scientific methods to define the "one best way" for a job to be done. Taylor worked at the Midvale and Bethlehem Steel Companies in Pennsylvania. He was an American Engineer and worked in the Midvale steel co. as an apprentice pattern maker, a common laborer, a supervisor, a master mechanic and then a chief engineer of the steel co. That gave him many opportunities to know at first hand the problems & attitudes of workers and to see the great opportunities for improving the quality of management.

His major concern was to increase efficiency in production, not only to cover costs raise profits but also to make possible increase in pay for workers through their higher productivity, through one best of doing a job. Taylor wanted to find the most effective way to use people and resources in the workplace. He believed that there was one best way of performing every process and task in industry. He thought that, to find the best way, workers' performance of a task should be examined scientifically, objectively, and in detail, using an empirical and experimental approach. Only then could a more productive way of doing the job be found.

After finding the one best way of doing a job, managers should then teach it to the workers. He thought that an incentive system rewarding fast workers and penalizing slow workers would encourage them to adopt the new system. He believed that scientific methods would eventually replace intuition and rule-of thumb, which had been used in organizations up until then.

Scientific management he testified, "required complete mental revolution", he believed that the mental revolution must occur in the workers minds and in the minds of management as well. This is because he believed that

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- The first problem of labor-management was the issue of division of surplus created by the industry. Here the mental revolution was important to avoid the quarrelling about how surplus should be divided and unite to increase the size of surplus.
- The second aspect was to make the scientific method the sole basis for designing work methods and production standards (how much each worker should produce). This is because management was ignorant in setting 'fair days work' and 'fair days pay'.

Taylor also believed in that people were lazy by nature, although training could improve performance. He especially disliked "systematic soldiering", deliberate slow downs, and loafing promoted by what were latter called informal work groups. Thus, he strongly believed in breaking up such groups and emphasizing rewards for individual performance.

His engineering background provided a model for establishing principles of management that would guide scientific analysis of work so as to improve task efficiency.

76. When leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change is:

A. Planned change
C. Revolutionary change
B. Unplanned change
D. Evolutionary change

Justification

There are two types of changes such as: Planned change, and Unplanned changes

- **Planned change;** It occurs when leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change.
- **Unplanned change;** Not all forces for change are the result of strategic planning. Indeed, organizations must be responsive to changes that are unplanned. It is occurred with sudden changes in both internal and external forces.

A change also classified as,

- ❖ **Evolutionary change;** It is change that happens **over time** to ensure the survival of the organization, and it is typically change brought about by **either outside pressure** or **incentives.**

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- **Revolutionary change;** It occurs when organizations make **radical transformations** to their product or service in an effort, and it is when the organization anticipates a market change before it happens and views these potential market changes as a business challenge.

77. A key concern for manufactured goods, easy of fabrication and or assembly which is important for cost, productivity, and quality, refers to,

A. Reverse engineering
C. Product liability
B. Product life cycle
D. Manufacturability

Justification

Product liability: The responsibility of a manufacturer for any injuries or damages caused by a faulty product.

Product Life Cycle; refers to the timeline of a product's relevancy in the market. May be any length from a few hours to decades.

Manufacturability is the ease of fabrication and/or assembly. Which is important for: Cost, Productivity Quality.

Some companies purchase a competitor's product and then carefully dismantle and inspect it, searching for ways to improve their own product. This is called **reverse engineering**. Sometimes reverse engineering can enable a company to leapfrog the competition by developing an even better product.

78. There is any cause and effect (causal relationship) between two variables or between one variable on one side and two or more variables on the other side, we will use?

A. Regression analysis
C. T test analysis
B. Correlation analysis
D. Frequency distribution

Justification

Regression analysis; is used to determine the causal relationship between variables or to predict the value of a dependent variable based on the values of one or more independent variables.

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It helps in understanding how changes in one variable are associated with changes in another variable, allowing for the identification of cause-and-effect relationships.

Correlation analysis: A statistical technique used to measure the strength and direction of the relationship between two or more variables.

T-test analysis: A statistical method used to determine if there is a significant difference between the means of two groups.

Frequency distribution: A representation of how often values occur within a dataset, typically displayed as a table or graph showing the frequency of each value or range of values.

79. Which one of the following is considered as the role of entrepreneurship in Economic development?

A. Imbalance Regional Development

B. Provide similarity in Firms

C. Reduce employment opportunity

D. Improve per capital income

Justification

Role of Entrepreneurs in Economic Development;

1) **Improvement in per capita Income/Wealth Generation**: Entrepreneurs play a vital in the economic development of a region. From the fall of Rome (AD 476) to the eighteenth century, there was virtually no increase in per capita wealth generation in the West. With the advent of entrepreneurship, however, per capita wealth generation and income in the west grew exponentially by 20 Percent in the 1700s, 200 percent in the 1800s, 740 percent in the 1900 (Drayton, 2004).
2) **Generation of Employment Opportunities:** By creating a new business enterprise, entrepreneurs generate employment opportunities for others. Unemployment is a major issue, especially in the context of developing economies like Ethiopia. Educated youth often are unable to get to get a suitable employment themselves. Thus, entrepreneurs not only self-employ themselves, but also create jobs for others.

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3) **Inspire others Towards Entrepreneurship**: The team created by an entrepreneur for his new undertaking often provides the opportunity for the employees to have a first-hand experience of getting involved in an entrepreneurial Venture. An existing venture provides a number of entrepreneurial opportunities through forward and backward linkages, to these employees even to become entrepreneurs themselves. Thus, this process helps in forming a chain reaction of entrepreneurial activity which directly contributes to the health of the economy.
4) **Balanced Regional Development**: Entrepreneurs help to remove regional disparities in economic development. They set up the industries in the backward areas to avail various subsidies and incentives offered by the Central and State Governments, thereby balancing the economic growth in different regions in the country.
5) **Enhance the Number of Enterprise**: When new firms are created by entrepreneurs, the number of enterprises based upon new ideas/ concepts/ products in a region increases. Not only does an increase in the number of firms enhance the competition for new ideas, but greater competition across firms also facilitates the entry of new firms specializing in a particular new product or service. This is because the necessary complementary inputs are more likely available from small specialist niche firms than from large vertically integrated products (Jacobs, 1969).
6) **Provide Diversity in Firms**: Entrepreneurial activity often results into creation of a variety of firms in a region. These firms operate into diverse activities and it has been found that it is this diversity in firms which fosters economic development and growth rather than homogeneity. According to Jacobs (1969), it is the exchange of complementary knowledge across diverse firms and economic agents that yield an important return on new economic knowledge.
7) **Economic Independence**: Entrepreneurship is essential for self-reliance for a country. Entrepreneurs create industries that manufacture indigenous substitutes, thereby reducing the dependence on imports. Also, the goods are exported to other countries to earn foreign exchange. This import substitution and export promotion results in more economic independence to the country

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8) **Combine Economic factors:** All the products bought and sold in an economy are a mix of three primary economic factors. Now value is created by combing these three things together in a way which satisfies human needs.
9) **Provide Market efficiency:** Efficient means resources are distributed in an optimal way that is the satisfaction that people can gain from them is maximized. An economic system can only reach this state if there is competition between different suppliers. If a supplier is not using competition, then they will tend to demand profit in excess of what the market would allow and reduce the overall efficiency of the system
10) **Accepting Risk:** Risk is the potential variation in terms of future outcomes. We do not know exactly what the future will bring. This lack of knowledge creates uncertainty.
11) **Maximize Investor's Return:** Entrepreneurs create and run organizations which maximize long-term profit on behalf of the investors which in turn generates overall economic efficiency.

80. Which one of the following is true about power?

A. Power need not be legitimate.

B. Power needs to be always legitimate.

C. It is always illegitimate and can be a source of authority.

D. It is only associated with formal organizations.

Justification

Power is ability to get others to do what one wants them to do. Power refers to a capacity that A has to influence the behavior of B so B acts in accordance with A's wishes. Power refers to a capacity that A has to influence the behavior of B so that B does something he/she wouldn't otherwise do.

- Managers derive power from both organizational and individual sources. These sources are called position power and personal power

1. Position Power

- Three bases of power are available to a manager solely as a result of his or her position in the organization: reward, coercive, and legitimate power.

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2. Personal Power

- Personal power resides in the individual and is independent of that individual's position. Personal power is important in many well-managed firms. There are two bases of personal power: expertise and charisma of the individual.

81. Assume Mr. Merga has collected 100 ideas from different sources and he screened and down to 10 ideas to spot good ideas and eliminate poor one. Which one of the following idea screening methods is used by Mr. Merga?

A. Micro Screening
C. Sectorial Analysis
B. Macro Screening
D. Area Analysis

Justification

Idea screening is the process to spot good ideas and eliminate poor one. To screen the business idea generated, three approaches are discussed as follow:

1) **Macro screening**: is aimed screening down ideas to 10. And the common criteria are:
   - Are my own competencies (see strength detector) sufficient?
   - Can I finance it to a large extent with my own equity?
   - Will people buy my product/service (i.e., is it needed and can people afford it)?
2) **Micro Screening**: is aimed screening down ideas into 3. The common criteria used for screening are:
   - Solvent demand
   - Availability of raw materials
   - Availability of personal skills
   - Availability of financial resources
3) **Scoring the Suitability of Business Idea**:

This approach is most appropriate when deciding on starting a business. When you have completed the summary of your business idea, you can go on to the next step to start your own business: Prepare a business plan for the proposed business.

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82. Which one of the following is an external environmental factor to change?

A. Employee needs

B. Performance change

C. Political and legal environment

D. Nature of the work force

Justification

It's essential to keep a pulse on external environmental factors to maintain smooth operations. External environment factors are elements that exist outside of a company's internal environment that can affect a company's operations. These outside forces can help the business or present challenges to its current processes. Managers often keep track of external environment factors so they can recognize and resolve the issues the factors cause and make appropriate changes. PESTLE analysis is a strategic tool used to analyze the external factors that can impact an organization's operations and strategies. PESTLE stands for Political, Economic, Social, Technological, Legal, and Environmental factors.

83. A human resource activity that is used to determine the extent to which an employee is performing the job effectively is

A. Development

B. Compensation

C. Performance appraisal

D. Human resource planning

Justification

Human resource management functions are the set of activities performed in utilizing human resources for better achievement of organizational objectives.

a) Human Resource Planning

Human resource planning (HRP) is the process of systematically reviewing human resource requirements to ensure that the required numbers of employees, with the required skills, are available when they are needed. HRP is the process of matching the internal and external supply of people with job openings anticipated in the organization over a specified period of time.

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b) Job analysis*:* The analysis used to determine the tasks and the necessary credentials (education, experience etc.) for a particular position. It is important to develop job specification and job description.

- ***Job description:*** *A written description of a management position, covering title, duties and responsibilities.*
- ***Job specification:*** *A written description of the education, experience, and skills needed to perform a job or fill a position effectively.*

c) Recruitment and selection

Recruitment is the process of attracting individuals in sufficient numbers and encouraging them to apply for jobs with the organization. It is the process of identifying and attracting a pool of candidates, from whom some will later be selected to receive employment offers.

Selection is the process of choosing from a group of applicants the individuals best suited for a particular position. Whereas recruitment encourages individuals to seek employment with a firm, the purpose of the selection process is to identify and employ the best qualified individuals for specific positions.

d) *Orientation and induction*

It is the beginning of a continuous socialization process that builds employee's relationship, attitudes and commitment to the company. Here, new employee learns about their working environment, meet their co-worker and learn about the rules and regulations and benefit expected.

When a new person joins the organization, he feels strange, shy and nervousness. He is totally a stranger to the people, workplace and environment. Induction leads to reduction of such anxieties, frustration etc. of the new employee and reduces reality shock

e) *Training and Development*

Training and development aim to increase employee's ability to contribute to organizational effectiveness. *Training* is a process designed to maintain or improve performance (and skills) in the present job. *Development* is a programme designed to develop skills necessary for future work activities. It is designed to prepare employees for promotion.

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f) *Compensation Administration*

Compensation administration refers to the administration of every type of reward that individuals receive in return for their services. In its boarder sense, compensation represents all sorts of rewards that individuals receive as a result of their employment.

g) *Performance Evaluation*

Performance evaluation is a formal system of periodic review and evaluation of an individual's job performance.

h) Integration and maintenance

After the employee has been procured, developed and compensated monetarily, the most important and difficult function of personnel management is to bring about an integration of human resources in the organization. Integration is concerned with the attempt to effect a reasonable reconciliation of individual, societal and organizational interests. It deals with the problems related to such as grievances, disciplinary action and labor unions, human relations, reduce absenteeism, increase morale etc.

The maintenance function deals with sustaining and improving the conditions that have been established. Specific problems of maintaining the physical conditions of employees like health and safety measures and employee service programs are the responsibility of the personnel department.

i) *Safety and Health*

Safety involves protecting employees from injuries caused by work-related accidents. *Health* refers to the employees' freedom from illness and their general physical and mental well-being. These aspects of the job are important because employees who work in a safe environment and enjoy good health are more likely to be productive and yield long-term benefits to the organization.

j) *Promotions, transfers, demotions and separations*

Promotions, transfers, demotions, and separations reflect an employee's value to the organization. High performers may be *promoted* or *transferred* to help them develop their skills, while low performers may be *demoted*, *transferred* to less important positions, or even separated.

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k) *Human Resource Research*

Human resource research is a systematic gathering, recording, analyzing, and interpretation of data for guiding human resource management decisions. Every human resource management function needs effective research.

Finally Other areas such as employee and labor relations, collective bargaining, employee rights and discipline, and retirement are also concerns of human resource management.

84. Assume manager interviews job candidates from a pool of applicants; the candidate is likely to receive a better evaluation if interviewed after a low performer applicant, and a worse evaluation if interviewed after a strong applicant, which type of perceptual error is committed by the manager?

A. Stereotyping
C. Contrast effect
B. Selective perception
D. Projection

Justification

Problems associated with performance appraisals

Problems of performance appraisal are associated with the rater, ratee and appraisal systems. Some of the problems seen in performance appraisal include:

A. Lack of objectivity (unclear performance standards): Unclear performance standards are an appraisal scale that is too open to misinterpretation by including standards like "good" or "unsatisfactory", instead of including descriptive phrases that define each trait. Some traits used for evaluating performance are difficult to measure and thus lack objectivity.

B. **Halo effect:** Halo effect is the performance problem that occurs when a supervisor's rating of an employee on one trait biases. When we meet someone, and the first impression of him is very positive, then we tend to ignore the negative characteristics in the person and concentrate only on the positive characteristics during appraisal. The "halo effect" captures what happens when a person who is judged positively based on one aspect is automatically judged positively on several others without much evidence. This problem occurs with employees who are especially friendly (unfriendly) toward the supervisor. For example, unfriendly employee will often be rated unsatisfactorily for all traits rather than just for the trait.

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C. **Horn error:** Manager generalizes one *negative* performance feature or incident to all aspects of employee performance, resulting in lower rating. If our first impression about a person is negative, we tend to ignore his positive characteristics and concentrate only on the negative ones. *Clearly it is the opposite of halo effect.*

D. Leniency: Leniency is the problem that occurs when the rater has a tendency to rate all employees as high performers. It is the grouping of ratings of all employees at the positive end instead of spreading them throughout the performance scale. This leniency problem is especially serious with graphic rating scale since raters aren't necessarily required to avoid giving their employees high ratings. This problem makes it difficult to differentiate the good performers from the poor performers.

E. Strictness: Strictness is the problem that occurs when the rater has a tendency to rate all employees as low performers. It is the grouping of ratings of all employees at the negative end instead of spreading them throughout the performance scale. This strictness problem is especially serious with graphic rating scale since raters aren't necessarily required to avoid giving their employees low ratings. This problem makes it difficult to differentiate the good performers from the poor performers.

F. Central tendency: Central tendency is a tendency to rate all employees the same way, such as rating them all average. This problem occurs when appraisal statistics indicate that most employees are appraised as being near the middle of the performance level. In such cases, it would be very difficult to differentiate good performers from poor performers.

G. Recent behavior bias: This occurs when evaluations are based on the employee's recent behaviors or work performed most recently. This may not be a representative of the overall performance of the employee throughout the evaluation period. This problem makes it difficult to differentiate the good performers from the poor performers.

Personal preferences, prejudices, and biases can also cause errors in performance appraisals. Appearance, social status, dress, race, and sex have influenced many performance appraisals.

H. Similarity error: Evaluator rates others in the same way that the evaluator perceives himself or herself.

I. Low appraiser motivation: Evaluators may be reluctant to be accurate if important rewards for the employee depend on the results.

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J. **Inflationary pressures**: Pressures for equality and fear of retribution/revenge for low ratings leads to less differentiation among rated employees.

K. **Anxiety**: Evaluation process may create anxiety for appraised employee opportunities for promotion, better work assignments, and increased compensation may hinge on results

L. **Personal bias (stereotyping):** Managers allow individual differences such as gender, race, or age to affect ratings. Effects of cultural bias, or stereotyping, can influence appraisals.

M. **Selective perception:** The tendency to selectively interpret and perceive information in a way that aligns with one's existing beliefs, values, or expectations, while ignoring or distorting information that contradicts those perceptions.

N. **Contrast effect:** The phenomenon where the perception of an object or individual is influenced by the comparison with another object or individual that is encountered immediately before or after, leading to an exaggerated difference in perception.

O. **Projection:** The psychological mechanism by which individuals attribute their own thoughts, feelings, or characteristics onto others, often unconsciously, as a way to cope with or understand their own internal conflicts or desires.

85. Pessimistic times and optimistic times of completion of an activity given as 10 days and 4 days respectively the variance of the activity will be:

A. 10 **B. 1** **C. 12** **D. 6**

Justification

Program evaluation review technique (PERT) is a technique that uses optimistic, pessimistic, and realistic time estimates to calculate the expected time for a particular task. This technique helps you obtain a better time estimate when you are uncertain as to how much time a task will require to be completed.

$$ET = \frac{o + 4r + p}{6}$$

where

ET= expected time for the completion

o=optimistic completion time.

r= realistic completion time.

p= pessimistic completion time.

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The Variance give the measure of uncertainty of activity completion. The variance of the activity is given by

$$\sigma^2 = (P\text{-}O/6)^2$$

$$\sigma^2 = (10\text{-}6/6)^2$$

$$\sigma^2 = 1$$

86.

To/From	D_1	D_2	D_3	D_4	SUPPLY
Source 1	19	30	50	10	7
Source 2	70	30	40	60	9
Source 3	40	8	70	20	18
DEMAND	5	8	7	14	34/34

If you use north west corner method to find the initial feasible solution, the total transportation cost of the initial solution is:

A. 1055 **B. 1215** **C. 1200** **D. 1015**

Justification

North West Corner Method (NWCM)

This method does not take into account the ***cost of transportation*** on any route of transportation. The NWCM gets its name because the starting point for the allocation process is the ***Upper Left-hand*** (***Northwest***) corner of the transportation table. Therefore, allocate to the ***Northwest corner as many units as possible.***

The following set of principles guides the allocation:

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1. Begin with the ***upper left-hand cell*** (Left, upper most in the table), & allocate ***as many units as possible*** to that cell. This will be the ***smaller amount*** of either the row supply or the column demand. Adjust the row & column quantities to reflect the allocation.
2. Subtract from the row supply & from the column demand the amount allocated
3. If the column demand is now zero, move to the cell ***next*** to the ***right***, if the row supply is zero, move ***down*** to the cell in the ***next*** row.

   If both are zero, move ***first*** to the ***next*** cell on the ***right*** then down one cell.
4. Once a cell is identified as per step (3), it becomes a ***northwest cell***. Allocate to it an amount as per step (***1***)
5. Repeat, the above steps (1) - (4) until all the remaining supply and demand is gone

Solution to the above case

a. ***Table***: ***Initial feasible solution***

To / From	***D1***	***D2***	***D3***	***D4***	***Supply***
S1	*19* **5**	*30* **2**	*50*	*10*	**7**
S2	*70*	*30* **6**	*40* **3**	*60*	**9**
S3	*40*	*8*	*70* **4**	*20* **14**	**18**
Demand	**5**	**8**	**7**	**14**	**34**

Check that the solution is feasible or not:

==>m + n-1; m=3 and n=4 ⇒ 3+4-1= 6 cells occupied (Feasible solution)

The total transportation cost of the initial feasible solution derived by the NWCM is:

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Route		*Unit*	*Per unit*		*Total*
From	*To*	*Shipped*	*cost*	=	*Cost*
Source 1	Demand 1	5	19		95
Source 1	Demand 2	2	30		60
Source 2	Demand 3	6	30		180
Source 2	Demand 4	3	40		120
Source 3	Demand 4	4	70		280
Source 3	Demand 4	14	20		280
				Total Cost= $ 1015	

87. Minimize; Z= 20X1 + 10X2

Subjects to the constraints $X1 + 2X2 \geq 40$

$3X1 + X2 \geq 30$

$X1\ X2 \geq 0$

and corner points of the feasible region are as follow (15,0), (40,0), (4,18) and (6,12). Hence the optimal solution to the given LP problem is:

A. X1=4, X2=18 and Z=260

B. X1=40, X2=0 and Z=800

C. X1=6, X2=12 and Z=240

D. X1=15, X2=0 and Z=300

Justification

Minimum value of Z occurs at C (6, 12) = 240. Hence, optimal solution is X1 = 6, X2 = 12.

For Video description; https://www.youtube.com/watch?v=b7VTm2-m-0A&list=PL5SvRn1ByFvsitQNkjiLf3_2Zn-Rj5dtQ&pp=iAQB

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Other More Important Links to refer and see from Mella Tutorials

Management Exit Exam 2015

https://www.youtube.com/watch?v=q_UFF5sVBDk&list=PL5SvRn1ByFvtjz7TK43HBWWDFfnHMCc5T&pp=gAQBiAQB

Management Exit Exams Model 2015

https://www.youtube.com/watch?v=UAEJl90Z8ZI&list=PL5SvRn1ByFvsyoSrNcvEqSdFG6Ka-aY8g&pp=iAQB

Business management 2016 Model Exit Exam

https://www.youtube.com/watch?v=AyeOksk-cdY&list=PL5SvRn1ByFvsBGBUG4W0rdGt8n-iAuxUM&pp=gAQBiAQB

Management Exit Exam Courses Question with Answer;

https://www.youtube.com/watch?v=7uCL2yiVMUY&list=PL5SvRn1ByFvuhx3B3eFdJ_qFoVsyBOKCk&pp=iAQB

Lecture Videos

Introduction to Management;

https://www.youtube.com/watch?v=r2BeMI4zNJY&list=PL5SvRn1ByFvuRzpJtMa3L9ePRuk4n5w9W&pp=iAQB

Operation Management;

https://www.youtube.com/watch?v=mvgxrzW54bA&list=PL5SvRn1ByFvu22ZmollJDE5_6GIxLo5PT&pp=gAQBiAQB

Entrepreneurship;

https://www.youtube.com/watch?v=MBMA9pgXHuo&list=PL5SvRn1ByFvuuLOFQ6kU1lhDW2xhy-poI&pp=iAQB

Principles of marketing;

https://www.youtube.com/watch?v=DrhjP8leFsI&list=PL5SvRn1ByFvsC2Gj9UDogVS79NOHgCyEi&pp=gAQBiAQB

Thanks!!!

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