

## Introduction to Business Management ADM 1300 - Final Examination - Fall 2008

Professor: Peter G. Koppel

Exam Duration: 3 Hours

Student's Last Name: \_\_\_\_\_ First Name: \_\_\_\_\_

Student Number: \_\_\_\_\_ Class Section: \_\_\_\_\_

### INSTRUCTIONS

1. Candidates **must complete and sign the academic attestation below**.
2. This examination consists of **THREE** sections. Follow the specific instructions given at the beginning of each section. Do not separate the pages of this examination questionnaire. Write neatly and legibly.
3. Candidates **must return the examination question paper** and all examination booklets to the invigilator.
4. No notes, references or dictionaries are permitted, but calculators are allowed (memories erased).

#### Academic Integrity :

Integrity is a basic value of our society and of the business world. Academic integrity is also a key value of the School of Management. To underline its importance, all assignments, reports, projects, or other work submitted in partial fulfillment of the requirements of a course at the School of Management must include on its front page the following signed statement (signed by each member of a team in the case of a group assignment or team work):

#### *Statement of Academic Integrity:*

**This work conforms to the rules on academic integrity of the University of Ottawa:**

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For more information on what constitutes a breach of academic integrity, please consult the following web sites:  
[http://www.uottawa.ca/academic/info/regist/crs/home\\_5\\_ENG.htm](http://www.uottawa.ca/academic/info/regist/crs/home_5_ENG.htm) and <http://www.uottawa.ca/plagiarism.df>

**Please note** that any submission in a course (homework, assignment, report, etc) that does not include that signed statement will not be corrected and will **get a grade** of zero.

Multiple Choice (20 marks) \_\_\_\_\_

Problems (25 marks) \_\_\_\_\_

Essays (55 marks) \_\_\_\_\_

TOTAL \_\_\_\_\_

SECTION 1 Multiple Choice (20 Marks)

- 1) The manager decided to produce a high quality product, which ultimately made good use of the organization's resources; however, the product did not sell well. This is an example of:
  - A) low efficiency | high effectiveness
  - B) low efficiency | low effectiveness
  - C) high efficiency | high effectiveness
  - D) high efficiency | low effectiveness
  - E) all these choices are incorrect
  
- 2) When a group of managers who are interviewing job applicants asks each job applicant: "What are your unique qualifications for this job?" which type of interviewing situation is being used:
  - A) ad hoc
  - B) role-playing
  - C) unstructured
  - D) structured
  - E) situational
  
- 3) When McDonald's operates with a mechanistic structure, this is a violation of which one of the Fayol's principles?
  - A) equity
  - B) centralization
  - C) unity of direction
  - D) order
  - E) esprit de corps
  
- 4) Which of the following is NOT a useful technique for diversity awareness and skills?
  - A) films
  - B) role playing
  - C) experiential exercises
  - D) hiring outside consultants
  - E) all of these choices are useful techniques
  
- 5) The desire of Bill Gates of Microsoft to have "a computer on every desk" is an example of a(n):
  - A) mission statement
  - B) vision
  - C) goal
  - D) objective
  - E) plan

- 6) Reducing the number of tasks that each worker performs is known as:
- A) job simplification
  - B) job enlargement
  - C) job design
  - D) job enrichment
  - E) job reduction
- 7) Culture is created and sustained in which of the following ways:
- A) the founders or managers only hire and keep employees who think and feel the way they do
  - B) the management indoctrinates and socializes these employees to their way of thinking and seeing
  - C) top managers serve as role models
  - D) none of these choices are correct
  - E) all of these choices are correct
- 8) Activities that managers engage in to forecast their current and future needs for human resources is known as:
- A) human resource planning
  - B) selection
  - C) recruitment
  - D) performance appraisal
  - E) performance feedback
- 9) A conflict-handling behaviour that is high on assertiveness and low on cooperativeness is termed:
- A) competing
  - B) avoiding
  - C) compromising
  - D) accommodating
  - E) collaborating
- 10) Activities that are intended to motivate commitment to the organization's norms and values are termed rites of:
- A) ceremony
  - B) passage
  - C) integration
  - D) enhancement
  - E) none of these choices are correct

- 11) The outcome of planning is:
- A) the creation of an organizational structure.
  - B) strategy
  - C) empowerment
  - D) controlling
  - E) demonstrating
- 12) Asking or forcing an employee to perform sexual favours in exchange for some reward or to avoid negative consequences is known as:
- A) quid pro quo sexual harassment
  - B) hostile work environment sexual harassment
  - C) sexual harassment
  - D) whistle-blowing
  - E) all of these choices are incorrect
- 13) Which of the following is NOT an important reason for planning?
- A) planning is a useful way of getting managers to participate in decision making
  - B) planning is a means to give the organization a sense of direction
  - C) a plan can be useful as a device for controlling managers
  - D) a plan helps coordinate managers of the different divisions to ensure that they all pull in the same direction
  - E) all of these choices are important reasons
- 14) The \_\_\_\_\_ is the most commonly used functional performance measure.
- A) current ratio
  - B) inventory turnover
  - C) return on investment
  - D) gross profit
  - E) quick ratio
- 15) An organizational structure in which each region of a country or area of the world is served by a self-contained division is known as a:
- A) product structure
  - B) geographic structure
  - C) divisional structure
  - D) functional structure
  - E) market structure

- 16) Searching for and choosing an acceptable, or satisfactory, response to problems and opportunities, rather than trying to make the best decision is known as:
- A) bounded rationality
  - B) satisficing
  - C) prior hypothesis bias
  - D) groupthink
  - E) dialectic inquiry
- 17) In terms of Lewin's model, making the change permanent occurs during the \_\_\_\_\_ stage.
- A) unfreezing
  - B) moving
  - C) refreezing
  - D) driving force
  - E) restraining force
- 18) Behaviour that is performed for its own sake is known as:
- A) motivation
  - B) intrinsically motivated behaviour
  - C) extrinsically motivated behaviour
  - D) needs behaviour
  - E) equity
- 19) Information is shared between two or more people in the \_\_\_\_\_ phase.
- A) transmission
  - B) encoding
  - C) filtering
  - D) sender
  - E) medium
- 20) When a manager distributes a pay raise to an employee based on his/her contribution to the company, this is an example of:
- A) procedural justice
  - B) distributive justice
  - C) social responsibility
  - D) bias
  - E) accommodative justice

- 21) The ability to make sound decisions based on one's past experience and immediate feelings about the information at hand is called:
- A) judgment
  - B) nonprogrammed decisions
  - C) heuristics
  - D) programmed decisions
  - E) intuition
- 22) Which of the following is NOT one of the criteria used by managers to evaluate the pros and cons of alternative causes of action?
- A) legal
  - B) ethical
  - C) practical
  - D) economical
  - E) all of these choices are criteria to be used
- 23) A formal system of task and reporting relationships that coordinates and motivates organizational members so that they work to achieve organizational goals is known as:
- A) organizational architecture
  - B) organization design
  - C) organizational structure
  - D) the span of control
  - E) all of these choices are incorrect
- 24) According to the text, Japanese car companies such as Toyota and Honda have formed a series of \_\_\_\_\_ with suppliers of inputs such as car axles, gearboxes, and air conditioning units.
- A) network structures
  - B) boundaryless organizations
  - C) joint ventures
  - D) strategic alliances
  - E) permanent ventures
- 25) This type of ratio is used to determine if a company has the resources available to meet the claims of short-term creditors:
- A) ROI
  - B) quick ratio
  - C) current ratio
  - D) inventory turnover
  - E) day sales outstanding

- 26) \_\_\_\_\_ ratios measure how efficiently managers are using the organization's resources to generate profit.
- A) Activity
  - B) Functional
  - C) Profit
  - D) Leverage
  - E) Liquidity
- 27) In the feedback phase of the communication process, the \_\_\_\_\_ becomes the \_\_\_\_\_ and \_\_\_\_\_ the message.
- A) sender; sender; encodes
  - B) receiver; sender; encodes
  - C) sender; receiver; encodes
  - D) receiver; receiver; decodes
  - E) all these choices are incorrect
- 28) The medium which is highest in information richness is:
- A) e-mail
  - B) management by wandering around
  - C) face-to-face communication
  - D) video-conferencing
  - E) voice mail
- 29) \_\_\_\_\_ occurs when one person tries to please the other by putting the other's interests ahead of one's own.
- A) Avoiding
  - B) Competing
  - C) Compromising
  - D) Accommodating
  - E) Collaborating
- 30) Resistance to change can be overcome by all of the following except:
- A) improving communication
  - B) empowering employees
  - C) inviting employees to participate
  - D) using integrative bargaining
  - E) increasing cynicism

- 31) When an organization's customers put pressure on the organization to reduce prices on its goods, this is an example of the organization's:
- A) general environment.
  - B) task environment.
  - C) political environment.
  - D) legal environment.
  - E) sociocultural environment
- 32) A partnership that involves a complete sharing in both the management and the liability of the business is known as a:
- A) sole proprietorship
  - B) limited partnership
  - C) general partnership
  - D) limited company
  - E) public corporation
- 33) Through the use of a \_\_\_\_\_, managers try to gain a competitive advantage by driving the organization's costs down below the cost of its rivals.
- A) related diversification strategy
  - B) formulation strategy
  - C) differentiation strategy
  - D) low cost strategy
  - E) vertical strategy
- 34) \_\_\_\_\_ exists when a manufacturer gives an intermediary the sole right to sell a product in a defined geographic territory.
- A) exclusive distribution
  - B) geographic distribution
  - C) intensive distribution
  - D) physical distribution
  - E) none of the above
- 35) A computer salesman who chooses this occupation because he enjoys receiving a sales commission on each computer sold is said to be:
- A) extrinsically motivated
  - B) experiencing extinction
  - C) experiencing underpayment inequity
  - D) intrinsically motivated
  - E) none of these choices are correct

- 36) \_\_\_\_\_ are intermediaries who buy from producers and sell to other businesses who then sell to the final consumer.
- A) retailers
  - B) manufacturers
  - C) wholesalers
  - D) off-price stores
  - E) none of the above
- 37) A conflict-handling behaviour that is high on assertiveness and low on cooperativeness is termed:
- A) competing
  - B) avoiding
  - C) compromising
  - D) accommodating
  - E) collaborating
- 38) Michael and Esther had briefly argued over which hotel would be used to host a marketing conference. Eventually Michael went along with Esther's choice. This represents a(n) \_\_\_\_\_ conflict-handling behaviour.
- A) competing
  - B) avoiding
  - C) compromising
  - D) accommodating
  - E) collaborating
- 39) In this stage of the product life cycle, sales increase rapidly and profits peak, then start to decline. A main goal of this stage is to obtain the maximum market share possible. What stage is this referring to?
- A) introductory
  - B) growth
  - C) maturity
  - D) decline
  - E) none of the above
- 40) Critical analysis of a preferred alternative made by a group member who defends unpopular or opposing alternatives for the sake of argument is known as:
- A) devil's advocacy
  - B) groupthink
  - C) dialectic inquiry
  - D) illusion of control
  - E) escalating commitment

SECTION 2 – Problems (25 marks)

Question #1:

a) Calculate the E.O.Q. given the following data: (4 marks)

Annual Demand for computers	4,800
Cost per computer	\$2500
Annual cost to carry inventory	21%
Cost to place an order	\$20

b) Assuming that the E.O.Q. (as calculated above) is used, what is the total annual cost to the company of these particular orders? (5 marks)

Question #2:

Determine the Breakeven Point in Sales of the ABC Corporation. You are given the following data: (4 marks)

Selling price of each unit	\$25.00
Electricity for producing each unit	\$1.00
Raw material cost for each unit	\$2.20
Annual Salaries	\$100,000
Monthly Rental	\$1500
Labour expenses for each unit	\$1.30
Monthly telephone expenses (100%fixed)	\$400.00

Question #3:

You are given the following data. Prepare a balance sheet for ABC Corporation as of December 31<sup>st</sup>, 2000. You are to assume straight line depreciation in any calculations. (6 marks)

Sales	1,000,000	Buildings	8,000,000
COGS	500,000	Net Sales	4,220,000
Goodwill	100,000	Telephone expenses	42,000
Common Stock	12,000,000	Interest Payable	400,000
Wages Payable	700,000	Equipment	7,500,000
Selling expenses	225,000	Useful life of Buildings	40 years
Notes Payable	1,300,000	Useful Life of Equipment	15 years
Prepaid Expenses	300,000	Taxes payable	1,650,000
Investments	700,000	Age of Buildings as of	
Bonds Payable	3,000,000	Dec. 31, 2000	12 years
Income Tax Rate	25%	Accounts Payable	7,500,000
Accts. Receivable	5,200,000	Cash	4,500,000
Retained Earnings	7,000,000	Commission expense	200,000
Mkt. Securities	350,000	Beginning Inventory	
Notes Receivable	700,000	Jan.1, 2003	14,225,000
Notes Payable		Land	1,200,000
(due in 2005)	2,600,000	Age of equipment as of	
Ending Inventories		Dec. 31, 2000	5 years
Dec. 31, 2000	12,500,000	Other Income	42,000

Question #4:

You are given the following data. Prepare an Income Statement for XYZ Company for the period January 1, 2000 to December 31, 2000. (6 marks)

Cash	422,000	Jan. 1, 2000 Inventory	5,775,000
Purchases	1,225,000	Selling Expenses	1,025,000
Income Tax Rate	25%	Other Expenses	600,000
Accounts Receivable	1,202,000	Accounts Payable	2,200,000
Gross Sales	14,220,000	Goodwill	800,000
Investments	745,000	Dec. 31, 2000 Inventory	3,200,000
Sales Returns	1,225,000	Common Stock	1,100,000
General and Admin. Expenses	975,000		

SECTION 3 – Essay Questions

Question #1:

What is the current Bank of Canada interest rate? (5 marks)

Question #2:

The Governor General recently traveled back to Canada from a state trip to Europe. The reason for her trip back to Canada was to listen to a request from the Prime Minister. What did the Prime Minister ask her to do? (5 marks)

Question #3:

What are the four elements of the Promotional Mix? Please name and discuss each element briefly. (8 marks)

Question #4:

What is the difference between goals and objectives? What must an organization keep in mind when setting goals and objectives to ensure that they are properly understood and followed? In other words, what criteria must be met when goals and objectives are set? (7 marks)

Question #5:

Identify and briefly describe any six (6) pricing strategies. (6 marks)

Question #6:

Describe the communication process. After describing the communication process, identify and describe 4 barriers to effective communication. What are 4 ways to overcome barriers to communication? (10 marks)

Question #7:

The Conference Board of Canada's research indicates that employers are looking for certain characteristics in their employees today. Name and discuss five (5) of these characteristics. (5 marks)

Question #8: Quite often, businesses offer life insurance and disability insurance as part of their overall remuneration/benefits program. What are the personal income tax implications when an employee receives disability income payments from a company paid disability plan as opposed to receiving payments from a private disability plan in which the company has paid nothing? (9 marks)