

ADM 1100 X / 1300 X – Summer 2014
MID-TERM EXAMINATION
PROFESSOR: Matt Archibald

INSTRUCTIONS

1. This examination consists of TWO sections: Multiple Choice and Short Answer questions.
2. Answer the Multiple Choice section using the Scantron sheet that is provided.
3. Answer each Short Answer question in the space provided.
4. Candidates must return the examination question paper and Scantron sheet to one of the proctors.
5. The time limit for this examination is **2 hours**.
6. No notes, dictionaries, or references are permitted.
7. Read the entire examination question paper BEFORE proceeding.
8. Budget your time carefully!

LAST NAME (print)

FIRST NAME (print)

STUDENT NUMBER

Academic Integrity :

Integrity is a basic value of our society and Telfer School of Management. To underlie submitted in partial fulfillment of the requirement page the following signed statement (or team work):

key value of the other work must include on its group assignment

Statement of Academic Integrity: This work conforms to the rules on academic integrity of the University of Ottawa:

Signature

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signed statement will not be corrected and management, report, etc) that does not include that

Total

100 marks

78

Short Answer (5 questions)

50 marks

44

Multiple Choice (50 questions)

50 marks

34

Multiple Choice – 50 marks

- 1) Incentives to motivate employees to perform at their highest level are strongest in _____ systems.
- A) capitalist
 - B) communist
 - C) socialist
 - D) monopolistic
 - E) none of the above
- 2) All of the following are rights granted to citizens and to the government in a private enterprise system EXCEPT the right to _____.
- A) fair competition
 - B) permit price discrimination
 - C) select from among a variety of goods and services
 - D) own property
 - E) all of the above are rights in a private enterprise system
- 3) Gloria, a supervisor of data entry clerks, includes her subordinates in decision making when possible. She believes that most people can think of creative ways to solve work-related problems. Gloria's assumption about worker behaviour is based on _____.
- A) Theory X
 - B) Maslow's hierarchy of needs
 - C) Theory Y
 - D) management by objectives (MBO)
 - E) none of the above
- 4) Autocratic leaders _____.
- A) make decisions on their own, often without consulting others
 - B) believe in minimal supervision
 - C) are open-minded leaders
 - D) involve subordinates in making decisions
 - E) none of the above
- 5) Which of the following factors will NOT result in a shift in the supply curve?
- A) Change in the number of suppliers
 - B) Change in the price of substitute goods
 - C) Cost savings resulting from new technology
 - D) Change in the costs of labour
 - E) None of the above

- 6) Top management usually spends the majority of time on _____ plans.
- A) tactical
 B) contingency
 C) strategic
 D) operational
 E) none of the above
- 7) In a _____ system, the government owns all of the nation's major industries but still allows private ownership in less crucial areas.
- A) communism
 B) socialism
 C) capitalism
 D) mixed economy
 E) none of the above
- 8) When Google opened offices in Tokyo, London, and Sydney, they were utilizing _____ by relocating business activities to lower-cost locations overseas.
- A) nearshoring
 B) outsourcing
 C) offshoring
 D) employee sourcing
 E) none of the above
- 9) A country's exchange rate is based on _____.
- A) the rate at which its currency can be exchanged for currencies of other countries
 B) the number of foreign banks it has
 C) tariffs and related trade restrictions
 D) the relationship between its imports and exports
- 10) A written explanation of an organization's business intentions and aims is called a(n) _____ SWOT analysis
- A) strategy for competitive differentiation
 B) objective
 C) mission statement
 D) none of the above

- 11) "Newman's Own" is a food product line that gives 100 percent of its after-tax profits to charity. This company is practicing _____.
- A) business ethics
 - B) social responsibility
 - C) customer satisfaction
 - D) creativity
 - E) none of the above
- 12) One effect of the North American Free Trade Agreement (NAFTA) is:
- A) an increase in the number of low-wage jobs in the United States
 - B) an increase in trade among the NAFTA member nations
 - C) an increase in trade restrictions among the member nations
 - D) a decrease in trade among NAFTA member nations
 - E) none of the above
- 13) _____ are business organizations or groups of private individuals who invest in new or growing firms.
- A) Angel investors
 - B) Entrepreneurs
 - C) Intrapreneurs
 - D) Venture capitalists
 - E) none of the above
- 14) Robert's company contracted with an outside business to provide technical and computer support. This is an example of _____.
- A) downsizing
 - B) outsourcing
 - C) employee empowerment
 - D) restructuring the organization
 - E) none of the above
- 15) Which of the following would result from devaluation of the Canadian dollar?
- A) Canadian goods would sell for less abroad.
 - B) The cost of foreign vacations for Canadian citizens would be reduced.
 - C) Foreign firms would have to pay more to purchase Canadian assets.
 - D) Canadian goods would be more expensive for American consumers.
 - E) none of the above would occur.

16) _____ is the study of the economic choices of individual consumers, families, or businesses.

- A) Macroeconomics
- B) Microeconomics
- C) Entrepreneurship
- D) Consumer behaviour
- E) none of the above

17) If a foreign company offers steel in Canada below the company's cost of production, the company might be accused of _____.

- A) dumping
- B) protective tariffs
- C) an import quota
- D) a managed trade agreement
- E) none of the above

18) A business plan for a small business typically contains all of the following EXCEPT

- A) a statement of the company's goals
- B) a detailed time frame for achieving goals
- C) projections of money flows
- D) a time frame for selling stock to investors
- E) all of the above are part of a business plan.

19) Feedback from customers is an example of a(n) _____ that requires organizational change.

- A) internal force
- B) external force
- C) change agent
- D) marketing issue
- E) none of the above

20) Dumping _____ domestic consumers and _____ domestic producers.
A) harms, benefits
B) harms, harms
C) benefits, harms
D) benefits, benefits

- 21) If the market price is above the equilibrium price, _____.
- A) producers will earn large profits
 - B) consumers will go on strike and not purchase any of the product
 - C) the demand curve will shift to the right causing the surplus to go away
 - D) a surplus will occur and prices and production will fall
 - E) a surplus will occur and prices and production will increase
- 22) Julian owns a bread company and is creating a SWOT analysis to see where he can make improvements and increase sales. All of the following are threats to the success of his company EXCEPT _____.
- A) economies of scale
 - B) downturn in the economy
 - C) regulatory changes
 - D) enhanced competition
 - E) lawsuit against company
- 23) The advertising plan for a franchise is usually put together by the _____.
- A) franchisee
 - B) advertising agency
 - C) franchisor
 - D) co-owners
 - E) none of the above
- 24) _____ is caused by increases in the prices of raw materials and other factors of production.
- A) The Consumer Price Index (CPI)
 - B) Demand-pull inflation
 - C) Cost-push inflation
 - D) A recession
 - E) none of the above
- 25) Although _____ are the most common type of business ownership, the greatest revenues come from _____.
- A) sole proprietorships, partnerships
 - B) partnerships, corporations
 - C) corporations, partnerships
 - D) sole proprietorships, corporations
 - E) partnerships, sole proprietorships

- 26) Ramon's job is to establish performance standards, monitor actual performance, and compare actual performance to the standards. Ramon is engaged in the _____ managerial function.
- A) organizing
 B) directing
 C) controlling
 D) planning
 E) all of the above
- 27) During an economic recession, consumer spending _____ and unemployment _____.
- A) increases; increases
 B) increases; decreases
 C) decreases; increases
 D) decreases; decreases
- 28) The factors of production in an economic system are _____.
- A) land, rent, capital, and human resources
 B) capital, perseverance, natural resources, and human resources
 C) rent, wages, interest, and profit
 D) natural resources, human resources, capital, and entrepreneurship
 e) rent, natural resources, profit, and human resources
- 29) Although people in developing nations have lower per capita incomes than more highly developed nations, their _____ represents a lucrative market for global trade.
- A) infrastructure
 B) technology
 C) population
 D) political stability
 E) none of the above
- 30) The _____ promotes trade by providing financial assistance and waiving debt payments.
- A) United Nations
 B) European Union
 C) World Bank
 D) International Monetary Fund
 E) Bank of Canada

31) Which type of unemployment typically lasts the longest?

- A) structural
- B) cyclical
- C) seasonal
- D) frictional
- E) none of the above

32) A country has a good chance of selling more of its goods abroad if it _____.

- A) increases the value of its currency
- B) more tourists decide to travel abroad
- C) devalues its currency
- D) sets high tariffs on imported goods

33) The purpose of _____ is to make imports more expensive for domestic buyers.

- A) dumping
- B) exchange controls
- C) embargos
- D) tariffs
- E) none of the above

34) When Greenlawn Inc. finds itself losing contracts because Lo-Price Lawn Co. charges less money, Greenlawn responds by lowering its bids. This reaction demonstrates _____.

- A) the right to private property
- B) the invisible hand of competition
- C) collusion
- D) social responsibility

35) Serguis is a member of his firm's strategic planning team. He has identified several untapped markets that exist in other countries. His observation should be listed as a(n) _____.

- A) opportunity
- B) weakness
- C) strength
- D) threat
- E) none of the above

- 36) After starting a web design company while still in college, Rodrigo sold the company after graduation. He then opened a computer repair shop; and most recently, he has started a marketing firm that specializes in social media. Rodrigo is an example of a(n):
- A) classic entrepreneur.
 - B) social entrepreneur.
 - C) serial entrepreneur.
 - D) lifestyle entrepreneur.
 - E) both B and C above
- 37) _____ are a common trade restriction imposed by the government on agricultural products.
- A) Exchange controls devaluation
 - B) Embargos
 - C) Quotas
 - D) Foreign trade zone
 - E) none of the above
- 38) A trade deficit occurs when _____.
- A) imports exceed exports
 - B) foreign-aid payments exceed exports
 - C) imports are sold at low profits
 - D) there is a net flow of money into a country
 - E) none of the above
- 39) Which of the following statements is true regarding comparative advantage?
- A) Comparative advantage is becoming rarer these days.
 - B) Every country possesses an absolute advantage.
 - C) Developing countries possess no comparative advantage.
 - D) A nation must first possess an absolute advantage in a particular area before it can gain a comparative advantage.
 - E) all of the above statements are false
- 40) An advertising agency realized that it was representing two clients that were competing against each other. This violates which standard of ethical responsibility?
- A) honesty
 - B) loyalty
 - C) conflict of interest
 - D) whistle-blowing
 - E) none of the above

- 41) The main focus of assessing the unemployment rate is to look at the following:
- a) those that are working
 - b) those that are near retirement
 - c) those that have been out of work for more than one year
 - d) those that have been out of work for more than three years
 - e) none of the above
- 42) Which of the following is not part of a business plan?
- a) operational plan
 - b) company description
 - c) financial plan
 - d) product description
 - e) all of the above are part of the business plan
- 43) When Company "A" acquires control of its competitor, Company "B", which has similar products and similar markets, Company "A" is:
- a) engaging in a monopoly
 - b) engaging in vertical integration
 - c) engaging in horizontal integration
 - d) engaging in differentiation
 - e) none of the above
- 44) Those that are responsible for the long-term direction of the organization of a corporation are known as:
- a) shareholders
 - b) senior management
 - c) chief executive officers
 - d) board of directors
 - e) none of the above
- 45) Which one of the following is not a part of Maslow's Hierarchy of Needs?
- a) self-actualization
 - b) esteem
 - c) security
 - d) psychological
 - e) these are all components of Maslow's Hierarchy

46) The part of the economy that is made up of companies that are not owned or controlled by the government is entitled:

- a) the public sector
- b) an entrepreneur
- c) an intrapreneur
- d) a crown corporation
- e) the private sector

47) In 1993, Canada entered into a very important trade agreement with other countries. The name was?

- a) World Trade Organization
- b) Free Trade Agreement
- c) General Agreement on Tariffs and Trade
- d) North American Free Trade Agreement
- e) Free Trade Agreement for the Americas

48) Which one of the following is not a public corporation?

- a) Google Inc.
- b) Lululemon Athletica Inc.
- c) Apple Inc.
- d) Mc Cain Foods Limited
- e) Microsoft Inc.

49) Which of the following describes the administrative management theory of the classical approach?

- a) states there is one best way to manage
- b) states that workers should accept management's decision without question
- c) states that you should fit the person to the job
- d) only b and c are correct
- e) all of a, b, and c are correct

50) The population of Canada is "aging" in the sense that the average age of Canadians increases each year. This is an example of which type of force in the environment?

- a) political
- b) economic
- c) legal
- d) sociocultural
- e) all of the above

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Short Essay Questions (50 marks)

1) What is a corporation? Outline and describe three advantages and three disadvantages (9 marks)

A corporation is a form of business ownership, that is viewed as a legal asset in the eyes of the law. It is a form of business ownership where assets, liabilities, and financial matters are separate from the owners of the corporation. There are 3 different types of corporations known as the following: private, public and crown

- Private - self-centered corporation where they don't trade publicly but only private, less than 100 employees
- Public - they trade and sell their product publicly within the market, upwards of 2000 employees
- Crown - largest type of corporation that involves government intervention (large amounts)

Advantages	Disadvantages
① limited liability - debt obligations are shared by the owners (not personal) ② Easy to expand into other markets and the corporation is large amounts of money available within corporation ③ Easy to obtain capital as there is large amounts of money	① Owner - Employee separation - loss communication between the two, results in inefficiency ② Have to pay Double tax (not just 1) ↳ tax on all profits made ↳ tax on dividends given ③ Extensive paper work and time need for such a large corporation

2) Outline and describe five arguments in favour of social responsibility. (5 marks)

5

1) Quality of Life increases - more employees are willing to work and as a result have a better quality of life

2) Better public image - companies who practice S.P. attract high skilled workers and create a good name for themselves

3) In the companies best interests - higher chance of not having to deal with ethical problems, therefore time can be used more effectively

4) Less likely to have problems - people are well respected and want to work in that environment

5) Less Problems = Profitable - by spending more time on production and efficiency, company can become profitable in the long run

3) Current events: (10 marks)

a) Identify one reason why the C.E.O for Target Inc. was recently replaced? (2 marks)

He was replaced for unethical and socially irresponsible actions towards the company and employees.

b) Why was Bernard Madoff sentenced to 150 years in prison? (2 marks)

He was sentenced to 150 years in prison for committing numerous amounts of fraud through a pension scheme. Where he would hide his losses and commit unethical acts.

c) What has recently occurred to Chip Wilson, founder of Lululemon, in relation to his business? (3 marks)

He has had to re-evaluate his business as his wife has opened up a competing store where his employees see through. Problems with the supplier went. Also the recall on Lulu Lemon pants as they were

d) Who did Apple Inc. recently acquire and what is one reason Apple made this acquisition? (4 marks)

Apple recently acquired Beats by Dray, the headphones and they did so as they saw an opportunity to expand their large corporation into another market, to

5

3

4) Define each of the following:

(16 marks)

12

a) dividend is the percentage the company gives out to the owner of a share within that company, usually 4 times a year

b) common shareholder is a type of shareholder that has voting rights within the company, but does not receive preferential treatment

c) unlimited liability is the responsibility placed on the owner of company, to pay all debt and obligations of his company personally. Takes place in sole proprietorships and LLPs

d) scientific management the study of task oriented management, which relies on getting things done in the most effective and efficient way possible, with no human element involved, just based on production

e) empowerment is one of the 9 emerging practices of management that decentralizes decision making & allows the employee to have a say and be motivated, giving them power within a company

f) division of labour when a task is broken down into specific parts that people specialize in, in order to complete it faster

g) management the allocation of resources in order to complete a task in the most effective & efficient manner

h) organizational culture is the values, beliefs and objectives that a company believes in, the "give" that binds them, and what distinguishes them from other organizations

5) Outline and describe the economic and sociocultural forces that exist in an organization's external environment (10 marks)

Economic forces: are described as the general well being of a nation

There are many economic factors/forces that exist in an organization external environment and they are as follows:

Productivity - how effective/efficient is the organization producing products - their input and output

Gross Domestic Product - all of the output and inputs with an organization over a certain period of time

Consumer Price Index - an index showing the change in price of goods and services

Unemployment Rate - the percentage of people without a job over a certain period of time

Exchange Rate - the value of your currency in relation to other currencies

All of these can play a large part in a firm's product, distribution and the design of an organization. As shown above there are many external economic forces that an organization must deal with and adapt to

Sociocultural Forces: these deal with the demographics

surrounding the organization, things like age, gender and race.

Organizations have to adapt to the sociocultural forces and also deal with the following: ① higher level of education

② societal expectations - whether people prefer SUV's or hybrids

③ All of these have to be taken into account by organizations