

PART I Multiple Choice (30 Marks)

Instructions:

Candidates must answer ALL questions on the Scantron answer sheet by selecting the most appropriate answer for each question.

1. The Surgeon General's warning on cigarette packages about the health implications of smoking is an example of which of the following ethical issues?
 - A) conflict of interest
 - B) fairness and honesty
 - C) communications
 - D) relationships within a business
 - E) none of the above

2. When ethical decisions are based around producing the greatest good for the greatest amount of people, it is said to be which type of ethical model?
 - A) Moral rights model
 - B) Justice Model
 - C) Behavioural Model
 - D) Utilitarian Model
 - E) None of the above

3. Which of the following is NOT a stakeholder in an organization?
 - A) shareholders
 - B) employees
 - C) suppliers
 - D) local community
 - E) all of these are stakeholders

4. The forces which exist in the external surround of the organization and which are likely to affect the organization in important ways are known as:
 - A) the potential competitors.
 - B) the organizational environment.
 - C) the suppliers.
 - D) the distributors.
 - E) brand loyalty.

5. If a female subordinate is offended by posters in her supervisor's office which she feels are degrading to women, this supervisor has exhibited:
 - A) the similar-to-me effect.
 - B) the glass ceiling.
 - C) the salience effect.
 - D) *quid pro quo* sexual harassment.
 - E) a hostile work environment.

6. If a female manager tells a male subordinate that he is in line for a pay raise but that he will get that pay raise only if he becomes sexually involved with her, this manager is exhibiting:
- A) a hostile work environment.
 - B) the similar-to-me effect.
 - C) the salience effect.
 - D) the social status effect.
 - E) *quid pro quo* sexual harassment.
7. The process by which a division of labor occurs as different workers specialize in different tasks over time is known as:
- A) job specialization
 - B) power
 - C) behavioral management
 - D) rules
 - E) norms
8. When the "Big-Buy" retail store in Vancouver, British Columbia, stocks baby trailers for bicycles because its customers want to buy this product in this store, even though "Big-Buy" does not typically stock this product in its other stores, this is an example of:
- A) procedural justice.
 - B) distributive justice.
 - C) managing diversity.
 - D) bias.
 - E) the ombudsman effect.
9. The systematic study of relationships between people and tasks for the purpose of redesigning the work process in order to increase efficiency is known as:
- A) administrative management
 - B) scientific management
 - C) bureaucracy
 - D) behavioral management
 - E) Hawthorne effect
10. Which of the following is an advantage of a partnership?
- A) unlimited liability
 - B) life of partnership
 - C) selling partnership
 - D) limited funding sources
 - E) ease of organization

11. Which of the following requires owners to perform many functions and possess diverse skills to make decisions?
- A) corporation
 - B) partnership
 - C) sole proprietorship
 - D) cooperative
 - E) holding company
12. When McDonald's decided to add breakfast to its hours of operation in order to increase its customers, this was an attempt to improve the organization's:
- A) effectiveness
 - B) planning
 - C) leading strategy
 - D) efficiency
 - E) none of the above
13. The idea that managers who stay with the organization for many years develop skills on the job which can help the organization to become more efficient is consistent with Fayol's principle of:
- A) equity.
 - B) order.
 - C) initiative.
 - D) discipline.
 - E) stability of tenure.
14. A manager who makes a product which customers want to buy but attempts to sell it at a price that is higher than the one they are willing to pay is said to have:
- A) low efficiency/low effectiveness.
 - B) high efficiency/high effectiveness.
 - C) low efficiency/high effectiveness.
 - D) high efficiency/low effectiveness.
 - E) none of the above.
15. A manager who chooses the wrong goals for the organization and makes poor use of the organization's resources in pursuing these goals is said to have:
- A) low efficiency/high effectiveness.
 - B) high efficiency/high effectiveness.
 - C) low efficiency/low effectiveness.
 - D) high efficiency/low effectiveness.
 - E) none of the above.

16. The power to hold people accountable for their actions and to make decisions concerning the use of organizational resources is known as:
- A) bureaucracy
 - B) power
 - C) rules
 - D) theory
 - E) authority
17. All of the following are examples of the task environment of the organization EXCEPT:
- A) distributors.
 - B) customers.
 - C) competitors.
 - D) suppliers.
 - E) sociocultural forces.
18. Which of the following is an example of restructuring?
- A) reducing the number of products
 - B) flattening the organization
 - C) closing plants
 - D) outsourcing the production of a product
 - E) all these choices are correct
19. If the product of a major competitor has a large market share, we say that this product has a large amount of:
- A) political force.
 - B) demographic force.
 - C) brand loyalty.
 - D) potential competition.
 - E) distributor loyalty.
20. The policies and process that determine how an organization interacts with its stakeholders is referred to as:
- A) social responsibility
 - B) corporate governance
 - C) organizational culture
 - D) partnership agreement
 - E) none of the above

21. Obtaining personal information about a person and using that information for illegal purposes is known as:
- A. a database
 - B. Facebook
 - C. Identity theft
 - D. good business sense
22. The cost advantages which are associated with large organizations are known as:
- A) brand loyalty.
 - B) barriers to entry.
 - C) boundary spanning.
 - D) gatekeeping functions.
 - E) economies of scale.
23. The systematic tendency to use information about others in ways that result in inaccurate perceptions is known as:
- A) stereotyping
 - B) bias
 - C) overt discrimination
 - D) the social status effect
 - E) the similar-to-me effect
24. When a manager takes responsibility for correcting an environmental problem that has been created by his or her company, this manager is acting in which type of role?
- A) Liaison
 - B) Disturbance handler
 - C) Leader
 - D) Disseminator
 - E) Figurehead
25. When WestJet allows the agent-in-charge at the gate to decide whether to give out a "free ticket" to some passengers when the flight is overbooked, this is an example of:
- A) innovation.
 - B) restructuring.
 - C) TQM.
 - D) empowerment.
 - E) none of the above.

26. 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.
27. When the video game marketer Nintendo was investigated for allegedly raising prices excessively during the Christmas buying season and thereby manipulating the supply of games available at that time, this was an ethical issue concerned primarily with
- A) conflict of interest.
 - B) communications.
 - C) fairness and honesty.
 - D) cost control.
 - E) game rules.
28. A set of specific tasks that a manager is expected to perform because of his or her position within the organization is called:
- A) a plan.
 - B) restructuring.
 - C) a role.
 - D) an efficiency strategy.
 - E) none of the above.
29. Which of the following is an example of a customer of Dell Canada?
- A) small businesses
 - B) government agencies
 - C) colleges
 - D) home users of PCs
 - E) all these choices are correct
30. All of the following would likely be found in a company's articles of incorporation except
- A) expected profitability of the corporation.
 - B) classes of stock
 - C) corporation objectives
 - D) name and address of board of directors
 - E) name and address of the corporation.

31. In which form of organization are employees most likely to feel left out?
- A) sole proprietorship
 - B) partnership
 - C) corporation
 - D) cooperative
 - E) none of the above
32. An ethics officer who monitors an organization's practices and procedures to be sure they are ethical is known as a(n):
- A) shareholder
 - B) whistleblower
 - C) ethics ombudsman
 - D) auditor
 - E) snitch
33. Disregard for social responsibility, willingness to engage in and cover up unethical and illegal behaviour is known as a(n):
- A) obstructionist approach
 - B) defensive approach
 - C) accommodative approach
 - D) proactive approach
 - E) distributive approach
34. A moral principle calling for the distribution of pay raises, promotions, and other organizational resources to be based on meaningful contributions that individuals have made and not on personal characteristics over which they have no control is known as:
- A) procedural justice
 - B) distributive justice
 - C) social responsibility
 - D) bias
 - E) accommodative justice
35. In order to increase sales of a particular product, the president of Intel made a number of decisions concerning what organizational goals to pursue, what actions to take, and how to use the company's resources to achieve its goals. This is an example of:
- A) strategy
 - B) leading
 - C) organizing
 - D) motivating
 - E) structure

36. When Kellogg changed the name of its Heartwise cereal to Fiberwise, it was in response to growing concern from the public and the government about unsubstantiated health claims. The primary area of ethical concern in this case was questionable
- A) conflict of interest.
 - B) communications.**
 - C) product design.
 - D) business relationships.
 - E) financing.
37. Ethical business decisions foster trust among the following individuals:
- A) buyers.
 - B) sellers.
 - C) borrowers.
 - D) lenders.
 - E) all of the above.**
38. Which of the following should help reduce the incidence of unethical behaviour in an organization?
- A) understanding that individual moral standards, the influence of managers and coworkers, and opportunity influence ethical behaviour
 - B) maximizing ethical conflict in work groups
 - C) expanding opportunity by providing punishments for violations of the rules
 - D) overlooking violations of codes of ethics
 - E) all of the above**
39. Which of the following is a disadvantage of a partnership?
- A) difficulty of selling ownership**
 - B) ease of organizing business
 - C) specialization of partners
 - D) relatively fast decision making
 - E) limited government regulation
40. A store in Moncton, New Brunswick, which is part of a national chain, stocks religious candles in the store because its shoppers want to buy these items in this store, even though the typical store in this chain does not stock this item. This is an example of:
- A) the glass ceiling effect.
 - B) the ombudsman effect.
 - C) managing diversity.**
 - D) social responsibility.
 - E) whistle-blowing.

41. A manager who attempts to create a feeling of enthusiasm and a strong feeling in his or her subordinates of "working as a team" is acting consistently with Fayol's principle of:
- A) remuneration of personnel.
 - B) equity.
 - C) esprit de corps.
 - D) unity of direction.
 - E) unity of command.
42. When the CEO reviews the performance of her company in the past month's Profit & Loss Statement to determine if the company is "on track" in terms of its sales and profitability goals, this CEO is engaged in which function?
- A) Planning
 - B) Organizing
 - C) Demonstrating
 - D) Controlling
 - E) Leading
43. Who developed the principles of bureaucracy?
- A) Elton Mayo
 - B) Frederick Taylor
 - C) Abraham Maslow
 - D) Max Weber
 - E) Frank Gilbreth
44. In terms of revenue, what is the largest federal crown corporation in Canada presently?
- A) Export Development Canada
 - B) CMHC
 - C) Sun Life Assurance
 - D) Canada Post
 - E) Via Rail
45. If a manager feels that his or her responsibility is to create a work setting in which subordinates consider their work to be satisfying, this manager is acting consistently with the principles of:
- A) Theory X.
 - B) Theory Y.
 - C) contingency theory.
 - D) management science theory.
 - E) scientific management theory.

46. In order to increase sales of a particular product, the president of Intel made a number of decisions concerning what organizational goals to pursue, what actions to take, and how to use the company's resources to achieve its goals. This is an example of:

- A) strategy
- B) leading
- C) organizing
- D) motivating
- E) structure

47. When the vice president of finance compares the current financial statement to the budget, in which function is he engaged?

- A) controlling
- B) planning
- C) organizing
- D) leading
- E) motivating

48. The manager of an expensive restaurant is authorized to provide a free bottle of wine to a customer who legitimately complains about poor service. This is an example of:

- A) innovation
- B) empowerment
- C) self managed teams
- D) TQ
- E) controlling

49. Minimal commitment to social responsibility, willingness to do what the law requires and no more is known as a(n):

- A) obstruction approach
- B) defensive approach
- C) accommodative approach
- D) proactive approach
- E) distributive approach

50. A tool that allows managers to analyze the profitability and social returns of socially responsible actions is known as a(n):

- A) financial audit
- B) budget
- C) defensive audit
- D) social audit
- E) accommodative tool

51. Which of the following is NOT a source of diversity in the workplace?

- A) age
- B) gender
- C) race
- D) ethnicity
- E) all are sources of diversity

52. When the president of McDonalds informs the local community about the organization's future investments in the economy, in which role is he primarily acting?

- A) spokesperson
- B) disseminator
- C) leader
- D) liaison
- E) entrepreneur

53. 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.

54. Which managers require the best conceptual skills?

- A) top managers
- B) middle managers
- C) first-line managers
- D) supervisors
- E) hourly workers

55. When a manager carefully appraises a subordinates' performance, this is an example of:

- A) procedural justice
- B) distributive justice
- C) social responsibility
- D) bias
- E) accommodative justice

56. Which of the following is an example of a supplier for Dell Canada?

- A) disk drives from Seagate Technologies
- B) operating systems from Microsoft
- C) software from Quicken
- D) microprocessors from Intel
- E) all these choices are correct

57. The systematic tendency to use information about others in ways that result in inaccurate perceptions is known as:

- A) stereotyping
- B) bias
- C) overt discrimination
- D) the social status effect
- E) the similar-to-me effect

58. An analyst who prepares the cash forecast for the company using Microsoft Excel is exemplifying:

- A) human skills
- B) conceptual skills
- C) technical skills
- D) negotiating skills
- E) organizing skills

59. According to the text, Henry Fayol's management style was consistent with:

A) Theory Y

B) Theory X

C) Theory W

D) Theory Z

E) none of these choices is correct

60. Which type of managers would require the least technical skills?

A) middle managers

B) first-line managers

C) supervisors

D) hourly workers

E) top managers

SECTION II. PROBLEMS: (15 marks)

3.5

1.) Mr. Ian Sleepmaster, the president of Red Night-Shirts, Inc., was trying to determine how many nightshirts his company needed to sell in order to at least breakeven. He had determined that the flannel material that was needed for each nightshirt cost \$2.45, the labour required to produce each nightshirt amounted to \$1.25, and the overhead required to produce each nightshirt amounted to \$1.00. He further looked at his expenses regarding his office and staff. Rent amounted to \$1250 per month for his office facilities and \$10000 annually for his production warehouse. Salaries amounted to \$2250 per month for staff. Other administrative costs including insurance and equipment rental, etc., amounted to \$1100 per month.

Selling Price = \$20.00

a.) How many nightshirts does Mr. Sleepmaster's company need to sell in order to at least cover his costs? (5 marks)

V.C 2.45 / shirt
+ 1.25 / shirt
+ 1.00 / shirt
Total v.c = \$4.70
Total F.C = \$65200/year
S.P = \$20.00

F.C 1250/month = 15000/year
+ 10000/year = 10000/year
+ 2250/month = 27000/year
+ 1100/month = 13200/year

$$B.E.P = \frac{F.C}{1 - \frac{V.C}{S.P}}$$

$$= \frac{65200}{1 - \frac{4.70}{20}} = 4261.44$$

CONTINUED...

$$= \frac{65200}{1 - 0.235} = \frac{65200}{0.765} = 85228.76$$

$$81500 \div 20 = 4075$$

∴ Mr. S's company has to sell at least 4075 shirts at \$20.00 to reach his B.E.P value of \$81500 to cover his costs

b.) In order for Sleepmaster's business to realize a profit of \$525,000 (before tax), how many nightshirts must Sleepmaster's company sell? (5 marks)

$$Profit = Revenue - (F.C + V.C)$$

$$525000 = Revenue - (65000 + 4.7x)$$

$$525000 + 65000 + 4.7x = Revenue$$

$$590000 = R - 4.7x$$

$$38575.17$$

c.) Given your answer to b.) above, how much will Sleepmaster's fixed costs be to generate the company's profits of \$525,000 (before tax)? (5 marks)

Fixed costs are fixed
\$65,200

SECTION III. (ESSAY QUESTIONS: 55 marks; marks allocated as indicated in margin next to each question.)

- 1.) A.) Manufacturing in Canada is still suffering, but the services sector of the economy has propelled Ontario to a net gain in job creation of how much so far in 2007? (1 mark)

77,000 jobs

- B.) What is Canada's current unemployment rate? (1 mark)

5.9%

- C.) What is Ontario's current unemployment rate? (1 mark)

6.2%

- 2.) Ontario held a provincial election on October 10, 2007. In addition to the Provincial election, a Referendum was also held at the same time. What was this Referendum called? What did it deal with? Was the Referendum approved or defeated? By what margin? (2 marks)

Mixed Member
Proportional
Referendum

dealt with
voting

- defeated by 66%

- 3.) This past week, on Tuesday, October 16th, the Bank of Canada dealt with the interest rates in Canada. What did the Bank of Canada do? What is the central bank's key interest rate? (2 marks)

Key interest
rates left
unchanged at 4.5%

4.) There are three principal forms of business ownership found in Canada. Define each form of ownership and outline the advantages and disadvantages of each. (12 marks)

most common form of business ownership

7.75

Sole Proprietorship: business owned by a single individual

- Advantages of S.P.
 - Being your own boss 0.25
 - Pride of ownership 0.25
 - ease of start & end 0.25
 - Small Business deduction 0.25
 - Getting your own pay / getting all of the income 0.25
 - Don't have to pay to many employees 0.5

- Disadvantages of s.p.
 - Unlimited liability 0.25
 - No benefits - like vacation dental plans, health insurance
 - Harder to manage (alone)
 - Overwhelming input of time
 - No life span 0.25
 - Harder to get loans 0.25
 - limited expertise

Partnership: Business owned by 2 or more individuals in partnership, with a contract.

- limited & general partnerships

- Advantages of Partnership
 - More financial resources 0.25
 - Easier to manage/organize 0.25
 - More knowledge from both/all of the partners 0.25
 - Less pressure on just one individual if the partners are involved in managing
 - Sharing the risk.

- Disadvantage of Partnership
 - Unlimited liability 0.25
 - Harder to terminate ownership 0.25
 - Partnership may have different views / approaches so they may often be in disagreement
 - Sharing profits

- taxed at personal income rate

Corporations: forming a larger company with many shareholders. ^{artificially being created by law}

2 types of corporation:

- mixed

- crown

- Public - can put shares on the stock exchange
- Private - can't put shares on the stock exchange and maximum 50 share holders.

Advantages

- Easier to get financial help / loan ^{0.25}
- Limited liability ^{0.25}
- Size
- Attracts better employees
- easy to change ownership (just selling stocks) ^{0.25}
- legal entity

Disadvantages

- Shareholders may get into disputes
- VERY hard to terminate the company
- ^{high} expenses of professional accountants ^{0.25}
- Double taxation ^{0.25}
- Harder to manage
- Sharing profits
- lack of Secrecy
- publish annual reports

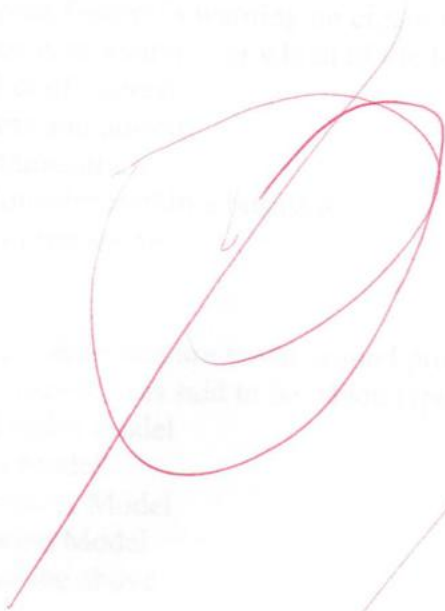
5.) Outline and discuss in detail three approaches found within the Classical School of Management. (12 marks)

Should have chosen

3 of the following and discussed.

- Systematic Management
- Scientific Management
- Measurement time motion
- Administrative approach
- Bureaucratic approach

6.) Outline and discuss in detail the Systems Approach to Management, one of the Contemporary Approaches discussed in class. (8 marks)



System made up
of parts:

- individuals
- formal org. structure
- informal org. structure
- role & status arrangement
- physical setting

• SYNERGY

- OPEN system

7.) Outline and discuss the three conditions affecting decision-making? (6 marks)

ETHICS - You need to have a good understanding of what's ethical and what's unethical before you make decision which affect the whole organization.

Moral - You also need to have good morals so your decisions aren't unexcepted in terms of society as well as the organization

Power - Being able to make certain decisions depends on how much power you have to actually imply those decisions.
Ex. If you're an employee at a restaurant, you may not have the power to make an unhappy customer by giving them something for free but you can decide to empathize to the customer. Or if you're a manager at a restaurant, you have the power to give the customer something for free if you decide so.

Must discuss:

Condition of Certainty

Condition of Risk

Condition of Uncertainty

8.) Define the following terms (10 marks; 2 marks each):

a.) Dividend

is a share that you have in the company ex 10%, 50%, 30%...
distributed profits of the business to shareholders

b.) Pre-emptive Right

to be able to keep your share or buy more if you already have some, while the company is selling stocks.

c.) Double Taxation

corporate business pay double Taxation; Tax paid twice, by the company and by the shareholders after they get their profit.

d.) Consumerism

Buyers buying/consuming products from companies/organization.

Economic & social justification of a firm's existence is to meet the needs & wants of its consumers.

e.) Letters Patent



See charter of Articles of Incorporation.