

**Section A: Definitions (10 marks; 1 mark each; answer in as much detail as possible.)**

1. **Synergy:** where the product is larger  
 ↳ than the sum of ~~the~~<sup>its</sup> parts

2. **Therblig:** He was one of the people responsible  
 ① for the contemporary approach in the  
 Evolution of Management Thought

3. **Maintenance Needs:** is the minimum that a person  
 needs to survive. The bottom 2 components  
 in Maslow's Hierarchy of Needs (<sup>physio</sup>biological, safety)

4. **Span of Management:**

↳ the control that the manager/management has

5. **Policy:** ~~are~~ is what a company will promise to its

costomers (ex. Eaton's policy: money back guarantee in not satisf  
 ↳ It is a rule/regulation that the employers must follow.

6. **Pre-Emptive Right:**

The right of the share holder to maintain their % of  
 the business. If new shares are made available  
 they must be asked first if they want to buy them

7. **Dividend:** is a percentage of a profit that the sharehold  
 ↳ recieves. Also has to do with interest rates/dates of  
 maturity, and selling of stocks & bonds. Borrowing  
 money.

8. **Debt Financing:**

↳ when the company needs to borrow money from  
 bank instead of going bankrupt.

9. **General Partner:**

① is ~~when~~ a partner in partnership that will only loose  
 the amount/capital that they invested if they go bankrupt  
 will not be held accountable for any losses or debts of <sup>compa</sup>

10. **Homeostasis:** continuity of the business

Section B: Multiple Choice (60 questions; Total of 30 Marks; 1/2 mark each question) Answer each question by circling the letter next to the best answer for each question on the attached answer sheets. Do not detach the answer sheets from this Examination.

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1. Operational Plans:

- a. are usually determined by senior managers
- b. are conceptual in nature
- c. are primarily concerned with the long-term
- d. both a and b above are correct
- e. all of the above are correct answers
- f. none of the above

2. Variable costs include:

- a. rent or mortgage payments
- b. salaries
- c. production costs
- d. insurance premiums
- e. all of the above are correct answers
- f. none of the above

3. Market demand:

- a. can be totally controlled by the manager by using proper promotion
- b. is partly behavioral in nature
- c. can be predicted exactly by using the E.V.C.
- d. is of little concern in today's dynamic environment
- e. both a and c above are correct
- f. none of the above

4. Discretionary Income :

- a. equals disposable income minus essentials
- b. equals gross income minus taxes
- c. equals taxes plus essentials
- d. does not affect today's business manager
- e. equals gross income plus disposable income
- f. none of the above

5. The Process Approach of Contemporary Management Thought includes:

- a. individuals
- b. informal organizational structure
- c. the physical setting
- d. the formal organizational structure
- e. all of the above are correct answers
- f. none of the above

6. Fixed Costs:

- a. include raw materials purchased for production purposes
- b. vary slightly as production dictates
- c. when subtracted from total costs equal variable costs
- d. only exist when productivity exists
- e. are included in the Mission Statement of an organization
- f. only a and e above are correct answers

7. The Rights of all shareholders include:

- a. the right to inspect the company's books
- b. the right to receive a dividend each year
- c. two votes for each share of stock held
- d. a guaranteed rate of return on the shareholder's investment
- e. all of the above are correct answers
- f. only a and b above are correct answers

8. Debt financing includes:

- a. the selling of bonds
- b. the selling of stock
- c. the borrowing of money
- d. interest rates and maturity dates
- e. all of the above answers are correct except b
- f. none of the above

9. The "Articles of Partnership:"

- a. are required by Canadian law when forming a partnership arrangement
- b. can only be prepared by a lawyer
- c. form the "charter" of the corporation
- d. all of the above answers are correct
- e. only a and b above are correct answers
- f. none of the above

10. The "Quantitative Approach to Management" was:

- a. primarily a result of inconsistent decision-making
- b. concerned principally with the Hawthorne Plant Studies
- c. significantly utilized in the 1930's
- d. all of the above answers are correct
- e. none of the above

11. Situational Management:

- a. supports Fayol's beliefs
- b. sees management as a universal process
- c. is based on observation
- d. is one of the Contemporary Approaches to Management
- e. all of the above answers are correct
- f. none of the above

\*12. The environment in which we live is:

- a. dynamic
- b. stagnant
- c. pluralistic
- d. closed
- e. all of the above answers are correct
- f. both a and c above are correct

13. The manager's job may best be described by which one of the following?

- a. combining and coordinating various resources in order to achieve the organization's goals
- b. maximizing long-term operations
- c. the simple process of coordinating workers and line managers
- d. assuring the realization of a profit
- e. manipulating the environment so as to improve its relationship with the organization
- f. none of the above

\*14. The general environment of most organizations consists of which of the following?

- a. economic and technological dimensions
- b. socio-cultural and political-legal dimensions
- c. international and economic dimensions
- d. both a and b above are correct
- e. all of the above answers are correct
- f. none of the above

Tech  
 Info  
 Social  
 Political/Legal  
 Economical  
 Ethical  
 Inter

\*15. Factors of production include:

- a. land
- b. labour
- c. capital
- d. both a and c above are correct
- e. all of the above answers are correct
- f. none of the above

16. The skill that involves a manager's ability to think in the abstract is called:

- a. technical
- b. analytical
- c. human skill
- d. managerial skill
- e. conceptual skill
- f. all of the above skills are necessary to think in the abstract

17. Skills necessary to accomplish specialized activities are referred to as which one of the following?
- a. human skills
  - b. technical skills
  - c. conceptual skills
  - d. diagnostic skills
  - e. analytic skills
  - f. all of the answers above are correct
18. Which one of the following decision states is characterized by the decision maker not knowing what the alternatives are?
- a. risk
  - b. certainty
  - c. uncertainty
  - d. hyperbole symposium
  - e. all of the above answers are correct
  - f. none of the above
19. Unique, unstructured decisions are:
- a. programmed
  - b. repetitive
  - c. non-programmed
  - d. usually handled by the clerical staff
  - e. paramorphic in nature
  - f. none of the above
20. What is the first-step in the decision-making process?
- a. organizing a task force to review the situation in question
  - b. gathering as much information as possible
  - c. recognizing that a decision is necessary
  - d. developing alternative courses of action
  - e. hiring a management consultant to ensure proper analysis
  - f. none of the above
21. The first piece-rate system was developed by:
- a. Henri Fayol
  - b. Elton Mayo
  - c. F.W. Taylor
  - d. Frederick Piece
  - e. the state of Nevada Gaming Commission
  - f. none of the above

22. Who started his/her career as a bricklayer?
- a. Henri Fayol
  - b. Lillian Gilbreth
  - c. Frank Gilbreth
  - d. Elton Mayo
  - e. both b and c above are correct
  - f. none of the above
23. The Theory X and Y approach to the Behavioral School of Management was a result of the work of:
- a. Chester Barnard
  - b. Lyndall Urwick
  - c. Max Weber
  - d. Douglas MacGregor
  - e. all of the above answers are correct
  - f. none of the above
24. The "General Principles of Management" were developed by:
- a. Max Weber
  - b. Lillian Gilbreth
  - c. Peter Drucker
  - d. Frederick Zalkind
  - e. Henri Fayol
  - f. none of the above
25. Limited liability
- a. exists only in general partnerships
  - b. is a disadvantage of all corporations
  - c. is non-existent for a sole proprietor
  - d. exists in all forms of ownership
  - e. all of the above answers are correct
  - f. none of the above
26. Adam Smith:
- a. wrote Cheaper by the Dozen
  - b. was one of the first marketers of Australian hair shampoo
  - c. outlined the concepts of effectiveness and motivation
  - d. wrote The Decline of Nations
  - e. both c and d above are correct
  - f. none of the above

27. According to the text, an organization:

- a. is a social entity
- b. is driven by goals
- c. is made up of resources
- d. is structured on a formal basis
- e. all of the above are correct
- f. none of the above

28. Organizations have four things in common. These include:

- a. people
- b. closed systems
- c. a lack of any resources
- d. unstructured human and physical resources
- e. all of the above are correct
- f. none of the above

29. Managers must ensure that organizational resources are used:

- a. efficiently
- b. effectively
- c. economically
- d. all of the above are correct
- e. none of the above

30. Planning:

- a. determines the composition of work groups
- b. involves the mapping of effective communication networks
- c. decides on the objectives that should be pursued
- d. involves influencing the employees to make things happen
- e. all of the above are correct
- f. none of the above

31. Organizing:

- a. prepares the work plans that will guide the organization
- b. assesses future conditions and schedules actions required
- c. assesses results against expectations
- d. determines the way in which work and activities are to be coordinated
- e. all of the above are correct
- f. none of the above

32. Leading:

- a. bridges the gap between where a business is and where it wants to be
- b. selects the best solutions
- c. is the process of integrating all the managerial functions
- d. makes things happen
- e. all of the above are correct
- f. none of the above

33. Controlling:

- a. is defined as a process of comparing actual performance against standards and making corrections if necessary
- b. focuses almost exclusively on interpersonal relationships
- c. involves motivation
- d. is the least important of the managerial functions
- e. all of the above are correct
- f. none of the above

34. Henry Mintzberg:

- a. has explained the characteristics of managerial work
- b. has developed a model of consumer buying behaviour
- c. has studied the effects of working conditions on the employee
- d. has studied the nature of employee workloads
- e. all of the above are correct
- f. none of the above

35. Informational roles:

- a. are necessary to keep organizations running smoothly
- b. can be grouped under the headings of figurehead, leader, and liaison
- c. involves activities dealing with motivating
- d. deal with obtaining and disseminating information
- e. all of the above are correct
- f. none of the above

36. Technical skills:

- a. deal with the ability to build teams
- b. are needed by managers to perform specialized jobs
- c. are important to all managers
- d. assist in giving and receiving information
- e. all of the above are correct
- f. none of the above

37. The managerial functions include:

- a. planning
- b. organizing
- c. leading
- d. controlling
- e. all of the above are correct
- f. none of the above

38. The organizational functions refer to:

- a. operating activities
- b. functional activities
- c. marketing
- d. finance
- e. human resources
- f. all of the above are correct
- g. none of the above

39. The first thing that managers must do is to:

- a. plan
- b. lead
- c. organize
- d. set up proper controls
- e. can not determine from information given
- f. none of the above

40. Henry Mintzberg's book, *The Nature of Managerial Work*, depicts:

- a. the organizational structure of most businesses
- b. the characteristics of managerial work and roles
- c. what managers really do at work
- d. both b and c above are correct
- e. both a and b above are correct
- f. all of the above are correct
- g. none of the above

41. Managers, according to Mintzberg:

- a. spend more time on individual work than group work
- b. spend more time in meetings than on individual work
- c. spend an equal amount of time in meetings and on individual work
- d. spend more than 48% of their time with subordinates
- e. all of the above are correct
- f. none of the above

42. Mintzberg's research indicated that:

- a. managerial activities are characterized by brevity, variety, and fragmentation
- b. most managerial work is done at an "even pace"
- c. managers prefer activities that are not well defined
- d. managers determine in large measure how they will spend their time
- e. all of the above are correct
- f. none of the above

53. Management:
- a. is a recent phenomenon
  - b. can be traced back to the early 1900's
  - c. is seen to be a process
  - d. all of the above are correct
  - e. only b and c above are correct
  - f. none of the above
54. Factors that influence approaches to management include
- a. economic forces
  - b. political forces
  - c. social forces
  - d. technological forces
  - e. global forces
  - f. all of the above are correct
  - g. only b, c, and d above are correct
55. Stakeholder/Partners include:
- a. shareholders
  - b. management
  - c. employees
  - d. labour unions
  - e. lenders
  - f. all of the above are correct
  - g. only a and e are correct answers
56. Stakeholder/Interest Groups include:
- a. shareholders
  - b. employees
  - c. are hired by most businesses
  - d. are not regulated by the Federal government
  - e. all of the above are correct
  - f. none of the above
57. The competitive forces of the task environment include:
- a. shareholders
  - b. special interest groups
  - c. minority groups
  - d. substitute products or services
  - e. all of the above are correct
  - f. none of the above

58. How many different types of partners exist?

- a. only one
- b. two
- c. three
- d. four
- e. five
- f. none of the above

+ 59. Adaptive decisions:

- a. do not respond to changes in the market place
- b. are also associated with continuous improvement
- c. are made by few managers at few levels in an organization
- d. are not related to customer service
- e. all of the above are correct
- f. none of the above

60. The satisficing Model:

- a. was first introduced in the mid-50's
- b. was developed by Hans Berger
- c. suggests that satisficing is not a deliberate choice
- d. suggests that managers desire to handle as many alternatives as possible
- e. all of the above are correct
- f. none of the above

# ANSWER SHEET TO MULTIPLE CHOICE QUESTIONS

INSTRUCTIONS: Please circle the most correct answer for each multiple choice question. DO NOT DETACH ANSWER SHEETS FROM THIS EXAM!!!!

1. a b c d e  f ✓
2. a b  c d e f ✓
3. a b  c d e f ✗
4.  a b c d e f ✓
5. a b c  d e f ✗
6. a b  c d e f ✓
7.  a b c d e f ✓
8. a b c d  e f ✗
9. a b c d e  f ✓
10.  a b c d e f ✓
11. a b  c d e f ✗
12.  a b c d e f ✗
13.  a b c d e f ✓
14. a b c d e  f ✗
15. a b c d e f ✗
16. a b c d  e f ✓
17. a  b c d e f ✓
18. a b  c d e f ✓
19. a b c d e  f ✗
20. a b  c d e f ✓

21. a b  c d e f ✓
22. a b  c d e f ✓
23. a b c  d e f ✓
24. a b  c d e f ✗
25. a b  c d e f ✓
26. a b  c d e f ✗
27. a  b c d e f ✗
28.  a b c d e f ✓
29. a b c  d <sup>de</sup> e f ✓
30. a b  c d e f ✓
31. a b c  d e f ✓
32. a b c  d e f ✓
33.  a b c d e f ✓
34.  a b c d e f ✓
35. a b c  d e f ✓
36. a b  c d e f ✗
37. a b c d  e f ✓
38. a b c d e  f ✓
39.  a b c d e f ✓
40. a  b c d e f ✗
41. a  b c d e f ✓
42.  a b c d e f ✓

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**Section C: Problems ( 10 marks; marks are allocated as indicated in each question) Show all of your work!! Calculations must be taken to two decimal places.**

1. You are given the following information for the XYZ Corporation:

F.C	Monthly Rent expense :	\$1500.00
F.C	Raw Materials cost	2.50 per unit
F.C	Labour cost to produce a unit	1.50/unit
V.C	Monthly Salaries expense	\$4000.00
F.C	Monthly Insurance Costs	\$150.00
F.C	Overhead (electricity, etc.) costs	1.00 per unit
F.C	Monthly Telephone Expense (100% Fixed)	35.00
	Selling Price	7.00 per unit

a.) What is XYZ's Breakeven Point in Sales Revenues? (4 marks)

$$\frac{FC}{(1 - \frac{V.C}{S.P})} = \frac{5685}{(1 - \frac{5}{7})} = 1685$$

$$= \$1989750$$

b.) What is XYZ's Breakeven Point in units? (2 marks)

$$\frac{FC}{(S.P - V.C)} = \frac{5685}{(7.00 - 5.00)} = 2842.50/\text{unit}$$

c.) If XYZ's selling price increases by 20% and the total variable costs increase by 12%, what will be XYZ's Fixed Costs? (4 marks)

Selling Price: \$7.00/unit  $\uparrow$  20% = \$8.40

Variable Cost \$5.00/unit  $\uparrow$  12% = \$5.60

$$T.C = V.C + F.C$$

$$8.40 = 5.60 + F.C$$

$$F.C = 2.80$$

$\therefore$  Fixed cost would be \$280

Section D: Essays (Total of 50 marks; marks are allocated on a question by question basis; marks are indicated in the margin next to each question; answer each question in the space provided.)

- why they are in business, maybe not to make money but to provide a service as a non profit company.
1. List and briefly discuss five (5) factors that influence a business owner when choosing a legal form of business ownership. (5 marks)
- their own personal satisfaction that they want to attain from their business if more then  $\rightarrow$  become a sole proprietor
  - what type of risk you are willing to make do you want to be a limited or unlimited partner
  - amount of money required (ex. for a car factory more therefore more money required  $\rightarrow$  corporation but for a photocopy place less  $\therefore$  sole proprietor)
  - if it deals with natural resources than a mixed corporation
  - how long they want to stay in business. If for a short time then a corporation that you can get out of easily if longer than maybe a sole proprietor
  - easier to ~~form a sole proprietorship~~ form a sole proprietorship than any of
2. Outline and briefly discuss the different types of conditions which can exist when a manager makes a decision. (3 marks)

1) uncertainty: when the manager knows nothing about the situation and can't assign a probability to the outcome. Also they have no facts.

$\frac{1}{2}$  This is very rare

2) risk: when manager does know some facts and can assign a probability to each alternative. This is the most common condition under which managers ~~make~~ make decisions.

$\frac{1}{2}$  3) certainty: when managers know exactly all the facts involved. And will know what the outcome will be if he chooses a certain alternative. This is also a very rare occurrence

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6. Outline and discuss briefly Urwick's ten (10) Principles of Organizing. (5 marks)

- Organization: clear definition of why the organization exists
- Specialization: division of labour into departments/groups therefore will ~~increase~~ increase productivity
- Coordination: between the different departments to ensure to continuous flow of information ~~which~~ which will keep productivity going
- Authority: the manager that has the proper authority ~~should~~ ensure that they know what they have authority over and what they don't
- Responsibility: each manager must ensure that they know what their duties and responsibilities are and that they are clearly defined
- Definition: have a clear understanding in writing what the businesses GOALS, JOB DESCRIPTION, REGULATION etc... are so that there is no confusion
- Parity of Authority & Responsibility: authority and Responsibility should be closely related
- Span of management: the control that the manager has
- Balance: have a proper balance and equilibrium to run smoothly
- Continuity: homeostasis, insures that the company continues

7. Outline and briefly discuss the disadvantages of the Corporate form of business ownership. (5 marks)

~~Disadvantages~~

- Disadvantages:
- element of double taxation  $\frac{1}{2}$
  - might have managerial problems ~~between~~ between the owners of the corporation
  - in a private corporation the  $\frac{1}{2}$  general public may not buy shares of the company
  - in a crown corporation they have an unfair advantage over the other corporations in the same field.
  - if the corporation is too large and owns too much  $\frac{1}{2}$  of the field than they are competing in they  $\frac{1}{2}$  may monopolize it and increase the prices also making it unfair
  - in a large corporation if bad managerial decisions  $\frac{1}{2}$  are made and the union (if it exists) doesn't agree with them or are ~~more~~ negatively affecting the employees they may strike (ex. GM)  $\therefore$  their stakes may drop or they may lose customers

8. Discuss in detail the Evolution of Management Thought, omitting the emerging practices of the 90's. (10 marks)

1) Classical (1890-1930)

→ Systemic Approach:

after Adam Smith wrote his book The Wealth of Nations  
- specifies on efficiency

lead to the scientific approach

→ Scientific Approach:

Taylor (Taylorism)

- he ~~also~~ realised the 3 S's, Standardisation, Specialization, Simplification, this increased the productivity rate greatly

- he also came up with the piece rate system where the worker is paid for the amount of output that he produces

- the disadvantages were that money can only go so far in motivating the employees and they got restless of doing the same job over and over again.

→ Bureaucratic approach:  
Webber

- that all managers managed in a systematic way

- that managers made decisions based on rules and regulation

- manager should approach each decision in the same way

## → Administrative Approach ✓

Fayol ✓

- the person should fit the job.  
(ex. fit a 6' foot person into an area where a 5' foot person should)
- concerned primarily with production not the employee

## 2) Human Relations (1930's) ✓

- Mayo ✓

- after he did his plant/factory experiment he realised that productivity increased when people were doing a task together as a group. (teamwork)

## 3) Contemporary (1940-1990) Approach ✓

- Gilbreth

Qualitative approach

Operational ~~objective~~ objective

Technological (technical) objective