

# FEDERAL PUBLIC SERVICE COMMISSION

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COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS  
IN BPS-17 UNDER THE FEDERAL GOVERNMENT, 2001.

## BUSINESS ADMINISTRATION

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

NOTE: Attempt **FIVE** questions in all, including question No.7 which is **COMPULSORY**. Select at least **ONE QUESTION** from each of the **PARTS I, II AND III**. All questions carry **EQUAL** marks.

### PART – I (MANAGEMENT)

1. Explain the **SELECTION PROCESS** used in modern organizations. What techniques can be used to improve the interviewing process used as a selection technique?
2. If you were a manager, would you decentralize authority? State several reasons for your answer.  
How would you make sure that you did not decentralize too much?

### PART – II (PRINCIPLES OF MARKETING)

3. Explain how the following macro-environmental forces affect the marketing programmes of business organizations:  
(a) Technology (b) Economic Conditions  
(c) Political and Legal Forces
4. "Once a company decides to target a particular country, it has to determine the best mode of entry". List the alternatives available and explain the natures, advantages and limitations of any **TWO** involving more commitment, risk, control and profit potential.

### PART – III (FINANCIAL MANAGEMENT)

5. Explain the following concepts/terms with examples:  
(a) Debt-to-Equity Ratio (b) Return on Equity (ROE)  
(c) The Economic Order Quantity (EOQ) (d) Cash Budget  
(e) Classification of Working Capital on the basis of Time
6. Selected financial ratios for XYZ Co. are as follows:

	19 x 1	19 x 2	19 x 3
Current ratio	4.2	2.6	1.8
Acid test ratio	2.1	1.0	.6
Debt-to-total assets	23%	33%	47%
Inventory Turnover	8.7x	5.4x	3.5x
Average collection period	33 days	36 days	49 days
Total asset turnover	3.2x	2.6x	1.9x
Net profit margin	3.8%	2.5%	1.4%
Return on investment (ROI)	12.1%	6.5%	2.8%
Return on Equity (ROE)	15.7%	9.7%	5.4%

- (a) Why did return on investment decline?
- (b) Was the increase in debt a result of greater current liabilities or of greater long-term debt? Explain.

**COMPULSORY QUESTION**

7. Write only the correct answer in the Answer Book. Don't reproduce the questions.

- (1) Most preferred stock pays a fixed dividend at regular intervals:  
(a) True (b) False
- (2) Any increase in an asset item is a source of funds:  
(a) True (b) False
- (3) Depreciation is a book-keeping entry that allocates the cost of assets against income but does not involve any movement of capital:  
(a) True (b) False
- (4) The maturity of a security relates to the owner's ability to convert it into cash on short notice:  
(a) True (b) False
- (5) The credit period represents the period of time during which a cash discount can be taken for early payment.  
(a) True (b) False
- (6) Which ratio is computed with the help of the following:  
$$\frac{\text{Cost of goods sold}}{\text{Inventory}}$$
  
(a) Receivable turnover (b) Times interest earned  
(c) Inventory Turnover (d) None of these
- (7) ..... is the right that is delegated to an individual or a department to control specific processes, practices, policies, and other matters relating to activities undertaken by persons in other departments.  
(a) Line authority (b) Functional Authority  
(c) Line and Staff authority (d) None of these
- (8) Decentralization is the tendency to disperse decision-making in an organized structure:  
(a) True (b) False
- (9) Programs are plans which are general statements or understandings that guide or channel thinking in decision making:  
(a) True (b) False
- (10) ..... is that part of managing that involves establishing an intentional structure of roles for people to fill in an organization.:  
(a) Leading (b) Controlling (c) Planning  
(d) None of these
- (11) Henri Fayol applied the principle of 'Division of Work' to all kinds of work, managerial as well as technical:  
(a) True (b) False
- (12) ..... spell out specific required actions or non-actions, allowing no discretion:  
(a) Procedures (b) Budgets (c) Rules  
(d) None of these

- (13) Business buyers are as geographically dispersed as final consumers:  
(a) True (b) False
- (14) The distinction between a consumer good and an industrial good is based on the purpose for which the product is purchased:  
(a) True (b) False
- (15) Intensive distribution occurs when the product is stocked in as many outlets as possible:  
(a) True (b) False
- (16) Merchant wholesalers are independently owned businesses that do not own (take title to) the goods they sell:  
(a) True (b) False
- (17) Which of the following elements in a compensation package provides the greatest amount of incentive for salespersons:  
(a) Salary (b) Fringe benefits  
(c) Commissions (d) Use of Company Vehicle
- (18) The process whereby the seller distinguishes between market segments, selects one or more of these segments, and develops products and marketing-mixes tailored to each segment is called..... marketing.  
(a) mass (b) target  
(c) Product Variety (d) service
- (19) Goods that the consumer, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price, and style are called..... goods.  
(a) Shopping (b) Specialty  
(c) Unsought (d) Convenience
- (20) Product..... is a period of rapid market acceptance and increasing profits.  
(a) development (b) introduction  
(c) growth (d) maturity

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FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS  
IN PBS-17, UNDER THE FEDERAL GOVERNMENT, 2002

BUSINESS ADMINISTRATION

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

**NOTE:** Attempt **FIVE** questions in all, including **QUESTION NO. 7** which is **COMPULSORY**. Select at least **ONE** question each of the **PARTS I, II AND III**. All questions carry **EQUAL** marks.

PART-I (MANAGEMENT)

- Q.1. What is organizational culture? Discuss the sources of organization culture.
- Q.2. The ability to manage conflict is undoubtedly one of the most important skills a manager needs.  
Discuss what kinds of conflicts arise in the organizations and how managers can develop effective conflict resolution skills.

PART-II (PRINCIPLES OF MARKETING)

- Q.3. Discuss the evolution of 'marketing concept'. Compare 'marketing concept' with 'selling concept'.
- Q.4. Describe the process of formulation of marketing strategy.

PART-III (FINANCIAL MANAGEMENT)

- Q.5. Explain the following concepts/terms with examples:  
Cash conversion cycle (CCC)  
Book value per share  
Modified internal rate of return (MIRR)  
Yield to maturity (YTM)  
Business Risk Vs. Financial Risk
- Q.6. The following data apply to A.L. Kaiser & Company (millions of dollars)  
Cash and marketable securities \$100.00  
Fixed assets \$283.50  
Sales \$1000.00  
Net income \$50.00  
Quick ratio 2.0 X  
Current ratio 3.0 X  
Average collection period 40 days  
Return on equity 12%

Kaiser has no preferred stock – only common stock equity, current liabilities and long term debt.

**Required:**

Find Kaiser's

- (1) account receivable (A/R),
- (2) Current liabilities,
- (3) Current assets,
- (4) total assets,
- (5) return on assets (ROA),
- (6) common stock equity, and
- (7) long term debt

BUSINESS ADMINISTRATION

COMPULSORY QUESTION

- Q.7. Write only the correct answer in the Answer Books. Do not reproduce the question.
- 1) Which of the following statements is true?
    - (a) Decisions in public organizations emphasize political priorities, while decisions in business organizations are rational and apolitical.
    - (b) Public decision makers, in contrast to their business counterparts, are constrained by administrative procedure that limit managerial authority and autonomy.
    - (c) It is hard to get high performance out of government employees because, compared to their business counterparts, they are logy, more security oriented, and less motivated.
    - (d) None of the above is true.
  - 2) Who has written the famous book, 'Principles of Scientific Management'?
    - (a) Elten Mayo
    - (b) Henh Fayol
    - (c) Fredric Taylor
    - (d) Max Weber
    - (e) None of the above
  - 3) Which of the following cannot be considered as an important dimension on which nation's culture differ?
    - (a) Individualism Vs. collectivism
    - (b) Power distance
    - (c) Uncertainty avoidance
    - (d) economic development
  - 4) Market penetration pricing strategy can be pursued in price sensitive market
    - (a) True
    - (b) False
  - 5) A product can have a combination of physical product and service
    - (a) True
    - (b) False
  - 6) Vertical marketing system is integration of manufacturing and marketing activities
    - (a) True
    - (b) False
  - 7) Distribution of free product samples is part of publicity
    - (a) True
    - (b) False
  - 8) Which of the following is not part of Marketing Mix.
    - (a) Advertising
    - (b) Personnel Selling
    - (c) Publicity
    - (d) Sales Promotion
    - (e) None of the above is part of Marketing Mix
  - 9) Which of the following is not part of product attributes?
    - (a) Quality
    - (b) Positioning
    - (c) Brand
    - (d) Packaging
    - (e) None of the above is a product attribute
  - 10) Under monopolistic competition, the market consists of a few sellers who are highly sensitive to each other's pricing and marketing strategies
    - (a) True
    - (b) False
  - 11) Which of the following statements is not part of theory 'X' assumptions?
    - (a) Decisions are made in participative manner
    - (b) Employees inherently dislike work
    - (c) Employees must be coerced to achieve goals
    - (d) Employees tend to avoid responsibilities
    - (e) None of the above is theory 'X' assumption

# FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS  
IN PBS-17, UNDER THE FEDERAL GOVERNMENT, 2003

## BUSINESS ADMINISTRATION

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

**NOTE:** Attempt FIVE questions in all, including Question No.7 which is **COMPULSORY**. Select at least ONE question from each of the PARTS -I, II AND III. All questions carry EQUAL marks.

### PART-I (MANAGEMENT)

1. Compare and contrast the Maslow and Herzberg theories of motivation. On what grounds has the Herzberg theory been criticized?
2. How is staffing function related to other managerial functions and activities? List and evaluate external factors affecting staffing.

### PART-II (PRINCIPLES OF MARKETING)

3. "Marketing is a total system of business activities designed to plan, price, promote and distribute want – satisfying products and services to present and potential customers". Comment on this statement comprehensively.
4. Explain the following terms:
  - (i) Sales promotion policies.
  - (ii) Global marketing.
  - (iii) Marketing Mix variable and Marketing Environment variables.

### PART-III (FINANCIAL MANAGEMENT)

5. What is meant by the term "The Time Value of Money"? How is the concept of "Present value" related to the time value of money?
6. (a) Discuss the effects of the three approaches to working capital financing policy.
  - (i) Payment of a current liability.
  - (ii) Purchase of fixed assets.
  - (iii) Cash collected from customers.
  - (iv) Issue of new shares.
- (c) A corporation has total assets of Rs.500,000 and its equity is Rs.200,000. What is the Company's debt-to-total-asset ratio?

### COMPULSORY QUESTION

7. (A) Write only "True" or "False" in the answer book. Don't reproduce the statements.
  - (1) Business risk is influenced by the firm's decision to use debt in its financial structure.
  - (2) The most important function of management is controlling.
  - (3) A short term creditor would consider liquidity ratios to be more important than efficiency ratios.
  - (4) According to Maslow, when a need is satisfied, it tends to lose its ability to motivate.
  - (5) The term marketing mix refers to the degree of advertising Vs personal selling used to market a product.
  - (6) The difference between an agent and a merchant wholesaler is that an agent always takes title but a merchant whole saler does not.
  - (7) The management of working capital is required because of a lack of short-term synchronization between demand and supply.

**BUSINESS ADMINISTRATION**

- (8) A manager who believes that people inherently dislike work probably accepts McGregor's Theory X.
- (9) Inventory carrying costs can be minimized by carrying fewer units in inventory.
- (10) A balance sheet is an accounting report used solely for the corporate form of business.

(B) Write only the correct answers in the answer book. Don't reproduce the questions.

- (11) For management, budgeting is perhaps the most powerful
- (a) Forecasting tool (b) Control device
- (c) Hiring tool (d) Accounting measure.
- (12) The income statement is a summary of:
- (a) Revenue and expenses (b) Assets, liabilities and capital
- (c) Increases and decreases in capital (d) None of these.
- (13) One benefit of using ratio analysis when interpreting financial statements is that:
- (a) Ratios facilitates comparisons between different companies. (d)
- (b) All ratios have exact standard values with which performance can be compared.
- (c) Ratios take into account all the specific factors affecting particular companies and industries.
- (d) Ratios are always the same for all types of companies.
- (14) Planning and policy making are primarily functions of:
- (a) Top management (b) Middle management
- (c) Operating management (d) None of these.
- (15) An informal organization often exists within a business because:
- (a) Not all relationships can be specifically defined. (b)
- (b) Small organizations do not necessarily emphasize strict adherence to line authority. (c)
- (c) Human behaviour naturally crosses established authority lines.
- (d) All of these.
- (16) In marketing, selling and buying would be called the:
- (a) Primary functions (b) Exchange functions
- (c) Profit functions (d) Critical functions.
- (17) Institutional advertising is:
- (a) Aimed only at people in institutions. (b)
- (b) Run only by institutions. (c)
- (c) Designed to promote a type of product rather than a particular brand. (d)
- (d) Designed simply to show that the firm is a good place to do business.
- (18) The current ratio of a firm having Rs.25,000 of current assets, Rs.30,000 of fixed assets, Rs.5000 of current liabilities and Rs.10,000 of fixed liabilities would be:
- (a) 5 : 1 (b) 7 : 1 (d)
- (c) 10 : 1 (d) None of these. (b)
- (19) The organizational form that replaces individual authority at all levels with group representation is:
- (a) Line (b) Line and staff (c)
- (c) Functional (d) Committee. (b)
- (20) Working Capital may be expressed as:
- (a) Current assets minus current liabilities (b)
- (b) Current and fixed assets minus current and fixed liabilities (c)
- (c) Current assets over current liabilities (c)
- (d) Current and fixed assets over current and fixed liabilities.

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NOTE:

Q.No.

1. (a)

(b)

(c)

(d)

2. (a)

(b)

(c)

3. (a)

(b)

(c)

4. (a)

(b)

(c)

(d)

5. (a)

(b)

(c)

(d)

6. (a)

(b)

(c)

7. (a)

(b)

(c)

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**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS**  
**IN BPS-17, UNDER THE FEDERAL GOVERNMENT, 2004**

**BUSINESS ADMINISTRATION**

**TIME ALLOWED: THREE HOURS**

**MAXIMUM MARKS: 100**

**NOTE:** Attempt **FIVE** questions in all, including **Question No. 7** which is **COMPULSORY**.  
Select at least **ONE** question from each of the **PARTS I, II and III**. All questions  
carry **EQUAL** marks.

**PART-I: (MANAGEMENT)**

1. How does effective managing take advantage of motivation? Explain any **THREE** Special Motivational Techniques used by managers.
2. Briefly explain the **BASIC CONTROL PROCESS**. Also explain the requirements for effective controls. (5 + 15)

**PART-II: (PRINCIPLES OF MARKETING)**

3. Explain the several types of channels available to the manufacturer. What influence does each of the following factors have on the choice of marketing channels? (5 + 15)
  - (a) the product
  - (b) the market
  - (c) the manufacturer's organization
4. Explain the following management activities relating to staffing and operating a sales force:
  - (a) Recruitment and Selection
  - (b) Training a sales force
  - (c) Supervising a sales force

**PART-III: (FINANCIAL MANAGEMENT)**

5. The Royal Corporation manufactures only one product: Yewa. The single raw material used in Yewa is the larg. For each Yewa manufactured, 12 largs are required. Assume that the company manufactures 150,000 Yewas per year, that demand for largs is perfectly steady throughout the year, that it costs Rs. =200 each time largs are ordered, and the carrying costs are Rs. 8 per larg per year.
  - (a) Determine the economic order quantity (EOQ) of largs. (7)
  - (b) What are total inventory costs for Royal (total carrying costs plus total ordering costs)? (7)
  - (c) How many times per year would inventory be ordered? (6)
6. (a) Why might it be possible for a company to make large operating profits, yet still be unable to meet debt payments when due? What financial RATIOS might be employed to detect such a situation? (10)  
(b) Briefly explain the key variables considered by the portfolio manager of a company for purchasing marketable securities. (10)

**COMPULSORY QUESTION**

7. (A) Write only "True" or "False" in the Answer Book. Do not reproduce the question.
  - (1) In a large corporation, the firm's owners are usually its top managers.
  - (2) The basic information needed to construct a flow of funds statement is found on the income statement.



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- (3) The operating break-even point is the point at which operating profits equal revenues minus operating costs. [www.maxpapers.com](http://www.maxpapers.com)
- (4) A sinking fund is a poorly performing mutual fund whose net asset value is declining.
- (5) Penetration Pricing is used when a marketer introduces a new-product at a relatively high price.
- (6) The most common channel for consumer products is manufacturer-retailer-consumer.
- (7) In the classification of consumer products, convenience products are usually more expensive than shopping products.
- (8) During the maturity stage of the PLC, sales increase at faster rate than during any other stage.
- (9) A wide span of management results in few organizational levels, and a narrow span results in many levels.
- (10) The LINE relationship involves making decisions and acting on them.
- (11) Data is defined as "formal system of gathering, integrating, comparing, analyzing, and dispersing information internal and external to the enterprise in a timely, effective and efficient manner".
- (12) A manager who believes that people inherently dislike work probably accepts McGregor's Theory X.
- (B) Write only the correct answer in the Answer Book. Don't reproduce the question.
- (13) If a manufacturer gives a 30 percent discount to retailers and a 10 percent discount to wholesalers, which type of discount is being given?  
(a) Quantity (b) Cash  
(c) Functional (d) Seasonal
- (14) Publicity differs from advertising in as much as:  
(a) It is directed at large numbers of consumers  
(b) Its message is of a non-personal nature  
(c) It is carried by the mass media  
(d) It is a non-paid Form of reaching the public
- (15) In which stage of the PLC are promotion expenses per product item usually highest?  
(a) Introduction (b) Growth  
(c) Maturity (d) Decline
- (16) Which of the following is not a disadvantage of using a Committee?  
(a) High cost in time and money (b) Splitting of responsibility  
(c) Group deliberation and judgment (d) Compromise decisions
- (17) Identify the Organization established by our Federal government to regulate security markets:  
(a) SBP (b) SEC  
(c) NAB (d) NFC
- (18) If the credit terms are 2/10, net 30 and the amount of invoice is Rs. 4000, how much is the discount if the invoice is paid in 20 days?  
(a) Zero (b) Rs. 30 (c) Rs.60 (d) Rs.120
- (19) Which of the following is not part of the promotion-mix?  
(a) Public relations (b) Product planning  
(c) Personal selling (d) Advertising
- (20) Selling activities include:  
(a) Sales presentations (b) Demonstrations (c) Handling objections  
(d) Closing the sale (e) All the above

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# FEDERAL PUBLIC SERVICE COMMISSION

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COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS [www.maxpapers.com](http://www.maxpapers.com)  
IN BPS-17, UNDER THE FEDERAL GOVERNMENT, 2005

## BUSINESS ADMINISTRATION

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

NOTE: Attempt FIVE questions in all, including QUESTION NO.7, which is  
COMPULSORY. Select at least one question from each of the PARTS I, II and  
III. All questions carry EQUAL marks.

### PART - I (MANAGEMENT)

1. What is leadership? Discuss any two theories of leadership.
2. Briefly explain Planning. Describe various steps involved in Planning process in (5 + 15) any business organization.

### PART - II (PRINCIPLES OF MARKETING)

3. Explain briefly Marketing. Describe various functions of marketing.
4. Explain global Marketing. Discuss its significance for the modern business organization of the 21<sup>st</sup> Century. (5 + 15)

### PART - III (FINANCIAL MANAGEMENT)

5. Star Corporation is considering a project with a cost of Rs.40,000/= net investment and net operating cash inflows of Rs.11,652/= each year for the next five years. The firm uses 10% discount rate for projects with similar risks.
  - (a) What is Projects' net present value (NPV)? (7)
  - (b) What is its internal rate of return (IRR)? (7)
  - (c) Should the project be accepted assuming that funds are available? (6)
6. Royal Corporation current assets, inventories and current liabilities for a four year period are as follows:

Item	2000	2001	2002	2003
Current assets	Rs.20,000	Rs.22,400	Rs.25,600	Rs.28100
Inventories	Rs.8,200	Rs.10,000	Rs.12,500	Rs.14,000
Current liabilities	Rs.10,000	Rs.10,200	Rs.10,700	Rs.11,000

- (a) Calculate the firm's current and quick ratios for each year. (10)
- (b) Discuss the firm's liquidity position over the four year period of time. (10)

### COMPULSORY QUESTION

7. (A) Write only "True" or "False" in the Answer Book. Do not reproduce the question.
  - (1) Planning initiates other functions of management.
  - (2) Managements makes things to happen.
  - (3) The ultimate criterion of control is the extent that activities are complete in ways that lead to more profits.
  - (4) Computer Technology helps the management but does not replace the management.
  - (5) Promotional mix is also known as communication mix.
  - (6) Marketing environment is made up of micro-environment and macro-environment.
  - (7) Promotional mix is the part of marketing mix.
  - (8) Marketing strategy consists of specific strategy for target markets, positioning, the marketing mix and marketing expenditure levels.
  - (9) A Financial manager has a full control over its firm's stock price.
  - (10) Liquidity ratios measure a firm's ability to meet short-term obligations.
  - (11) The internal rate of return method is the most widely used capital budgeting techniques.
  - (12) Stock Exchange facilitates investment in real assets by providing secondary market to the financial securities.

**BUSINESS ADMINISTRATION**

- (B) Write only the correct answer in the Answer Book. Do not reproduce the question. [www.maxpapers.com](http://www.maxpapers.com)
- (13) The organizing function of management includes:  
(a) how tasks to be grouped.  
(b) Conflict resolution among sub-ordinates.  
(c) Comparison of actual results with a budget.  
(d) definition of organization's goals.
- (14) The key to motivating today's diversified work force lies in:  
(a) creativity (b) goal setting  
(c) support (d) flexibility
- (15) Control should be placed:  
(a) Where they are cost-effective  
(b) On all activities  
(c) Where there are problem areas  
(d) On the single most important
- (16) The marketing logic by which the business unit hopes to achieve its marketing objective is called:  
(a) Business strategy (b) Marketing strategy  
(c) Production & distribution strategy (d) All of the above
- (17) Strategic Planning is the process of developing a formal strategy for:  
(a) Identifying clear objectives (b) Long run survival & growth  
(c) Continuity & Consistency (d) All of the above
- (18) Who are the true owners of Corporation?  
(a) debt holder (b) common stock holders  
(c) Managers of the firm (d) board of directors
- (19) What does an efficient port folio provide?  
(a) highest return for a given amount of risk.  
(b) least risk for a given level of return.  
(c) Highest possible return and least amount of risk.  
(d) Both (a) and (b)
- (20) The economic order quantity (EOQ) increases when which of the following increases?  
(a) Sales (b) ordering costs  
(c) carrying costs (d) Both (a) and (b)

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