



**FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION-2024 FOR RECRUITMENT
TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT**

Roll Number

032072

BUSINESS ADMINISTRATION

TIME ALLOWED: THREE HOURS

PART-I (MCQs) : MAXIMUM 30 MINUTES

(PART-I MCQs) MAXIMUM MARKS: 20

(PART-II) MAXIMUM MARKS: 80

NOTE: (i) First attempt PART-I (MCQs) on separate OMR Answer Sheet which shall be taken back after 30 minutes.

(ii) Overwriting/cutting of the options/answers will not be given credit.

(iii) There is no negative marking. All MCQs must be attempted.

PART-I (MCQs)(COMPULSORY)

**Q.1. (i) Select the best option/answer and fill in the appropriate Box on the OMR Answer Sheet (20x1=20)
(ii) Answers given anywhere else, other than OMR Answer Sheet, will not be considered.**

1. Maryland Industries acquired a machine 2 years ago with an installed cost of \$100,000. The asset was being depreciated using MACRS at 20% and 32% in year 1 and year 2 respectively. What will be book value of the machine at the end of two years?
(A) \$52,000 (B) \$54,400 (C) \$48,000 (D) None of these
2. The portion of an asset's sale price that is above its book value and below its initial purchase price is called:
(A) Accumulated depreciation (B) Reaptured depreciation (C) Salvage values (D) None of these
3. The main purpose of Financial Accounting is to?
(A) Provide financial information to shareholders (B) Maintain balance sheet
(C) Minimize taxes. (D) None of these
4. Financial accounting reports lay greater emphasis on the:
(A) Objectivity of data (B) Flexibility of data (C) Relevancy of data (D) None of these
5. What does financial leverage measure? (EBIT: Earnings before interest and taxes, EPS: Earnings per share).
(A) No change with EBIT and EPS (B) The sensitivity of EBIT with percent change w.r.t output
(C) The sensitivity of EPS w.r.t percent change in the EBIT level (D) None of these
6. One major difference between PERT (project evaluation and review technique) and CPM (critical path method) is that:
(A) PERT employs 3 time estimates and CPM employs 4 time estimates
(B) PERT employs 3 time estimates and CPM employs only 1 time estimate
(C) PERT employs 1 time estimate and CPM employs 3 time estimates (D) None of these
7. The length of time an activity can be delayed without delaying the entire project is called:
(A) Optimistic time (B) Pessimistic time (C) Slack time (D) None of these
8. Which one of the following is not a time-series forecasting method?
(A) Moving averages (B) Exponential smoothing (C) Trend projections (D) None of these
9. According to the classification of three process regions in a process-chain-network (PCN), the example of sandwich preparation at Subway restaurant is:
(A) Direct interaction (B) Surrugate interaction (C) Independent processing (D) None of these
10. The three elements of Triple Bottom Line for sustainability are:
(A) People, product, profits (B) People, planet, profits (C) People, process, product (D) None of these
11. The customers of Tony & Guy Salon have noticed that the quality of a haircut depends on who provides it as well as when, where, and how the service is provided. Which of the following characteristic of the service is evident in this instance?
(A) Service intangibility (B) Service inseparability (C) Service variability (D) None of these
12. At a presentation in class, Aliya was not confident that she would be able to speak well. However, her confidence was increased when her friend, who she thought to have same communication skills as she did, performed brilliantly. She told herself; "Well, if she can do it, I can do it as well". This increase in her confidence is due to:
(A) Enactive mastery (B) Vicarious modelling (C) Verbal persuasion (D) None of these
13. Which of the following is NOT an accurate description of modern marketing?
(A) Marketing is the creation of value for customers
(B) Marketing involves managing profitable customer relationships
(C) Marketing emphasizes selling and advertising exclusively (D) None of these
14. Which of the following product mix pricing strategies involves pricing products that must or can only be used with the main product? (A) By-product pricing (B) Captive product pricing (C) Product line pricing (D) None of these
15. Which of the following is an example of a convenience product?
(A) Fast food (B) Diamond ring (C) Furniture (D) None of these
16. Which of the following brands must likely require heavy advertising in order to be set apart from similar products? (A) Undifferentiated brands (B) Specialty brands (C) International brands (D) None of these
17. According to the Leadership Grid, a leadership style which is high in people orientation and low in task orientation is termed as:
(A) Transactional leader (B) Transformational leader (C) Country club management (D) None of these
18. The fundamental principle of the application of Discounted Cash Flow (DCF) techniques to investment appraisal is:
(A) To incorporate all incremental cash flow (B) To incorporate all relevant depreciation (C) To absorb all company overheads (D) None of these

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19. One of the disadvantages of a functional structure is:
 (A) Replication of activities (B) Cost effectiveness (C) Myopia (D) None of these
20. Theory Y suggests that workers:
 (A) Are not willing to accept responsibility (B) Cannot work without supervision
 (C) Can exercise self-direction (D) None of these

PART-II

- NOTE:** (i) Part-II is to be attempted on the separate Answer Book.
 (ii) Attempt ONLY FOUR questions from PART-II. ALL questions carry EQUAL marks.
 (iii) All the parts (if any) of each Question must be attempted at one place instead of at different places.
 (iv) Write Q. No. in the Answer Book in accordance with Q. No. in the Q Paper.
 (v) No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
 (vi) Extra attempt of any question or any part of the question will not be considered.

- Q. No. 2.** Daud Tools, a manufacturer of lathe tools, is currently selling a product for \$10 per unit. Sales (all on credit) for last year were 60,000 units. The variable cost per unit is \$6. The firm's total fixed costs are \$120,000. The firm is currently contemplating a relaxation of credit standards that is expected to result in the following; a 5% increase in unit sales to 63,000 units; an increase in average collection period from 30 days (the current level) to 45 days; an increase in bad debt expenses from 1% of sales (current level) to 2%. The firm determines that its cost of tying up funds in receivables is 15% before taxes. **(20)**
Question: Determine whether it would be profitable for Daud Tools to relax its credit standards. To arrive at your decision, show the calculation of:
 a. Additional profit contribution from sales
 b. Cost of marginal investment in account receivables
 c. Cost of marginal investment in bad debts
- Q. No. 3.** Currently under consideration is an investment with a beta, b , of 1.50. At this time, the risk-free rate of return, R_f , is 7%, and the return on the market portfolio of assets, r_m , is 10%. You believe that this investment will earn an annual rate of return of 11%. **(20)**
 a. If the return on the market portfolio were to increase by 10%, what would you expect to happen to the investment's return? What if the market return were to decline by 10%?
 b. Use the capital asset pricing model (CAPM) to find the required return on this investment.
 c. On the basis of your calculation in part b, would you recommend this investment? Why or why not?
 d. Assume that as a result of investors becoming less risk-averse, the market return drops by 1% to 9%. What impact would this change have on your responses in parts b and c?
- Q. No. 4.** How do various characteristics of a problem ascertain the type of decision-making strategy to be adopted? What other conditions, as well as various types of decision-making biases and errors may affect the decision-making process? **(20)**
- Q. No. 5.** What is Quality Function Deployment? How can a "House of Quality" be used as a tool for QFD? Elaborate the seven basic steps to build a house of quality. Nikon Inc., wants to design a new digital camera. Prepare a hypothetical house of quality for product design of their new digital camera based on the emerging trends in the market. **(20)**
- Q. No. 6.** What are the unique characteristics of a service? What marketing strategies a firm can employ for service firms? How can marketers manage service differentiation, service quality and service productivity? **(20)**
- Q. No. 7.** What is price? Explain the major pricing strategies specifically with respect to new product pricing, product-mix pricing, and price-adjustment strategies. **(20)**
- Q. No. 8.** What are high performance work systems? Explain their essential elements, possible outcomes, necessary conditions and ways to measure the effectiveness of such work systems. **(20)**
