

THE PAPUA NEW GUINEA UNIVERSITY OF TECHNOLOGY

ENTRY EXAMINATION 2014

DEPARTMENT OF BUSINESS STUDIES

BA 001 BUSINESS STUDIES PAPER

FOR CANDIDATES APPLYING FOR BUSINESS STUDIES

..... DECEMBER 2014

TIME:

VENUE:

TIME ALLOWED: 2 HOURS

DIRECTIONS TO STUDENTS

1. Print and sign your name
2. All answers must be written in this booklet
3. The Examination is comprised of three parts and are shown below

PART A: You MUST Answer all Questions.	Marks	20
PART B: You MUST Answer all Questions.	Marks	60
PART C: Case Study: You need to analyze the case	Marks	<u>20</u>
Total Marks:		<u>100</u>
3. Make sure that you read each question carefully. The number of marks for each question is given with each question.
4. Should you wish to make any changes to your answers, make sure the new answers are legible, easy to read and understand.
5. Notes and textbooks are not allowed in the exam hall.

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Surname:..... First Name:.....

Signature:.....Course Applied: Bachelor of Commerce:.....

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BA 001 BUSINESS STUDIES

PART A: MULTIPLE CHOICE (ONE MARK EACH)

Instructions: Circle the correct answer and if you make a mistake put a cross and circle the new choice.

Q1. Managers are expected to:

- (a) think through their goals and actions based on some method or logic.
- (b) make jobs challenging for their employees
- (c) make decisions on adhoc basis
- (d) only a and b

Q2. Leading means:

- (a) attempting to assure the organization is moving towards goals
- (b) describes how managers direct and influence their subordinates
- (c) coordinate the human and nonhuman resources of an organization to achieve organizational goals
- (d) all of the above.

Q3. An organization

- (a) has goals to accomplish
- (b) operates within the constraint of resources
- (c) deals with the factors of production
- (d) all of the above

Q4. Planning is:

- (a) outlining a course of action of how an organization would like to move into the future
- (b) commitment of an organization's resources for future course of action.
- (c) defining the objectives and the determination of appropriate strategies
- (d) all of the above

Q5. An organization's ability to recruit depends on:

- (a) its reputation
- (b) attractiveness of location
- (c) attractiveness of job offer
- (d) all of the above

Q6. Q10. An organization chart shows:

- (a) employee's income
- (b) a graphic representation of the organization structure
- (c) the formal and informal organizational structure
- (d) the address of regional offices.

Q7. ----- is the act of holding subordinates liable

- a) Authority
- b) Responsibility
- c) Decentralization
- d) Accountability

- Q8. People resist changes for various reasons and a method that can be used by managers to overcome them is:
- (a) suppression
 - (b) provide more information
 - (c) promote self interest
 - (d) all of the above
- Q9. Comparable worth is:
- (a) the principle that jobs requiring comparable skills and knowledge must equal compensation even if the nature of work activity is different
 - (b) the development of a pool of candidates in accordance with human resource planning
 - (c) the analysis and appraisal of the organization's current human resources
 - (d) none of the above
- Q10. Performance appraisal occurs semi annually or annually on a formalized basis. A major purpose(s) is:
- (a) identifies those subordinates who deserve merit raises
 - (b) locates those subordinates who require additional training
 - (c) identifies those subordinates who are candidates for promotion
 - (d) all of the above
- Q11. An example of a stakeholder is:
- (a) shareholder
 - (b) stockholder
 - (c) supplier
 - (d) all of the above
- Q12. Corporate social responsibility ensures that:
- (a) organizations can increase profits as long as they stay within the rules of the game
 - (b) actions taken showing concern for the society
 - (c) organizations being mindful of other stakeholders
 - (d) all of the above
- Q13. A barrier to individual decision making is:
- (a) overconfidence
 - (b) emotions
 - (c) lack of confidence
 - (d) all of the above
- Q14. Today there is a greater demand for control over an organization because of:
- (a) the advent of information revolution
 - (b) the impact of foreign competition
 - (c) the increasingly educated workforce
 - (d) all of the above

Q15. Transactional leaders are:

- (a) leaders who through their personal vision and energy inspire followers and have major impact on their organization
- (b) leaders who determine what subordinates need to do to achieve objectives, classify their requirements and help subordinates become confident that they can meet their objectives by expending the necessary efforts
- (c) leaders who try to figure out how to communicate with and try to motivate their subordinates
- (d) none of the above

Q16. Accounts Receivable is an account that

- (a) Jones' business owes money to another business
- (b) another business owes money to Jones' business
- (c) money being owed to the government
- (d) money being saved in the bank as savings

Q17. An example of a computer hardware is

- (a) Windows 2010
- (b) Micro Soft Operating System
- (c) Keyboard
- (d) All of the aboard

Q18. Which of the following does not pay any tax to the government

- (a) Employees working for non government organization
- (b) A small trade store operator
- (c) Taxi driver
- (d) Profit from a trade store business

Q19. An example of a service is

- (a) Riding on a PMV bus from Eriku to town
- (b) Riding on a horse from Eriku to Nadzab
- (c) Riding on a bicycle around the field
- (d) All of the above

Q20. A tariff is a form of

- (a) Tax
- (b) A form of revenue for the government
- (c) A means of discouraging the consumption by government of certain products
- (d) All of the above

Part B Short Answers (60 marks)

Instructions: Attempt all questions on the answer sheet provided

- Q1. Distinguish the difference between routine and non routine decision making
- Q2. Why is selection for employment said to be a mutual decision making process?
- Q3. When disciplining an employee, why is discharging said to be the last resort?
- Q4. List and explain at least three competitive situations that a firm may operate.
- Q5. Time is an important resource that small business owner/managers have at their disposal when at work. List and explain three areas where time can be unnecessary wasted.
- Q6. Discuss at least two sources of funding that initially do not involve cash outlays for a business?
- Q7. List and explain three methods of owning and operating a small business.
- Q8. Discuss the importance of inventory management in businesses
- Q9. What is meant by communication and describe two common forms of Communication break down
- Q10. Discuss the impact of high staff turnover in a business.

Part C. Case Study (20 marks)

Instruction: Analyze the following case study

Mid Texas Helicopter

After retiring as an Air Force helicopter pilot, Erick Berke returned to his home town in mid Texas to open a helicopter charter service in partnership with his wife. He spent two years researching the local market. As part of his fact finding, he talked to:

Chamber of Commerce
Major pipeline companies
Oil-well suppliers
Oil-well drillers

So favorably did they respond that Mr Berke was convinced his new service would fill a need. Fortified by such knowledge, he then took these steps:

1. Opened an account with a local bank

2. Applied for credit with an oil company
3. Established a line of credit with a major helicopter supplier

Mr Berke also rented a house, moved his family and rented hanger and office space. In addition he negotiated a rental contract for a four seater helicopter. Staffing posed no difficulty for Mrs Berke joined her husband as an equal partner in the venture. She would run the office, keep books and help land new clients while Mr Berke did the flying. But there was one nagging problem: Mr Berke wasn't sure what price to charge.

He knew that similar helicopter services in Dallas were charging \$30 to \$50 an hour. And yet he wasn't sure whether he could charge that much in his own area. However, he did have some information on fixed costs that could help him set a price.

\$600 monthly rental on helicopter, including insurance

\$300 monthly rental for office and hanger

\$100 monthly advertising expenses

\$100 monthly office expenses

In addition Mr Berke found it would cost him:

\$4.20 per engine hour for aviation fuel

\$4.00 per engine hour for helicopter use

\$0.50 per hour for oil

\$0.35 per engine hour for repairs

Mr Berke also estimated that he and his wife would need to take out \$600 a month to supplement their retirement income and maintain their standard of living. During his fact finding, Mr Berke learned that other operators keep their helicopters busy for about 60 percent of normal hours or 120 hours per month. He already had promises of work that he believed would enable him to meet this average.

Questions.

1. If we assume Mr Berke intends to add 10 percent of expenses for profit, what would be the lowest price he should charge for each hour of helicopter service? What price should he actually charge and why?
2. Prepare a profit graph on the basis of the two prices than the one above. For each assumed price, when would Mr Berke begin to make a profit?

Answer Sheet

Part A Multiple Choice (20 Marks)

Q1		Q11	
Q2		Q12	
Q3		Q13	
Q4		Q14	
Q5		Q15	
Q6		Q16	
Q7		Q17	
Q8		Q18	
Q9		Q19	
Q10		Q20	

Part B Short Answers (60 Marks)

Instructions: Attempt all questions on the answer sheet provided

Q1. Distinguish the difference between routine and non routine decision making

Q2. Why is selection for employment said to be a mutual decision making process?
