

SET 2016
PAPER – III
MANAGEMENT

Signature of the Invigilator

Question Booklet No.250746.....

1. OMR Sheet No.

Subject Code **25**

ROLL No.

Time Allowed : 150 Minutes

Max. Marks : 150

No. of pages in this Booklet : 12

No. of Questions : 75

INSTRUCTIONS FOR CANDIDATES

1. Write your Roll No. and the OMR Sheet No. in the spaces provided on top of this page.
2. Fill in the necessary information in the spaces provided on the OMR response sheet.
3. This booklet consists of seventy five (75) compulsory questions each carrying 2 marks.
4. Examine the question booklet carefully and tally the number of pages/questions in the booklet with the information printed above. **Do not accept a damaged or open booklet.** Damaged or faulty booklet may be got replaced within the first 5 minutes. Afterwards, neither the Question Booklet will be replaced nor any extra time given.
5. Each Question has four alternative responses marked (A), (B), (C) and (D) in the OMR sheet. You have to completely darken the circle indicating the most appropriate response against each item as in the illustration.



6. All entries in the OMR response sheet are to be recorded in the original copy only.
7. Use only Blue/Black Ball point pen.
8. Rough Work is to be done on the blank pages provided at the end of this booklet.
9. If you write your Name, Roll Number, Phone Number or put any mark on any part of the OMR Sheet, except in the spaces allotted for the relevant entries, which may disclose your identity, or use abusive language or employ any other unfair means, you will render yourself liable to disqualification.
10. You have to return the Original OMR Sheet to the invigilators at the end of the examination compulsorily and must not carry it with you outside the Examination Hall. **You are, however, allowed to carry the test booklet and the duplicate copy of OMR Sheet** on conclusion of examination.
11. Use of any calculator, mobile phone or log table etc. is strictly prohibited.
12. **There is no negative marking.**

25-16

PAPER-III
MANAGEMENT

1. Which of the following aptly describes the role of Line Managers and Staff advisors, namely HR Professionals ?
- (A) Staff advisors focus more on developing HR programs while line managers are more involved in the implementation of those programs
 - (B) Line managers are concerned more about developing HR programs whereas staff advisors are more involved in implementing such programs
 - (C) Staff advisors are solely responsible for developing, implementing, and evaluating the HR programs while line managers are not at all involved in any matters concerning HR
 - (D) Line managers alone are responsible for developing, implementing, and evaluating the HR programs while staff advisors are not at all involved in any matters concerning HR
2. What is the most important contribution of the Hawthorne Studies ?
- (A) The discovery of the informal relationship and social groups among employees
 - (B) The significance of lighting and ventilation for performance
 - (C) The difference in the performance of male and female employees
 - (D) The relationship between the behavior and performance
3. In Strategic Human Resource Management, HR strategies are generally aligned with _____.
- (A) Business strategy
 - (B) Marketing strategies
 - (C) Finance strategy
 - (D) Economic strategy
4. A structured questionnaire method of collecting data about the personal qualities of employees is called _____.
- (A) Functional job analysis
 - (B) Management position description questionnaire
 - (C) Work profiling system
 - (D) None of the above
5. The system of ranking of jobs in a firm on the basis of the relevant characteristics, duties, and responsibilities is known as _____.
- (A) Job evaluation
 - (B) Job design
 - (C) Job specification
 - (D) Job description
6. Which error takes place when the rater allows one negative aspect of a Person's character or performance to influence the entire evaluation ?
- (A) Horn effect
 - (B) Stereotyping error
 - (C) Halo error
 - (D) First impression
7. Which one of the following Performance Appraisal methods has "reducing the possibility of rater bias" as its objective ?
- (A) Forced distribution method
 - (B) Forced-choice description
 - (C) Graphic Scales
 - (D) Person-to-Person comparison method
8. Designing a job according to the worker's physical strength and ability is known as _____.
- (A) Ergonomics
 - (B) Task assessment
 - (C) Job autonomy
 - (D) None of the above

3. Which one of the following statements is *not* generally true of Self-appraisal ?
- It is not meant to be a ritualistic form filling exercise but has to be a useful component of a development-oriented Performance Appraisal system
 - It has an important role to play in employee development
 - It should start at the end of the 'performance period' and immediately after the Performance Review is completed
 - Ideally, it should be a continuous process for the employee
10. The Plans that necessitate changes in the existing technology, the organizational structure, and the employee's authority and responsibility are called _____.
- Short-term HR Plan
 - Medium-term HR Plan
 - Long-term HR Plan
 - None of the above
11. Which of the following is not a forecasting technique to assess the human resource requirements of an organization ?
- Trend analysis
 - Ratio analysis
 - Management judgment
 - Replacement charts
12. The forecasting based on the subjective views of the managers on the HR requirements of an organization is known as _____.
- Normal group technique
 - Delphi technique
 - Managerial judgment
 - Work study technique
13. The primary aim of recruitment and selection process is to _____.
- meet the high labor turnover
 - hire the best individuals at optimum cost
 - Ensure the availability of surplus in the case of sickness and absence
 - None of the above
14. A prerequisite for a successful and efficient recruitment program is to have a(n) _____.
- Corporate policy
 - HR policy
 - Recruitment policy
 - Health and safety policy
15. Which of the following is used to measure the various characteristics of the candidate ?
- Physical test
 - Psychological test
 - Attitude test
 - Proficiency test
16. Which of the following is not an objective of employee orientation ?
- Preventing employee alienation
 - Developing team spirit
 - Acclimatizing the employees
 - Raising the salary of the employees
17. Which of the following orders is followed in a typical selection process ?
- Test and/or interview, application form, reference check and physical examination
 - Application form, test and/or interview, reference check and physical examination
 - Reference check, application form, test and/or interview and physical examination
 - Physical examination, test and/or interview, application form and reference check

18. Biographical inventory questions were developed by the _____.
- (A) American Psychological Association
 - (B) Indian Psychological Association
 - (C) French Psychological Association
 - (D) None of the above

19. A team of learners working online in a real-time mode using the Internet is known as _____.
- (A) Individualized self-paced e-learning online
 - (B) Individualized self-paced e-learning offline
 - (C) Group-based e-learning synchronously
 - (D) Group-based e-learning asynchronously

20. In relationship marketing firms focus on _____ relationships with _____.
- (A) Short-term; customers and suppliers
 - (B) Long-term; customers and suppliers
 - (C) Short-term; customers
 - (D) Long-term; customers

21. Which of the following statements are not correct in the context of distribution ?

- I. *Distribution* means achieving the optimum distribution costs without losing decision-making authority over the product offering and the way it is marketed and supported
- II. In *selective distribution*, intermediaries are given exclusive rights to market the good or service within a defined 'territory', and thus you use a very limited number of intermediaries
- III. McDonald's and KFC are good examples of *distributors*
- IV. *Stealth marketing* refers to the unauthorized sale of new, branded products diverted from authorized distribution channels or imported into a country for sale without the consent or knowledge of the manufacturer

Code :

- (A) I, II, III and IV
- (B) I and II
- (C) II and III
- (D) III and IV

22. A further 3Ps are incorporated into the marketing mix. They are _____.

- (A) Physical evidence, process and price
- (B) Process, people, and promotion
- (C) Physical evidence, people, and production
- (D) Physical evidence, process, and people

23. According to the Marketing and Sales Standards Setting Body (MSSSB), which of the following is not a marketing function ?

- (A) Promote marketing intelligence
- (B) Develop sales tactics
- (C) Develop the customer proposition
- (D) Work with other business functions and third parties

24. Four competing philosophies strongly influence the role of marketing and marketing activities within an organization. Which of the following is not a component of market orientation ?

- (A) Customer orientation
- (B) Profitability orientation
- (C) Marketing orientation
- (D) Competitor orientation

25. Marketing decision makers in a firm must constantly monitor competitor's activities - their products, prices, distribution, and promotional efforts - because :

- (A) The competitors may be violating the law and can be reported to the authorities
- (B) The actions of competitors may threaten the monopoly position of the firm in its industry
- (C) The actions of competitors may create an oligopoly within an industry
- (D) New product offerings by a competitor with the resulting competitive variations may require adjustments to one or more components of the firm's marketing mix

26. The phenomenon that customers are happy to work with companies and organizations to solve problems is referred to as :
- Crowd-sourcing
 - Communication-sourcing
 - Customer co-creation
 - Mass-sourcing
27. The simplest model of consumer buying behavior to understand, stressing how the consumer goes through six key stages in the acquisition process is _____.
- Memory
 - Theory of Planned Behavior
 - Maslow's Hierarchy of Needs
 - Consumer Acquisition Model
28. Providing free samples of perfumes (scent) in magazines is an example of which of the following ?
- Classical conditioning
 - Operant conditioning
 - Social learning
 - Behavioral learning
29. Marketing research, by presenting pertinent information in a useful format :
- Provides managers with a means to judge employee performance
 - Aids marketing decision makers in analyzing data and in suggesting possible actions for strategic marketing direction
 - Provides sufficient information about a situation after it occurs to be able to follow its path of occurrence
 - Provides consumers with information concerning why the product or service is useful to them
30. Toyota's Prius and Honda's Hybrid Civic are examples of technological products inspired by _____.
- Style considerations in the Japanese automobile industry
 - Social pressure to develop more fuel-efficient vehicles with fewer dangerous emissions
 - The desire of many engineers to simply make interesting products
 - The realization that Japanese people didn't need large, high-speed cars
31. When little is known about the problem, research seeking to discover the cause of a problem by discussing the problem with informed sources and examining pre-existing data is undertaken. This type of research is called as _____.
- Situation analysis
 - Casual investigation
 - Exploratory research
 - Bottom-line analysis
32. Retailing activities resulting in transactions that occur away from a fixed store location are referred to as _____.
- Non-store retailers
 - Convenience stores
 - Department stores
 - Supermarkets
33. Which of the following means placing your product or service in as many outlets or locations as possible, in order to maximize the opportunity for customers to find the good or service ?
- Exclusive distribution
 - Intensive distribution
 - Selective distribution
 - Direct distribution

34. A means of orchestrating the tools of the marketing communications mix, so that audiences perceive a single, consistent, unified message whenever they have contact with a brand, is referred to as :
- Integrated Marketing Communications (IMC)
 - Personal Selling (PS)
 - Direct Marketing (DM)
 - Customer Service (CS)
35. Unpaid peer-to-peer communication of often provocative content originating from an identified sponsor using the Internet to persuade or influence an audience to pass along the content to others is _____.
- Viral Marketing
 - Word-of-Mouth Marketing
 - Direct-response Marketing
 - Peer-to-peer Marketing
36. The success of marketing communication depends upon the extent to which messages engage their audiences. These audiences can be seen to fall into three main groups :
- Customers, general public and sales personnel
 - Customers, channel members and general stakeholders
 - Customers, general stakeholders and club members
 - General public, club members and general stakeholders
37. Companies often reinforce consumer loyalty by providing reward cards and points for purchasing (e.g. the Nectar card in Britain) and stamps (e.g. as used by the Japanese retailer, 7-Eleven). These activities can be referred to as _____.
- Classical conditioning
 - Social learning
 - Esteem building
 - Operant conditioning
38. Which of the following statements are correct ?
- Direct Marketing is a marketing communication tool that uses non-personal media to create and sustain a personal and intermediary free communication with customers, potential customers and other significant stakeholders
 - Direct response advertising includes advertisements that contain 'call-to-response' mechanisms such as telephone numbers, website addresses, e-mail and postal addresses
 - Exhibitions are events when groups of sellers meet collectively with the key purpose of attracting buyers
 - Field Marketing is a marketing communication activity concerned with providing support for the sales force and merchandising personnel
- Code :
- I and II
 - II and III
 - III and IV
 - I, II, III and IV
39. Asymmetric information occurs because _____
- One party to a financial transaction has more information than another
 - Stock market prices on the internet lag real time prices by up to fifteen minutes
 - Not all investors understand company accounts and balance sheets
 - Not all shareholders are able to attend company annual general meetings
40. Which of the following is _____
- It ignores potentially valuable cash flow after the cut-off point
 - The cut-off point for recovery of investment outlay is arbitrary
 - The technique cannot be applied to discounted cash flow
 - It may help to resolve large amounts of uncertainty

41. Which of the following is the correct expression for the percentage return on a share ?
- (A) $R_t = (d_t + P_t - P_{t-1})/P_{t-1}$
 (B) $R_t = (d_t + P_t - P_{t-1})$
 (C) $R_t = (d_t + P_t - P_{t-1})/d_t$
 (D) $R_t = (-d_t - P_t + P_{t-1})/P_{t-1}$
42. The concept of equilibrium in the Capital Asset Pricing Model (CAPM) is highly influenced by which of the following concepts from economics ?
- (A) Perfect competition
 (B) Monopolistic competition
 (C) Oligopoly
 (D) Monopoly
43. What are price-earnings valuations usually based on ?
- (A) Gross profit (B) Operating profit
 (C) EBITDA (D) Free cash flow
44. Which of the following defines the market to book value ?
- (A) The ratio of stock market valuation divided by the value of its NAV
 (B) The ratio of NAV value divided by stock market valuation
 (C) The market value of tangible assets divided by the book value of tangible assets
 (D) The market value of intangible assets divided by the book value of intangible assets
45. The sum of squared deviations from the mean, multiplied by probability, describes which of the following ?
- (A) Standard deviation (B) Variance
 (C) Covariance (D) Correlation
46. If you were a farmer growing crops for market, how would you hedge your risk ?
- (A) By taking contracts to sell at a pre-agreed forward price
 (B) By taking contracts to buy at a pre-agreed forward price
 (C) By taking contracts to sell at the spot price
 (D) By taking contracts to buy at the spot price
47. Which of the following accurately describes a Currency Board ?
- (A) A currency board is where the domestic currency is issued in some fixed ratio relative to gross reserves of foreign currency
 (B) A currency board is where the foreign currency is issued in some variable ratio relative to gross reserves of domestic currency
 (C) A currency board is where the domestic currency is issued in some variable ratio relative to net reserves of foreign currency
 (D) A currency board is where the domestic currency is issued in some fixed ratio relative to net reserves of foreign currency
48. How can we compare projects in the case where they have different life-spans ?
- (A) Use the annuity equivalent approach
 (B) Use the perpetuity equivalent approach
 (C) Use both the perpetuity and annuity equivalent approach
 (D) Select the project with the shorter payback period
49. When is a profitability index used ?
- (A) When capital is rationed
 (B) When IRR cannot be used
 (C) When IRR and NPV conflict
 (D) When payback is deemed to have insufficiently taken into account the time value of money

- Which of the following is true for leveraged beta ?
- (A) Leveraged beta represents fundamental operational risk
- (B) Leveraged beta represents financial risk from leverage
- (C) Leveraged beta represents fundamental operational risk plus financial risk from leverage
- (D) Leveraged beta represents fundamental operational risk minus financial risk from leverage
51. Why is it generally believed that there is an optimal capital gearing ratio ?
- (A) There is a precise gearing ratio at which the benefit of the tax shield is exactly matched by the increasing risk of financial distress
- (B) There is a precise gearing ratio at which the risk of the tax shield is exactly matched by the increasing benefit of financial distress
- (C) There is a precise gearing ratio at which the benefit of the tax shield is exactly matched by the increasing risk of agency
- (D) There is a precise gearing ratio at which the benefit of managerial motivation is exactly matched by the increasing risk of agency
52. Which of the following is typically the most important economy or synergy which is sought from Mergers and Acquisitions M&A activity ?
- (A) Economies of scope from applying existing resources to new uses, at little additional cost
- (B) Revenue and marketing synergies from new, enhanced, or more efficient distribution
- (C) Economies of scale effects from organizational learning
- (D) Economies of scale from doing away with duplication of function between the two firms
53. What does the following trade credit jargon refer to ? '5/7 net 30'.
- (A) A discount of 5% will be given for full payment within 7 days. Failing that, the account must be settled in 30 days
- (B) A discount of 7% will be given for full payment within 5 days. Failing that, the account must be settled in 30 days
- (C) A discount of 30% will be given for full payment within 7 days. Failing that, the account must be settled in 30 days
- (D) A discount of 5% will be given for full payment within 30 days. Failing that, the account must be settled in 7 days
54. What is Gordon's 'bird in the hand' fallacy ?
- (A) Investors prefer early resolution of uncertainty and apply a lower discount rate to later dividends
- (B) Investors prefer early resolution of uncertainty and apply a higher discount rate to later dividends
- (C) Investors prefer later resolution of uncertainty and apply a higher discount rate to later dividends
- (D) Investors prefer later resolution of uncertainty and apply a lower discount rate to later dividends
55. Which of the following is the correct formula for the Baumol inventory model of cash management ?
- (A) $Z = \sqrt{(2k/FT)}$ (B) $Z = \sqrt{(2Fk/T)}$
- (C) $Z = \sqrt{(3FT/k)}$ (D) $Z = \sqrt{(2FT/k)}$
56. What are home-made dividends and why would investors 'make' them ?
- (A) Home-made dividends represent sales of stock by relatively impatient investors
- (B) Home-made dividends represent purchases of stock by relatively impatient investors
- (C) Home-made dividends represent sales of stock by relatively patient investors
- (D) Home-made dividends represent purchases of stock by relatively patient investors

57. Which of the following represents Modigliani and Miller's second position on the effect of capital gearing?

- (A) There is a negative relationship between financial gearing and the WACC because of the 'free lunch' effect of the tax shield
- (B) There is a positive relationship between financial gearing and the WACC because of financial distress
- (C) There is no relationship between financial gearing and the WACC as there are no 'free lunch' benefits from capital gearing
- (D) There is a positive relationship between financial gearing and the WACC because of the 'free lunch' effect of the tax shield

58. Which of the following is not a characteristic of a country by which the balance of payments is in equilibrium?

- A. Exports = Imports
- B. Current account = Capital account
- C. Exports > Imports
- D. Exports < Imports

59. Which of the following theories holds that countries will produce and export products that use large amounts of production factors that they have in abundance?

- (A) The Theory of Absolute Advantage
- (B) The Factor Endowment Theory
- (C) Mercantilism
- (D) Neo-mercantilism

60. What is the underlying characteristic of the WTO?

- (A) It facilitates economic co-operation between different countries
- (B) It resolves disputes between economic trade blocks
- (C) It facilitates the development of less developed countries
- (D) It acts as an umbrella institution that regulates the agreements concluded at the Uruguay round, the organization's ultimate goal being the promotion of free international trade

61. Does the WTO come with its own institutional framework?

- (A) No, the WTO depends on the relevant frameworks of national governments
- (B) No, the WTO provides certain institutional arrangements but only on an ad hoc basis
- (C) Yes, the WTO provides a certain institutional framework which changes depending on the nature of free trade agreements
- (D) Yes, the WTO provides a common institutional framework for the implementation of free trade agreements

62. What are the two main functions of the WTO?

- (A) The promotion of free trade and economic liberalism
- (B) The administration of the WTO agreements and the resolution of international trade disputes
- (C) The promotion of world peace, economic stability and financial co-operation
- (D) The administration of the WTO's institutional framework and the promotion of economic co-operation amongst its members

63. Practically, what is the most significant organ of the WTO?

- (A) The Committee on Trade and Development
- (B) The Council for Trade in Goods
- (C) The General Council
- (D) The Ministerial Conference

64. What are countervailing measures?

- (A) Measures which a State may initiate against another State when that other State has legally subsidized any of its domestic industries
- (B) Measures which a national government may initiate against another State when that other State has not subsidized any of its domestic industries
- (C) Measures which a State may initiate against another State when that other State has illegally subsidized any of its domestic industries
- (D) Measures which a national government may initiate against another State when that other State has not illegally subsidized any its domestic industries

65. When the housing market boom first began to unravel globally in 2007, banks discovered their overexposure to _____.
- (A) Derivatives
(B) Shoddy buildings
(C) Politically motivated loans
(D) 'Toxic assets' of mortgage-backed securities
66. According to which theory will differences in nominal interest rates be eliminated in the exchange rate?
- (A) The Combined Equilibrium Theory
(B) The PPP
(C) The Leontief Paradox
(D) The Fisher Effect
67. The Headquarters of Company X sends a memo to all subsidiaries establishing the intra-firm price at which a product will be sold. This price is called :
- (A) Insider transfer price
(B) Transfer price
(C) Internal ticketing
(D) Intra-firm price
68. Which of the following are major public global governance agencies for trade and finance? Please select all that apply :
- I. Group of 8 (G8)
II. International Organization of Securities Commission (IOSCO)
III. WHO
- (A) I and II
(B) I, II and III
(C) I only
(D) II only
69. Strategies in which funds are moved from one MNE operation to another are called :
- (A) Arm's Length Techniques
(B) Subsidiary Flows
(C) Fronting Techniques
(D) Funds Positioning Techniques
70. What is the name of the famous book published just before the end of the Second World War, by Karl Polanyi?
- (A) The Great Depression
(B) The Great Markets
(C) Transformation and Markets
(D) The Great Transformation
71. Which of the following is a good reason to use clearing accounts?
- (A) Subsidiaries that are owed money receive quicker payment
(B) It ensures an efficient financial relationship across subsidiaries
(C) Headquarters can better monitor the finances of each subsidiary
(D) All of the above
72. How do governments lure foreign investment? Please select all that apply :
- I. By devaluing their currency
II. By relaxing labor and environmental standards
III. By reducing restrictions on repatriation of profits
- (A) Options I and II
(B) Options I and III
(C) Options II and III
(D) Options I, II and III
73. Which of the following is an exchange risk management technique through which the firm contracts with a third party to pass exchange risk onto that party, via instruments such as forward contracts, futures, and options?
- (A) Risk avoidance
(B) Risk adaptation
(C) Risk transfer
(D) Diversification

74. The vast majority of large-scale foreign exchange transactions in the US are :

- (A) Done through Interbank
- (B) Done through the Chicago Mercantile Exchange
- (C) Done through Foreign Exchange Brokers
- (D) Done through Morgan-Chase and Deutsche Bank of America

75. The Irawash Co. of Canada has set up a website to sell products to US consumers. Prices are listed in US dollars but all their costs are in Canadian dollars. Which of the following is a major risk faced by the company ?

- (A) Investment Risk
- (B) Exchange Rate Risk
- (C) An American Boycott
- (D) All of the above