

PART I Multiple Choice (20 Marks)

Instructions:

Candidates must answer ALL questions on the Scantron answer sheet by selecting the most appropriate answer for each question.

1. The Surgeon General's warning on cigarette packages about the health implications of smoking is an example of which of the following ethical issues?
☐ A) conflict of interest
☐ B) fairness and honesty
☒ C) communications
☐ D) relationships within a business
☐ E) none of the above
2. When ethical decisions are based around producing the greatest good for the greatest amount of people, it is said to be which type of ethical model?
☐ A) Moral rights model
☐ B) Justice Model
☐ C) Behavioural Model
☒ D) Utilitarian Model
☐ E) None of the above
3. Which of the following is NOT a stakeholder in an organization?
☒ A) shareholders
☐ B) employees
☐ C) suppliers
☐ D) local community
☐ E) all of these are stakeholders
4. The forces which exist in the external surround of the organization and which are likely to affect the organization in important ways are known as:
☐ A) the potential competitors.
☒ B) the organizational environment.
☐ C) the suppliers.
☐ D) the distributors.
☐ E) brand loyalty.
5. If a female subordinate is offended by posters in her supervisor's office which she feels are degrading to women, this supervisor has exhibited:
☐ A) the similar-to-me effect.
☐ B) the glass ceiling.
☐ C) the salience effect.
☐ D) *quid pro quo* sexual harassment.
☒ E) a hostile work environment.

6. If a female manager tells a male subordinate that he is in line for a pay raise but that he will get that pay raise only if he becomes sexually involved with her, this manager is exhibiting:

- A) a hostile work environment.
- B) the similar-to-me effect.
- C) the salience effect.
- D) the social status effect.
- ☒ E) *quid pro quo* sexual harassment.

7. The process by which a division of labor occurs as different workers specialize in different tasks over time is known as:

- ☒ A) job specialization
- B) power
- C) behavioral management
- D) rules
- E) norms

8. When the "Big-Buy" retail store in Vancouver, British Columbia, stocks baby trailers for bicycles because its customers want to buy this product in this store, even though "Big-Buy" does not typically stock this product in its other stores, this is an example of:

- A) procedural justice.
- B) distributive justice.
- ☒ C) managing diversity.
- D) bias.
- E) the ombudsman effect.

9. The systematic study of relationships between people and tasks for the purpose of redesigning the work process in order to increase efficiency is known as:

- A) administrative management
- ☒ B) scientific management
- C) bureaucracy
- D) behavioral management
- E) Hawthorne effect

10. Which of the following is an advantage of a partnership?

- A) unlimited liability
- B) life of partnership
- C) selling partnership
- D) limited funding sources
- ☒ E) ease of organization

11. Which of the following requires owners to perform many functions and possess diverse skills to make decisions?
- ☒ A) corporation
 - B) partnership
 - C) sole proprietorship
 - D) cooperative
 - E) holding company
12. When McDonald's decided to add breakfast to its hours of operation in order to increase its customers, this was an attempt to improve the organization's:
- A) effectiveness
 - B) planning
 - ☒ C) leading strategy
 - ☒ D) efficiency
 - E) none of the above
13. The idea that managers who stay with the organization for many years develop skills on the job which can help the organization to become more efficient is consistent with Fayol's principle of:
- A) equity.
 - B) order.
 - C) initiative.
 - D) discipline.
 - ☒ E) stability of tenure.
14. A manager who makes a product which customers want to buy but attempts to sell it at a price that is higher than the one they are willing to pay is said to have:
- A) low efficiency/low effectiveness.
 - ☒ B) high efficiency/high effectiveness.
 - ☒ C) low efficiency/high effectiveness.
 - D) high efficiency/low effectiveness.
 - E) none of the above.
15. A manager who chooses the wrong goals for the organization and makes poor use of the organization's resources in pursuing these goals is said to have:
- A) low efficiency/high effectiveness.
 - B) high efficiency/high effectiveness.
 - ☒ C) low efficiency/low effectiveness.
 - D) high efficiency/low effectiveness.
 - E) none of the above.

16. The power to hold people accountable for their actions and to make decisions concerning the use of organizational resources is known as:
- A) bureaucracy
 - B) power
 - C) rules
 - D) theory
 - E) authority
17. All of the following are examples of the task environment of the organization EXCEPT:
- A) distributors.
 - B) customers.
 - C) competitors.
 - D) suppliers.
 - E) sociocultural forces.
18. Which of the following is an example of restructuring?
- A) reducing the number of products
 - B) flattening the organization
 - C) closing plants
 - D) outsourcing the production of a product
 - E) all these choices are correct
19. If the product of a major competitor has a large market share, we say that this product has a large amount of:
- A) political force.
 - B) demographic force.
 - C) brand loyalty.
 - D) potential competition.
 - E) distributor loyalty.
20. The policies and process that determine how an organization interacts with its stakeholders is referred to as:
- A) social responsibility
 - B) corporate governance
 - C) organizational culture
 - D) partnership agreement
 - E) none of the above

21. Obtaining personal information about a person and using that information for illegal purposes is known as:
- A. a database
 - B. Facebook
 - ☒ C. Identity theft
 - D. good business sense
22. The cost advantages which are associated with large organizations are known as:
- A) brand loyalty.
 - B) barriers to entry.
 - C) boundary spanning.
 - D) gatekeeping functions.
 - ☒ E) economies of scale.
23. The systematic tendency to use information about others in ways that result in inaccurate perceptions is known as:
- ☒ A) stereotyping
 - B) bias
 - C) overt discrimination
 - D) the social status effect
 - E) the similar-to-me effect
24. When a manager takes responsibility for correcting an environmental problem that has been created by his or her company, this manager is acting in which type of role?
- A) Liaison
 - B) Disturbance handler
 - C) Leader
 - D) Disseminator
 - ☒ E) Figurehead
25. When WestJet allows the agent-in-charge at the gate to decide whether to give out a "free ticket" to some passengers when the flight is overbooked, this is an example of:
- A) innovation.
 - B) restructuring.
 - C) TQM.
 - ☒ D) empowerment.
 - E) none of the above.

26. When an organization's customers put pressure on the organization to reduce prices on its goods, this is an example of the organization's:
- A) general environment.
 - ☒ B) task environment.
 - C) political environment.
 - D) legal environment.
 - E) sociocultural environment.
27. When the video game marketer Nintendo was investigated for allegedly raising prices excessively during the Christmas buying season and thereby manipulating the supply of games available at that time, this was an ethical issue concerned primarily with
- A) conflict of interest.
 - B) communications.
 - ☒ C) fairness and honesty.
 - D) cost control.
 - E) game rules.
28. A set of specific tasks that a manager is expected to perform because of his or her position within the organization is called:
- A) a plan.
 - B) restructuring.
 - ☒ C) a role.
 - D) an efficiency strategy.
 - E) none of the above.
29. Which of the following is an example of a customer of Dell Canada?
- A) small businesses
 - B) government agencies
 - C) colleges
 - D) home users of PCs
 - ☒ E) all these choices are correct
30. All of the following would likely be found in a company's articles of incorporation except
- ☒ A) expected profitability of the corporation.
 - B) classes of stock
 - C) corporation objectives
 - D) name and address of board of directors
 - E) name and address of the corporation.

31. In which form of organization are employees most likely to feel left out?
- A) sole proprietorship
 - B) partnership
 - C) corporation
 - D) cooperative
 - ☒ E) none of the above
32. An ethics officer who monitors an organization's practices and procedures to be sure they are ethical is known as a(n):
- A) shareholder
 - ☒ B) whistleblower
 - C) ethics ombudsman
 - D) auditor
 - E) snitch
33. Disregard for social responsibility, willingness to engage in and cover up unethical and illegal behaviour is known as a(n):
- ☒ A) obstructionist approach
 - B) defensive approach
 - C) accommodative approach
 - D) proactive approach
 - E) distributive approach
34. A moral principle calling for the distribution of pay raises, promotions, and other organizational resources to be based on meaningful contributions that individuals have made and not on personal characteristics over which they have no control is known as:
- ☒ A) procedural justice
 - B) distributive justice
 - C) social responsibility
 - D) bias
 - E) accommodative justice
35. In order to increase sales of a particular product, the president of Intel made a number of decisions concerning what organizational goals to pursue, what actions to take, and how to use the company's resources to achieve its goals. This is an example of:
- ☒ A) strategy
 - B) leading
 - C) organizing
 - D) motivating
 - E) structure

36. When Kellogg changed the name of its Heartwise cereal to Fiberwise, it was in response to growing concern from the public and the government about unsubstantiated health claims. The primary area of ethical concern in this case was questionable
- A) conflict of interest.
 - ☒ B) communications.
 - C) product design.
 - D) business relationships.
 - E) financing.
37. Ethical business decisions foster trust among the following individuals:
- ☒ A) buyers.
 - B) sellers.
 - C) borrowers.
 - D) lenders.
 - E) all of the above.
38. Which of the following should help reduce the incidence of unethical behaviour in an organization?
- ☒ A) understanding that individual moral standards, the influence of managers and coworkers, and opportunity influence ethical behaviour
 - B) maximizing ethical conflict in work groups
 - C) expanding opportunity by providing punishments for violations of the rules
 - D) overlooking violations of codes of ethics
 - E) all of the above
39. Which of the following is a disadvantage of a partnership?
- ☒ A) difficulty of selling ownership
 - B) ease of organizing business
 - C) specialization of partners
 - D) relatively fast decision making
 - E) limited government regulation
40. A store in Moncton, New Brunswick, which is part of a national chain, stocks religious candles in the store because its shoppers want to buy these items in this store, even though the typical store in this chain does not stock this item. This is an example of:
- A) the glass ceiling effect.
 - B) the ombudsman effect.
 - ☒ C) managing diversity.
 - D) social responsibility.
 - E) whistle-blowing.

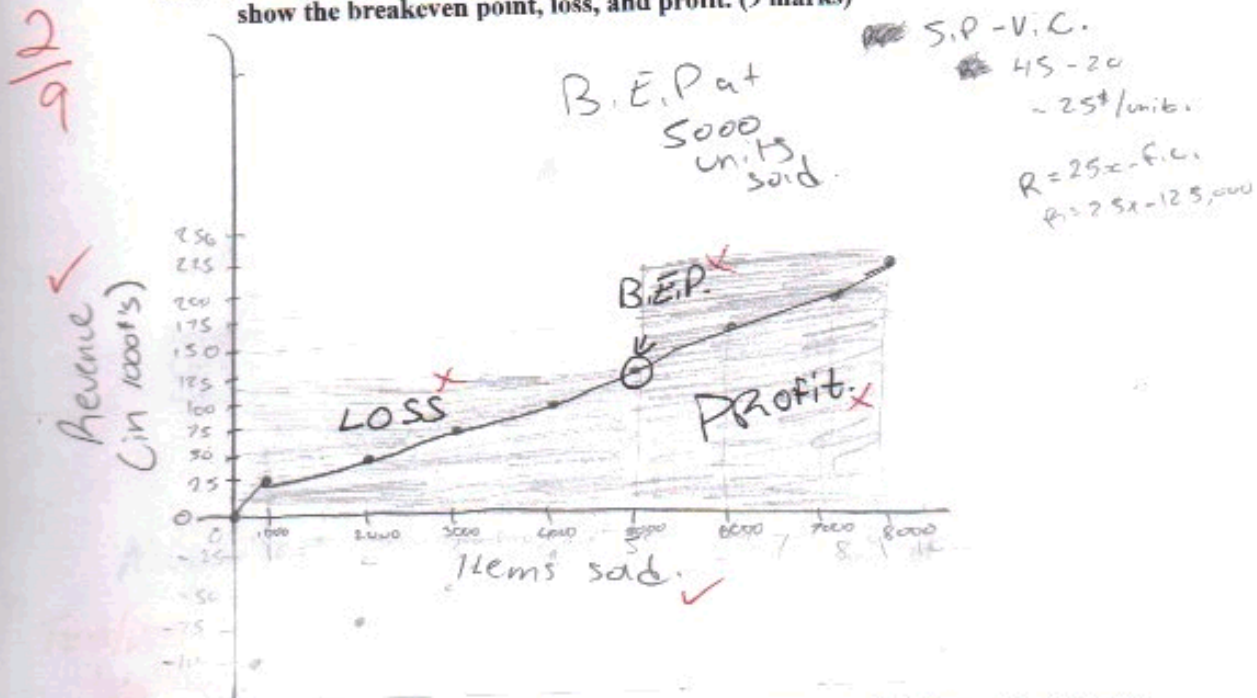
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Yeah I didn't do too well on this part.. Lol. Learn from my mistake!

PART II PROBLEMS (25 Marks) Please show all of your work; Take your answers to decimal points always.

- 1.) You are given the following information: Selling Price of each Unit = \$45;
Variable Costs for each unit = \$20; Annual Fixed Costs are \$125,000.

Draw the Breakeven Point Diagram, labeling each axis and curve appropriately; show the breakeven point, loss, and profit. (9 marks)



- 2.) The selling price of a unit is \$100; Rent on a 5 year lease is \$1000 monthly; Salaries are \$15,000 monthly; insurance costs are \$10,000 annually. Raw materials are \$15.50 per unit; wages per unit are \$12.00, and overhead (electricity, etc.) are determined to be \$14.50 per unit. **What is the company's Breakeven Point in Sales Dollars? In Units? (10 marks)**

6/10

$TVC = 15.50 + 14.50 + 12$
 $= 42.00$

$FC: 1000(12) + (15000(12)) + (10000(12))$
 $= 10000 + 180000 + 120000$
 $= 310,000$

$T.F.C. = 310,000$

$100 - 42 = 58$

Units = $\frac{310,000}{58} = 5345$

$\$ = 534500$

The company's B.E.P. is 5345 units and \$534,500

- 3.) The Fixed Costs of ABC Limited are \$145,000. Assuming that variable costs increase by 50% and the selling price is increased by 15%, what will the new fixed costs equal? (6 marks)

FIXED PRICE DOES NOT CHANGE! (I was real stupid to screw this one up ha!)

PART III - Essay Questions (55 marks)

Instructions:

Candidates must answer all questions in the space provided. If necessary, please write on the back of the sheet to complete your answer.

1. Identify and describe four advantages and four disadvantages of the sole proprietorship form of business ownership (4 marks)

Advantages:
 - Ease of forming \rightarrow There are ~~only~~ very few permits + royalties associated w/ Sole Prop. No need for lawyers + low startup costs.

Form/Dissolve goes together.

✓ - Personal Incentive + satisfaction \rightarrow no higher-ups/bosses to report to, you get the satisfaction of working for yourself.

- Ease of dissolving your company \rightarrow You can drop your business at anytime, as long as all debts are paid off.

~~Government paperwork~~ ~~Taxation~~ ~~Barriers~~

✓ - Only one tax to pay and that is Income ~~tax~~ tax.

2.5
4

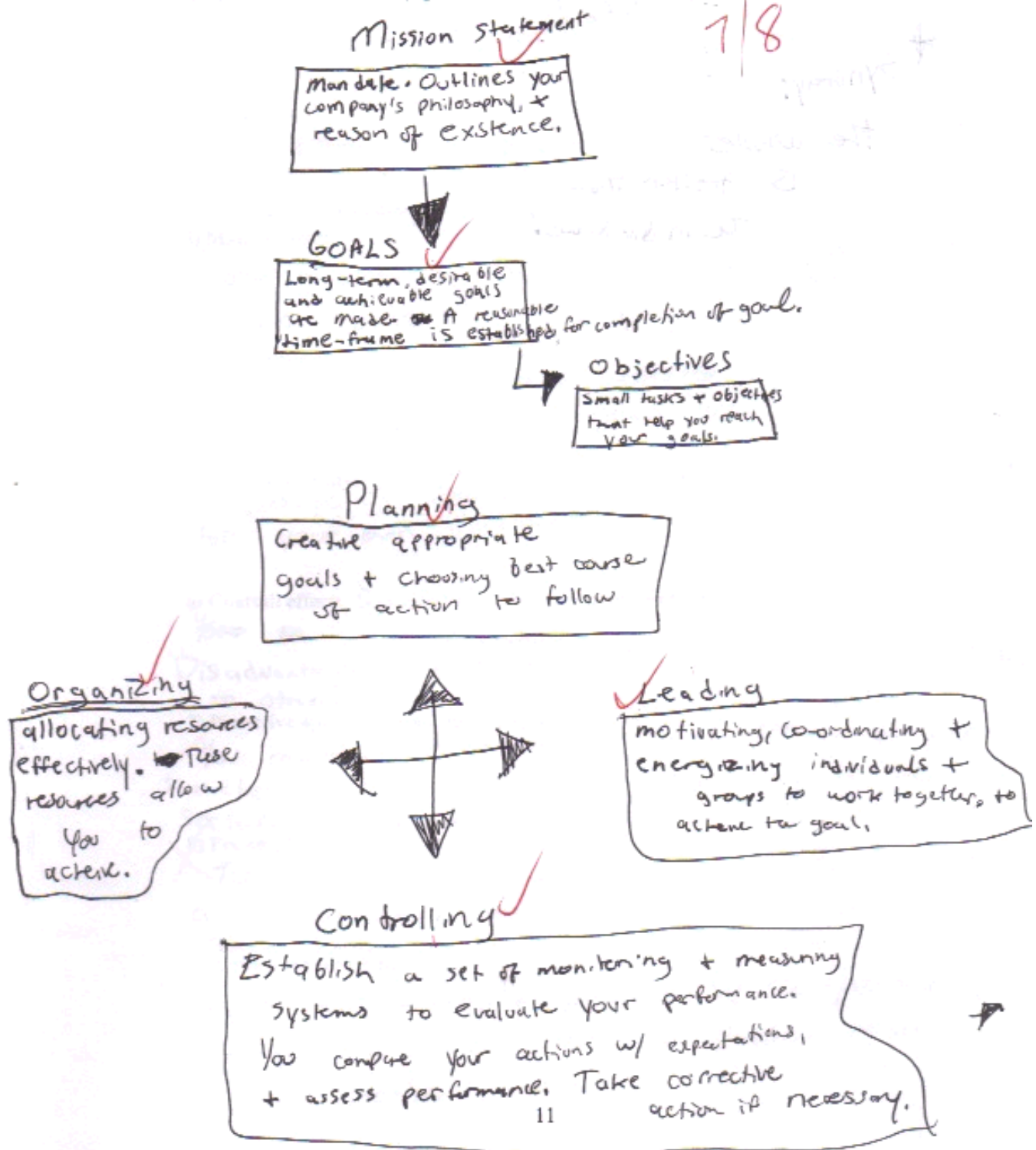
Disadvantages:
 ✓ - Life of business \rightarrow Sole proprietorships are only alive as long as the owner is. Once you die, business dies.

~~The more~~ - Marginal taxation \rightarrow The more income you make, the more taxes you pay.

✓ - Unlimited liability \rightarrow If your debts cannot be paid on time all your personal assets are at a risk of loss. You stand to lose everything.

~~As a result, it is~~ Less attractive job \rightarrow Not as high wages + benefits are minimal in comparison to other corporate jobs.

2. Draw, label each variable, and discuss in detail the Process of Management as discussed in class. (8 points)



Amidst all of this the

ART OF COMMUNICATION

is key!!

★ Synergy:

the whole

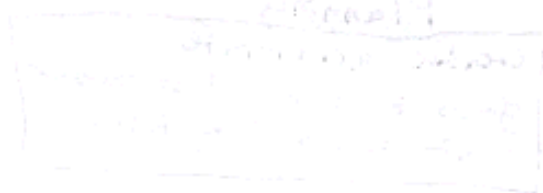
is greater than
the individuals!



CONTINUOUS



PLANNING



ORGANIZING



CONTROLLING



65/9

3.) Define each of the following terms: (9 marks)

1) Proxy:

Diff. ways of accessing a resource.

2) Dividend:

The profits a corporation makes which, if declared, can be distributed to shareholders. Can also be reinvested in the company.

3) Management:

Working with + through individuals ^{+ groups} to achieve desired goals.

4) Effectiveness:

~~The extent of resource utilization~~
How effective your goals are.

5) Limited liability:

Advantage of ^{corporation} ~~partnership~~ when you are only responsible for your own investments.

6) Coattail effect:

~~Disadvantage of franchise~~
Disadvantage of ~~partnership~~ ^{franchise} when your success is attributed or tied to others.

7) Proactive approach to social responsibility:

You maintain an ethical + legal approach to your stakeholders + you go out of your way to be socially responsible.

8) Pre-emptive Right:

The "first-come first serve" principle in the rights of a shareholder. They get to choose which shares they can get.

9) Crown corporation:

Corporations owned + operated by the government, usually provide a service to the public ^{for} ~~for~~ _{creates} profits.

3/4

4. In an organization's general environment there are a number of forces that can affect how the organization performs. Outline and discuss four (4) ECONOMIC forces that affect an organization. (4 marks)

~~① Technological~~

- ✓ ① Unemployment.
- ✓ ② Interest Rates.
- ✓ ③ Value of the dollar.
- ④ Inflation Rate.

① → Unemployment rates could affect an organization
↳ the ~~rate~~ ~~percentage~~ percentage of the population that is w/o jobs.

② → Interest Rates
↳ The rate at which banks ~~are~~ ~~change~~ change interest for loans.
Can ~~be~~ affect businesses since ~~their~~ their debts could be getting ~~larger~~ larger → harder to pay off.

③ →

5/8

5. Outline and discuss in detail F.W. Taylor's Scientific Management approach? What was his philosophy? What were the benefits of his work? What were the problems associated with his work? (8 points)

• F.W. Taylor believed in increasing productivity through the three S's: Standardization.

• He used \$ as an incentive. Simplification
Specialization.

✓ Standardization → You take a task ~~and~~ and you standardize it so you make it general and easy.

✓ Simplification → You break down the task into many simple steps.

✓ Specialization → You ~~then~~ ~~then~~ specialize in the step/skill you are most adept at.

So you standardize a task, then simplify it & finally specialize.

• His philosophy was by following this you increase efficiency & productivity. And that money ~~motivates~~ ^{motivates} people to be productive!

• The benefits were that ~~the~~ productivity did go up! By getting specialized jobs people made things faster & more efficiently. The ~~higher~~ wages also motivated them.

• The problems though were that he ~~oversimplified~~ ^{oversimplified} certain tasks.

He also saw the human element as ~~a~~ raw materials →

6 a. Who is the Prime Minister of Canada? Who is the Finance Minister of Canada? (2 marks)

~~Barack Obama~~
PM → Stephen
Harper. ✓

~~F.M. Finance Min~~
F.M. → Jim
Flaherty ✓

2/2

b. What is the current Bank of Canada rate? (2 marks)

Interest rate is 1.25%.

0/2

x

~~0.00~~

c. What is the current value of the Canadian dollar versus the United States dollar? What does this mean for you as a consumer? (2 points)

The CAD is ~~0.97~~ 1.02\$.

x d/2 As a consumer this means it is a good opportunity for me to buy things since the Canadian dollar is strong.

Also, it would be smart of me to ~~buy things~~ shop at the U.S. since our dollar is higher and we can get more for our ~~at~~ value.

6/6

7.) Outline and discuss six (6) rights of the Canadian shareholder. (6 marks)

- ✓ ① Right to vote → They can vote for the board of directors of the company.
- ✓ ② Right to dividends → If declared, shareholders are entitled to a portion of profits (dividends) from the company.
- ✓ ③ Right to transfer ownership → they may trade / sell shares.
- ✓ ④ Right to transparency → they ~~have~~ may inspect financial records + statements of the company.
- ✓ ⑤ The Pre-emptive right → If new shares / stocks are released they get priority in choosing.
- ✓ ⑥ The right to sell ~~shares~~ ^{shares} on a pro-rata basis →

3/3 ✓ 8.) Outline and discuss the three (3) conditions affecting decision-making. (3 marks)

- ✓ Certainty → this is when the decision maker is completely aware of the outcomes of the decision. Highly rare that they know everything.
- ✓ Risk → You assign probabilities to probable outcomes of the alternatives you have generated. Most common.
- ✓ Uncertainty → The decision maker knows nothing about the outcomes of alternatives therefore cannot assign probabilities. Highly unlikely ^{this} happens

7/7

9.) Outline and briefly discuss Fayol's fourteen (14) Principles of Management (7 marks)

- ① Initiative → encourage innovation.
- ② Discipline → There should be respect, rules + order among employees.
- ③ Equity → every employee should be treated w/ fair justice + respect.
- ④ Authority + responsibility → Managers have right to give orders + exert disobedient subord
- ⑤ Line of ^{Authority} ~~command~~ → there should be a clear chain of command ~~in~~ in the firm.
- ⑥ Unity of Command → employees should have one bo
- ⑦ Division of Labour → Specialization leads to increase productivity; each person does what they are skilled in.
- ⑧ Remuneration ^{for} ~~Personnel~~ Personnel → by paying wages to employees you motivate team.
- ⑨ Unity of direction → ~~there~~ there should be one goal guiding the firm + employees.
- ⑩ General Interest over individual interest → the company's best interests take precedence over the individual's.
- ⑪ Stability of ^{Tenure} ~~Personnel~~ Personnel → Long term employees are important they have developed skills so you should hold onto them.

⑫ Centralization → Power rests at the top management, not concentrated there.

⑬ Esprit de corps → A Shared interest & enthusiasm ~~can~~ ~~to~~ ~~for~~ for the firm is present.

⑭ Order → Employees are positioned where they value the most.