



## FINAL EXAM

# Course # 171018 Pocket MBA

based on the book:

### **Specialized Industry GAAP**

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20 CPE Credit Hours  
Management

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Instructions are provided at the end of this document.*

## **Chapter 1 - Business Strategy and Operations Management**

1. A mission statement describes the:
  - Political risk factors.
  - Basic operational intent of an organization.
  - Sources of funding.
  - Quality standards.
  
2. Elements analyzed within the organization's environment consist of :
  - Demographics.
  - Job rotation job enlargement.
  - Job enrichment.
  - Job rotation.
  
3. One of the three levels of planning is:
  - Forward scheduling.
  - Backward scheduling
  - Functional strategy.
  - Shop loading.
  
4. An example of a type of strategic decision is:
  - Research and development strategies.
  - Entitlement strategies.
  - Employment strategies.
  - Labor/management strategies.
  
5. Decision-making under certainty and conflict involves three major elements: decision strategy, states of
  - Income.
  - Level scheduling.
  - Outcome.
  - Aggregate planning.
  
6. The weakness of simulation is that it:
  - Is limited by design for unique situations.
  - Replicate the characteristics of a real system.

- Limit risk and time consumption.
- Allows for time compression scenarios.

7. Effective capacity or utilization is a ratio between expected capacity of a firm and:
- Manufacturing capacity.
  - Limited capacity.
  - Production capacity.
  - Design capacity.
8. Location break-even analysis is an economic comparison of locational options based on:
- Work-force composition.
  - Demand forecasts and orders.
  - Cost-volume examination.
  - Inventory control.
9. Work sampling is a work measurement methodology that estimates the portion of time and employee utilization spent on:
- Performing maintenance tasks.
  - Performing assigned job tasks.
  - Performing pre-job planning.
  - Performing pure strategy
10. Aggregate planning is the link between short-term scheduling and:
- Transportation planning.
  - Inventory planning.
  - Long-term capacity planning.
  - Strategic planning.
11. For manufacturing operations, which is not part of a traditional aggregate planning analysis?
- Work force size.
  - Inventory level.
  - Economies of scale.
  - Production rate.
12. Which of the following is not an aggregate planning strategy?
- Pure Strategy.
  - Mixed Strategy..
  - Balanced strategy.
  - Level Scheduling.
13. Which aggregate planning method does not generate an optimal solution?
- Transportation method.

Linear decision rule.

Trial and error.

Simulation.

14. Scheduling is the management of organizational resources to achieve

An orderly uninterrupted work flow process.

A comprehensive project analysis.

A cost-effective scheduling process.

A critical path.

15. The apportioning of jobs to production centers is

Dispatching and estimating.

Requisitioning.

Shop loading.

Sequencing.

16. Sequencing is a process that determines the priorities job orders should have in the manufacturing proc

True

False

17. The primary purpose of PERT is to:

Establish optimistic time estimates

Plan, schedule, coordinate sequential activities

Establish pessimistic time estimates

Establish most likely time estimates

18. Johnson's rule for job sequencing is used if

The objective is to minimize the completion time for a group of jobs that are to be proces

The objective is to reduce idle time.

In-process inventory and setup costs are dependent on sequence.

Non-optimal but quick solutions are desired.

19. In a network, total slack refers to

The amount of time an activity can be delayed without interrupting the critical path.

The amount of time an activity can be delayed without delaying the early start of a succe

The amount of time an activity can be delayed without delaying the project completion.

$TF = ES - LS$ .

20. For an activity, if  $a = 2$ ,  $m = 10$  and  $b = 12$ , then  $t_e =$

4

9

12

24

21. PERT is widely used to plan and measure progress toward scheduled events. PERT is combined with cost accounting. Which of the following is not a PERT application?
- Calculate the total project cost inclusive of the additional slack time.
  - Evaluate and optimize trade-offs between time of an event's completion and its cost to complete.
  - Implement computer-integrated manufacturing concepts.
  - Calculate expected activity times.
22. When making a cost/time trade-off in PERT analysis, the first activity that should be crashed is the activity that:
- On the critical path with the lowest unit crash cost.
  - On the critical path with the maximum possible time reduction.
  - With the lowest unit crash cost.
  - With the largest amount of slack.
23. PERT and the critical path method (CPM) are used for:
- Determining the optimal product mix.
  - Project planning and control.
  - Determining product costs.
  - Determining the number of servers needed in a fast food restaurant.
24. The primary difference between Program Evaluation and Review Technique (PERT) and Critical Path Method (CPM) is that:
- CPM uses probabilities on the activity times and PERT does not.
  - PERT considers activity costs and CPM does not.
  - PERT can assign probabilities to activity times and CPM does not.
  - CPM considers activity costs and PERT does not.
25. Just-In-Time (JIT) Inventory is an inventory system that maintains:
- The largest amount of inventory for production to maximize cost-effective material purchases.
  - The exact amount of production materials available when needed, without having shortages.
  - The least amount of waste and unacceptable quality or quantity accepted in the production process.
  - The forecasted amount of inventory needed to prevent work-stoppages due to material shortages.
26. The information requirements for the technique MRP do not include:
- Master production schedule.
  - BOM file.
  - Inventory status file.
  - Production activity control.
27. Manufacturing resources planning (MRP II) integrates such information as:
- Work force levels.

Fixed investment.

Warehouse space.

Optimization.

28. A major component of total quality management (TQM) is:

Communication restrictions due to downward flow.

Employee involvement.

Achieving quotas.

Intensive inspections.

29. Total quality management in a manufacturing environment is best exemplified by

Identifying and reworking production defects before sale.

Designing the product to minimize defects.

Performing inspections to isolate defects as early as possible.

Making machine adjustments periodically to reduce defects.

30. One of the main reasons that implementation of a total quality management program works well through

Teams are more efficient and help an organization reduce its staffing.

Employee motivation is always higher for team members than for the individual contributors.

Teams are natural vehicles for sharing ideas which leads to process improvement.

The use of teams eliminates the need for supervision, thereby allowing the company to reduce costs.

31. One of the main reasons total quality management (TQM) can be used as a strategic weapon is that

The cumulative improvement from a company's TQM efforts cannot readily be copied by competitors.

Introducing new products can lure customers away from competitors.

Reduced costs associated with better quality can support higher shareholder dividends.

TQM provides a comprehensive planning process for a business.

32. ISO 9000 is the general name used through the European Economic Community for:

Statistical variation measurement system.

Accepted quality standards.

Setting upper and lower control limits.

Benchmarking .

33. A university gives all of its student's physical fitness tests each semester to determine the quality of the

$\bar{x}$  chart.

c chart.

p chart.

Dodge-Romig.

34. Management of a company is attempting to build a reputation as a world-class manufacturer of quality

- The percentage of shipments returned by customers because of poor quality.
  - The number of parts shipped per day.
  - The number of defective parts per million.
  - The percentage of products passing quality the first time.
35. Benchmarking typically involves the following steps except:
- Identify those practices needing improvement.
  - Find the most competitive company in the same industry.
  - Identify a company that is the world leader in performing the process.
  - Interview the managers of the company and analyze data obtained.
36. Quality is achieved more economically if the company focuses on
- Appraisal costs.
  - Prevention costs.
  - Internal failure costs.
  - External failure costs.
37. \_\_\_\_\_ are graphical charts used to help identify sources of quality deficiencies.
- Histograms.
  - Location plots.
  - Fishbone charts.
  - X charts.
38. A group decision-making technique operating under the rules that no one's idea should be criticized no
- Brainstorming.
  - Cause and effect diagram.
  - Pareto analysis.
  - Multiple activity charting.
39. Using the 80/20 rule for analysis involves the
- Cause-and-effect diagram.
  - Checksheet.
  - Pareto analysis.
  - Scatterplot.
40. The advantages of group decision making do not include:
- Groups have greater knowledge and insight for evaluating group goals and objectives.
  - Group decisions are very costly since they take much longer to develop than individual de
  - A group of organizational members brings broader knowledge for developing situational a
  - Groups bring greater knowledge and a wider breadth of experience for evaluating alterna

41. Delphi technique is a process of soliciting ideas by using:
- A series of mailed questionnaires
  - Direct interviews of anonymous groups of volunteers
  - By initially discussing ideas in writing rather than open discussion
  - Brainstorming to generate original ideas
42. Basically, leadership consists of:
- Human organization and development.
  - Initiating meaningful training programs.
  - Job enrichment and job enlargement.
  - The manipulation of power.
43. Market value is established by:
- Manufacturers.
  - Wholesalers and vendors.
  - Actual or potential buyers and sellers.
  - Agents and middlemen.
44. "Product" in "four P's" does not involve:
- Brand.
  - Quality.
  - Distribution.
  - Competition.
45. The marketing mix consists of product, place, promotion, and:
- Public service
  - Productivity
  - Price
  - Planning
46. Management develops product position maps to analyze how consumers position products relative to:
- Their needs.
  - The competition.
  - The scarcity of the product.
  - The pricing of the product.
47. Market planning includes the areas of the company's marketing mix, the marketing budget, priority allo
- Brand names and packaging.
  - Transportation systems.
  - Inventory control systems.
  - Distribution channels.

48. Product and brand managers are specialists who:
- Do market research.
  - Have a deep knowledge about their product areas.
  - Are problem solvers.
  - Can make product differentiations.
49. Marketing research includes financial research.
- True
  - False
50. An example of a demographic segment is:
- Age and occupation.
  - Social class and life style.
  - Consumer behavior.
  - Personality traits.
51. Corporate Branding, a U.S. consulting firm, measures the worth of a brand by tracking business people'
- True
  - False
52. New product failures occur for a number of reasons including:
- Strict market testing.
  - Simulated test marketing.
  - Technological changes that reduce life cycle of a product.
  - Longer product life cycle.
53. The promotional mix is the blending of five areas: advertising, sales promotion, public relations, direct r
- Education.
  - Consumer buying patterns.
  - Personal selling.
  - Independent marketing.
54. A legally binding contract's essential elements include: agreement, consideration, contractual capacity,
- Nominal damages.
  - Consequential damages.
  - Genuine assent.
  - Specific performance.
55. Consideration can be money, property rights and
- A promise to pay.
  - Detrimental reliance or estoppels.
  - Release given in good faith.

Forbearance (refraining from doing something you are legally entitled to do).

56. A void contract is one that

- Is valid until voided.
- Has no force and effect.
- Is legally binding.
- Lacks genuineness of assent.

57. Remedies available for a breach of contract include: compensatory damage, consequential damage, pur

- Nominal damage.
- Operational damage.
- Non-performance damage.
- Contractual damage.

58. Since the 2005 new bankruptcy legislation, more individuals are expected to file for

- Chapter 7.
- Chapter 13.
- Chapter 11.
- Chapter 10

59. Bankruptcy is a procedure under state and federal law allowing an honest debtor to

- File a claim based on a breach of fiduciary duty.
- Discharge certain debts.
- Discharge a claim based on willful conduct.
- Discharge debts that may involve wrongful conduct.

60. There are major laws concerning advertising, labeling and packaging, and

- Sales of tangible goods.
- Sales tactics in general.
- Sales of good will.
- Expressed warranties.

61. A negotiable instrument can be assigned or negotiated if it is signed by the maker, contains an uncondi

- Payable prior to a postdate.
- Not transferable to another holder.
- Payable to order or bearer.
- Limited to payment by a federal or state bank.

62. The scope of an agent's authority is based on

- Good will.
- Performance.

- Consideration.
- Expressed authority.

63. A deed is a document used to transfer
- Intangible property.
  - Possession and land title.
  - Personal property.
  - Goods and services.
64. Under workman's compensation, employee may recover hospital and medical expenses, disability benef
- Medical.
  - Survivor/dependent death benefits.
  - Unemployment insurance.
  - Social security.
65. Business torts are
- Civil wrongs.
  - Ethical wrongs.
  - Criminal wrongs.
  - Antitrust violations.
66. Substantial civil and criminal liability can arise out of business transactions because of criminal acts, vio
- Good faith and fair dealing.
  - Abusive discharge.
  - Tortuous conduct.
  - Unacceptable reasons for firing.
67. Economics attempts to solve a wide variety of problems, excluding
- Allocation of scarce resources.
  - Environmental issues
  - Unemployment.
  - Inflation.
68. Which one of the following would not be included in the calculation of the gross domestic product (GDP)
- Purchase of a new home.
  - An automotive worker's wages.
  - A doctor's fee.
  - Purchase of common stock.
69. Under the income approach, gross domestic product (GDP) is measured as
- Depreciation charges and indirect business taxes + Wages + Rents + Interest+ Profits ac

Wages + Rents + Interest + Profits.

Depreciation charges and indirect business taxes + Wages + Rents – Interest + Profits.

Wages + Rents + Interest – Profits adjusted for net income earned abroad.

70. \_\_\_\_\_ is not an unemployment indicator.

Unemployment rate.

Employment cost index.

Initial jobless claims.

Help-wanted index.

71. Which of the following is not a lagging economic indicator?

Unemployment rate

Bank interest rates.

Commercial and industrial loans outstanding.

Change in credit for business and consumer borrowing.

72. \_\_\_\_\_, based on a survey of 375 companies in 17 industries, measures new orders.

The Purchasing Index.

The Institute for Supply Management's Index.

J.D. Power Survey.

Consumer report.

73. Which of the following is not a leading economic indicator?

Average weekly hours for U.S. manufacturing workers.

Average weekly initial claims for unemployment insurance.

GDP

Manufacturers' new orders, consumer goods and materials.

74. Measures of money supply do not include

Eurodollars.

Money market mutual fund shares.

Repurchase agreements (overnight).

Trade deficits.

75. \_\_\_\_\_ is the rate on short-term loans among commercial banks for overnight use.

Federal funds rate.

Discount rate.

Prime rate.

Treasury bills yield.

76. Three or more straight monthly drops of housing starts are generally considered a sign of recession.

True

False

77. The balance of payments of a country
- Is an accounting system measuring international transactions
  - Is a country's balance sheet
  - Is a country's income statement
  - Reveals a country's foreign exchange reserve.
78. A weak dollar makes foreign goods comparatively more expensive
- True
  - False
79. The Unique features of financial management of a multinational corporation (MNC) include: Multiple cur
- Internal control problems.
  - Translation problems.
  - Accounting exposure.
  - Operations exposure.
80. Which of the following is not a multinational firm?
- A firm with foreign production facilities.
  - Firms which only export products or import raw material.
  - Foreign joint ventures.
  - Acquisition of controlling interest in a foreign company.
81. Exchange rates may be in terms of dollars per foreign currency unit. This is called
- Cross rates.
  - Direct quote.
  - Spot rates.
  - Indirect quote.
82. A foreign exchange rate is
- The ratio of one country's cost-of-living index to that of another country.
  - The price of one country's currency in units of another country's currency.
  - The ratio of one country's imports to its exports.
  - The difference obtained by subtracting a country's exports from its imports.
83. An indirect quote is when
- The quotation is received indirectly from a foreign correspondent bank.
  - The price is in units of foreign currency needed to buy one unit of home currency.
  - The price is given as units of home currency per unit of foreign currency.

The quotation does not apply directly to forward transactions.

84. A "forward" transaction

Is at a premium over the "spot" rate.

Means that delivery and payment must be made within one business day (Canada) or two

Calls for delivery of a currency at a fixed future date at a fixed rate of exchange.

D. Sets the future date when delivery of a currency must be made at an unknown spot rate.

85. A cross rate is when

The quotation is received directly from a foreign correspondent bank.

The price is in units of foreign currency needed to buy one unit of home currency.

The exchange rate of one currency is calculated indirectly from the exchange rates of two

The quotation applies directly to forward transactions.

86. Transaction exposure measures changes in the value of outstanding financial obligations

Incurred after a change in exchange rates.

Incurred prior to a change in exchange rates.

Which must be determined before operating exposure is established.

Which must be settled before income tax liability is established.

87. The potential for an increase or decrease in the parent's net worth and reported net income caused by a

Economic Exposure.

Operating Exposure.

Translation Exposure.

Strategic Exposure.

88. Hedging

Increases the variability of expected cash flows.

Increases the variability of reported profits.

Decreases the variability of expected cash flows.

Decreases the spread between spot and forward market quotes.

89. All of the following operating strategies are used for the management of transaction exposure except

Leading and lagging accounts receivable and payable.

Buying or selling foreign exchange in the forward market.

Borrowing in foreign currency markets with foreign currency receivables as collateral.

Substituting debt for equity in a debt/equity swap.

90. The primary method by which a firm may protect itself against operating exposure impacts is

Money market hedges.

Diversification of operations.

Forward contract hedges.

Balance sheet hedging.

91. Operating exposure

Creates foreign exchange accounting gains and losses.

Causes exchange rates to fluctuate.

Is the possibility that future cash flows will change due to an unexpected change in foreign exchange rates.

Measures a country's propensity to import and export.

92. The objective of operating exposure management is

To eliminate the foreign exchange losses resulting from the settlement of outstanding financial obligations.

To maximize the foreign exchange gains resulting from the settlement of outstanding financial obligations.

To anticipate and influence the effect of unexpected changes in exchange rates on a firm's cash flows.

To anticipate and influence the effect of expected changes in exchange rates on the firm's cash flows.

93. Foreign currency options can be purchased or sold to guard against changes in exchange rates during a

Exposure.

Hedging.

Positioning.

Parity.

94. Buying insurance policies for political risks are called \_\_\_\_\_

Adaptation

Risk transfer

Diversification

Avoidance

95. Interest Rate Parity (IRP) states

Interest rate should change in an equal amount but in the opposite direction to the differential in exchange rates.

The difference in the national interest rates for securities of similar risk and maturity should be equal to the differential in exchange rates.

Nominal interest rates in each country are equal to the required real rate of return plus the expected rate of inflation.

The interest rates between two countries start in equilibrium, any change in the differential is run by an equal but opposite change in the spot exchange rate.

96. An EIS is also called executive support system (ESS).

True

False

97. Executive Information Systems include all except

Geographic bars.

Timeliness crucial.

Provide context.

Different data sources.

98. Typical outsourced IT services do not include

Telecommunications installation and maintenance.

Help desk services.

Networking.

Web site design and maintenance.

99. Major components of Expert System do not include

User interface

Inference engine.

Knowledge database.

Tactical domain.

100. An Expert system contains six major components with one of the components featuring online help fac

Common Interface.

Domain Interface.

User Interface.

Inference Engine.

## **Chapter 2 - General Management**

## **Chapter 3 - Marketing**

## **Chapter 4 - Business Law**

## **Chapter 5 - Economics**

## **Chapter 6 - Multinational Business and Finance**

## **Chapter 7 - Information Technology (IT) and Computer Applications to Bu:**

## **Chapter 8 - Wireless technology**

## **Chapter 9 - Definition**

## **Chapter 10 - Summary**

### *Instructions for Submitting Answers Online:*

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