

# USM School of Business 2018 Assurance of Learning Report

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# USM School of Business 2018 Assurance of Learning Report

## Executive Summary

After an exhaustive review of data from recent assessments, the Assurance of Learning (AoL) Committee has made some findings and concluded that the faculty can take action on several of those findings. The Committee's members strongly urge the faculty *not* to engage in further extensive discussion or dialogue on the nature of the AoL system in the School of Business. Rather, enough information exists for the faculty to "close the loop," mostly with pedagogical changes but perhaps with some modest curricular changes, on many of its learning goals. The one possible exception to this is that various disciplines might conclude that some questions on the Capstone Examination need revision.

## Introduction

During the Spring 2018 semester, the ad hoc Assurance of Learning (AoL) Committee examined results from 2015 through 2017. Because the MBA program is headed for suspension and will soon be covered by the University of Maine's AoL system, we examined only the Bachelor of Science program. We summarize the results and offer recommendations for change as appropriate.

We organize our report using the Undergraduate Learning Goals:

- Our students will be effective team members who know how to exercise shared leadership.
- Our students will be effective communicators in a professional setting (oral and written).
- Our students will exercise ethical understanding and reasoning in an organizational context.
- Our students will be reflective, analytical thinkers (quantitative and discipline-specific).
- Our students will demonstrate business disciplinary competence.

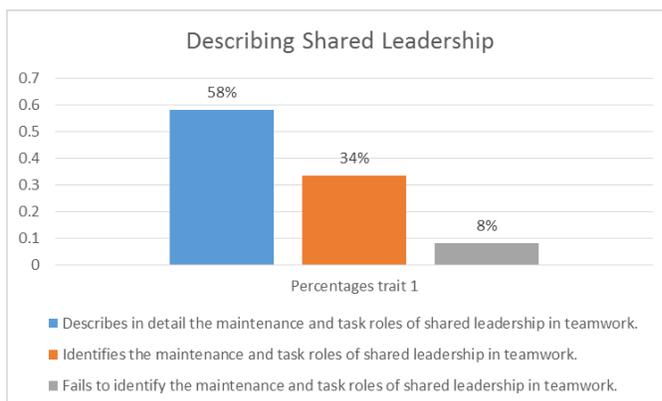


Figure 1 Results of Describing Share Leadership Assessment

adequate on the Describing Leadership learning goal, exceeding the target of 75%.

**Recommendation:** No changes in pedagogy or curriculum for this learning goal.

## Shared Leadership

We measured this learning goal in two ways:

1. **Describing Leadership.** We set a target of 75% assessed as excellent or adequate.
2. **Demonstrating Leadership.** We set a target of 90% assessed as excellent or adequate.

Figure 1 shows that our assessments revealed that 92% of students were excellent to

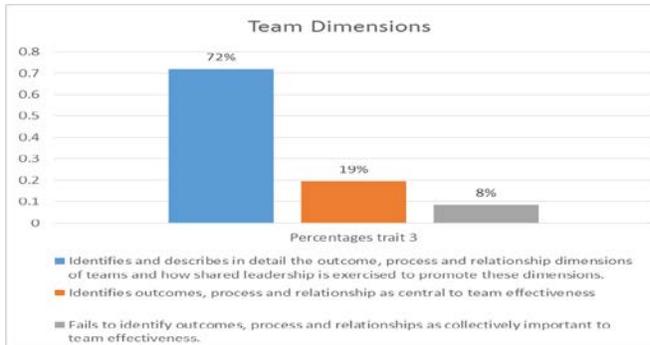


Figure 3 Results of Team Dimensions Assessment

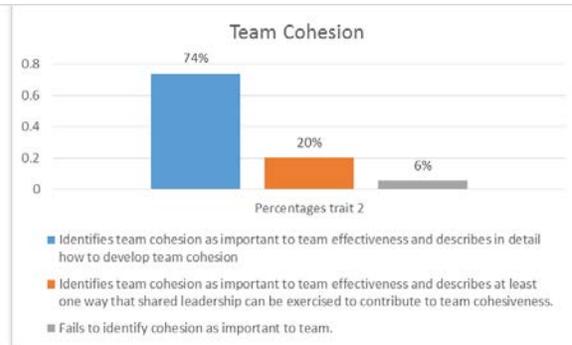


Figure 2 Results of Team Cohesion Assessment

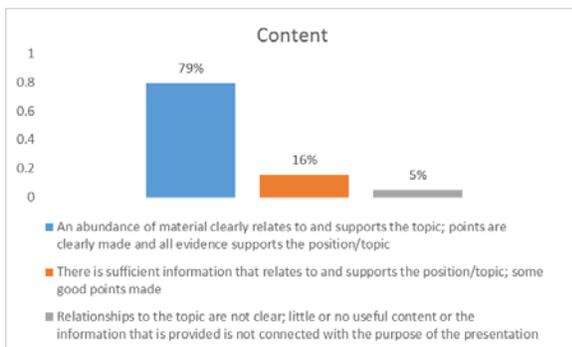
Figures 2 and 3 show results of two measurements related to the Demonstrating Leadership learning goal: Team Dimensions (Figure 2) and Team Cohesion (Figure 3). The figures show that no fewer than 92% of students were excellent to adequate on these two measurements, exceeding the goal of 90%.

**Recommendation:** No changes in pedagogy or curriculum for this learning goal.

## Effective Communication: Oral

We assessed oral communications skills along four dimensions:

1. Content
2. Coherence and Organization
3. Speaking Skills
4. Audience Response



The overall target for this learning goal was to have 75-95% score Adequate/ Excellent with 50-80% scoring Excellent.

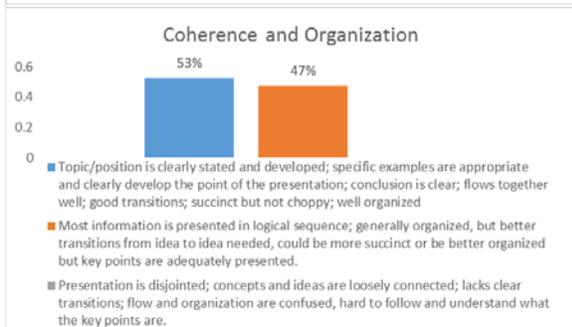


Figure 5 Oral Communication: Coherence and Organization

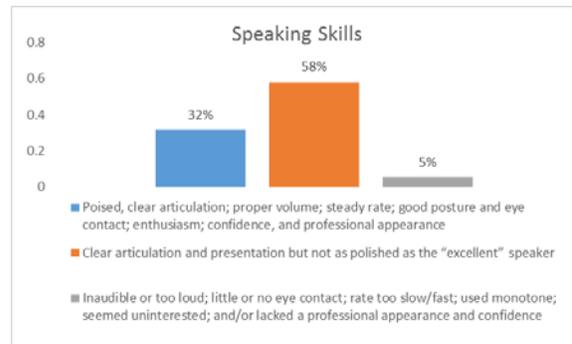


Figure 6 Oral Communication: Speaking Skills

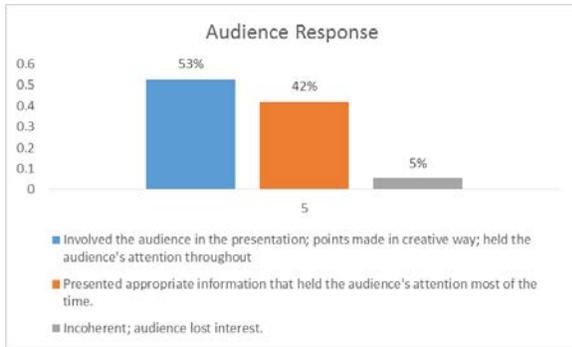


Figure 7 Oral Communication: Audience Response

As Figures 4 through 7 show, we met these targets for three of the four measured traits. The exception was Speaking Skills, which did not meet the target of at least 50% excellent (see Figure 6).

**Recommendation:** Make a slight change in pedagogy or curriculum for this learning goal, namely, have professors mention the need to *project* and to *be fully prepared* when speaking, to *make eye contact with the audience*, *speak at a steady rate*, make an effort to show enthusiasm, and so forth.

## Effective Communication: Written

The faculty assessed Written Communication along four dimensions:

1. **Organization & Logic:** The student's writing is well-organized and flows smoothly from topic to topic. The action/decision recommendation is clear.
2. **Writing Style:** The student's writing is concise and direct. The writing is presented in a professional, business style.
3. **Grammar, Language, and Spelling:** The writing demonstrates mastery of grammatically correct structure, vocabulary, word-usage & spelling.
4. **Development of Ideas:** The writing explores ideas vigorously, fully-supports major points, and appropriately uses objective/ subjective evidence.

The overall target for this learning goal was to have 70% score Adequate/ Excellent. Figures 8 through 11 show partial success at hitting this target.

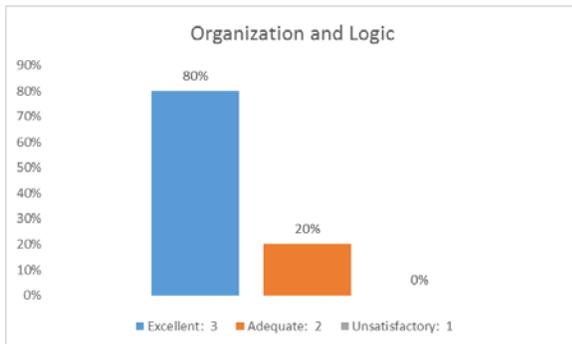


Figure 8 Written Communication: Organization and Logic

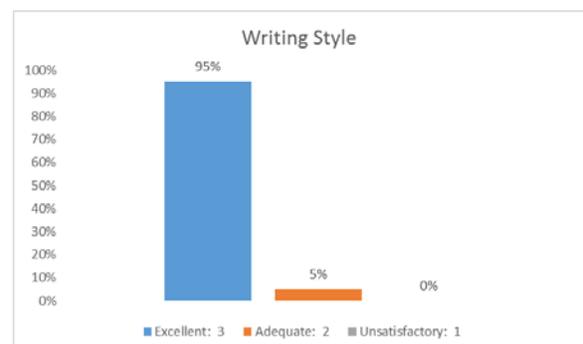


Figure 9 Written Communication: Writing Style

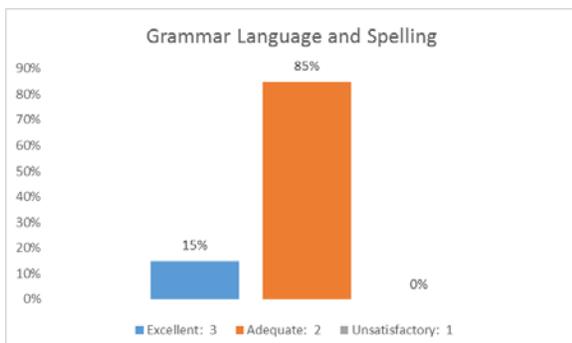


Figure 10 Written Communication: Grammar, Language and Spelling

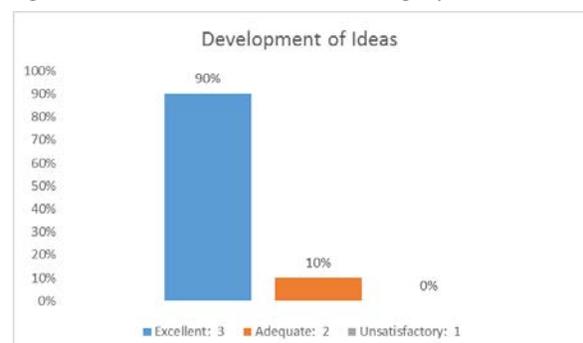


Figure 11 Written Communication: Development of Ideas

Figure 10 shows the problem area for this assessment: Grammar, Language and Spelling.

**Recommendation:** Work with the Department of English or the Learning Commons at both the Portland and Gorham USM Libraries on a “refresher” course on grammar, language and spelling. In addition, SB faculty should remember to give students feedback on grammar, language and spelling when evaluating their written work.

## Ethics

The faculty assessed Ethics along four dimensions:

1. Identification of alternative courses of action
2. Identification of stakeholders
3. Evaluation of the ethics of each alternative using ethical principles. Undergraduates will apply ethical principles arising out of moral rights, justice and utilitarianism.
4. Selection of an appropriate course of action

The overall target for this assessment was to have 75-90% of students score Adequate to Excellent with at least 25% scoring Excellent. Figures 12 through 15 show that the students met this target.

**Recommendation:** Faculty assessing ethics should emphasize the nature of the three ethical frameworks and how to implement courses of action.

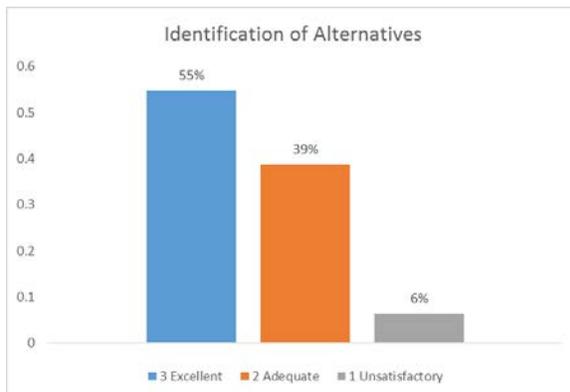


Figure 12 Ethics: Identification of Alternatives

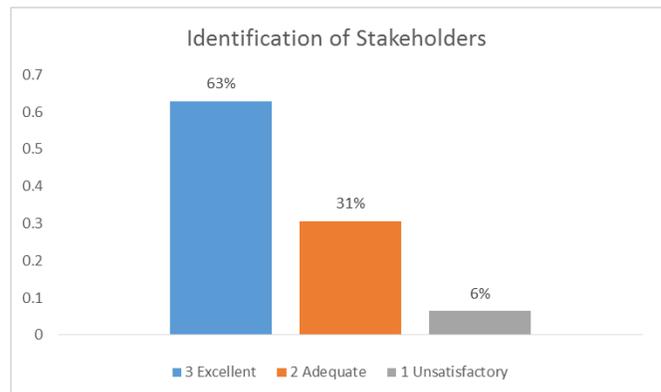


Figure 13 Ethics: Identification of Stakeholders

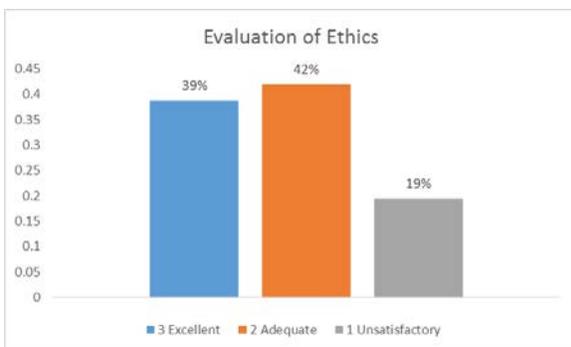


Figure 14 Ethics: Evaluation of Ethics

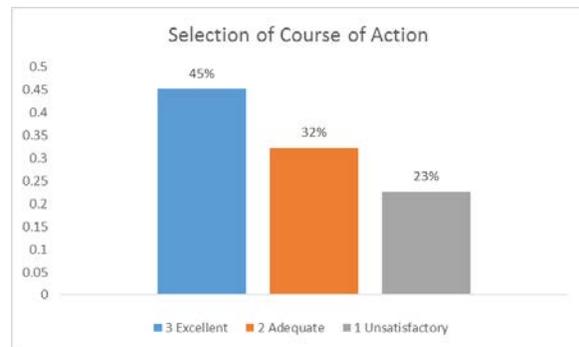


Figure 15 Ethics: Selection of Course of Action

## Quantitative Analysis

The faculty assessed Quantitative Analysis along four dimensions:

1. Problem / Issue Identification
2. Development of Solution
3. Interpretation of Solution
4. Sensitivity Analysis

The overall target for this assessment was to have 75% or more of the students score Adequate to Excellent. Figures 16 through 19 show that the students met this target for three of the four dimensions, with Sensitivity Analysis falling short by a significant margin (see Figure 19). The histograms



Figure 16 Quantitative Analysis: Problem/Issue Identification

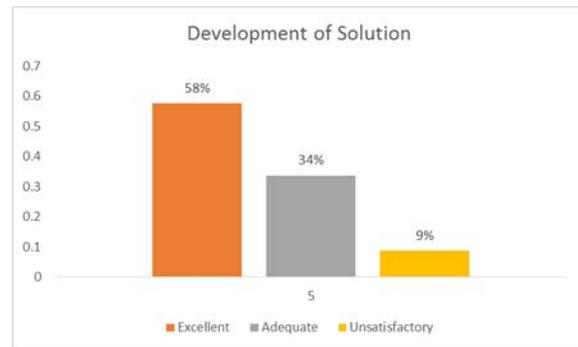


Figure 17 Quantitative Analysis: Development of Solution

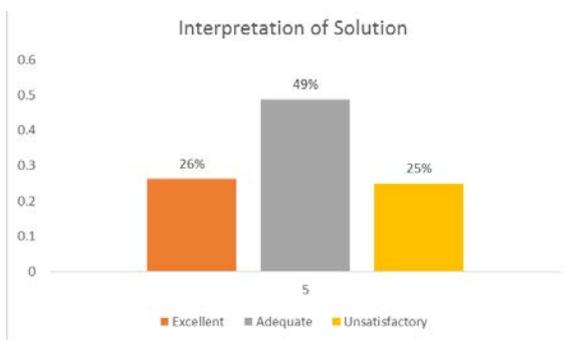


Figure 18 Quantitative Analysis: Interpretation of Solution

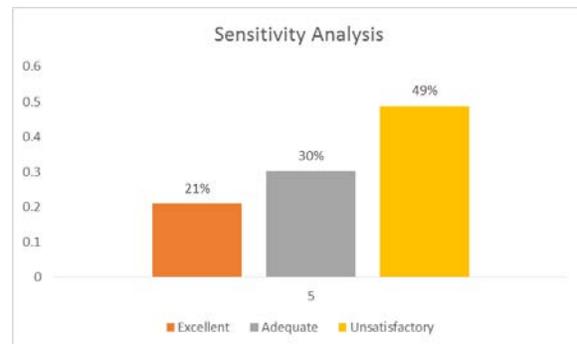


Figure 19 Quantitative Analysis: Sensitivity Analysis

in Figures 16 and 18 show that the percentage of our students achieving excellence in Problem/Issue Identification and Interpretation of Solution is relatively low, while the ratio of our students having unsatisfactory performance in the two categories of quantitative skills is relatively high.

**Recommendation:** Make a slight change in pedagogy for this learning goal, by putting greater emphasis on sensitivity analysis. Make changes in pedagogy by emphasizing basic analytical and reporting skills.

## Discipline-Specific Problem Solving

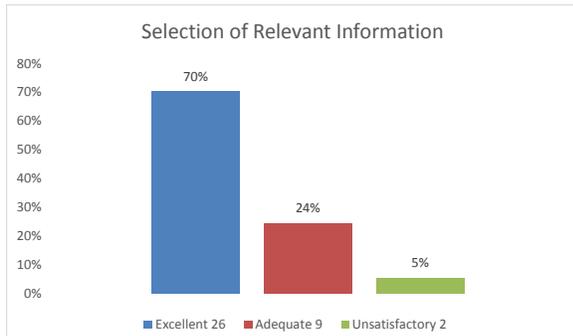


Figure 20 Discipline-Specific Problem Solving: Selection of Relevant Information

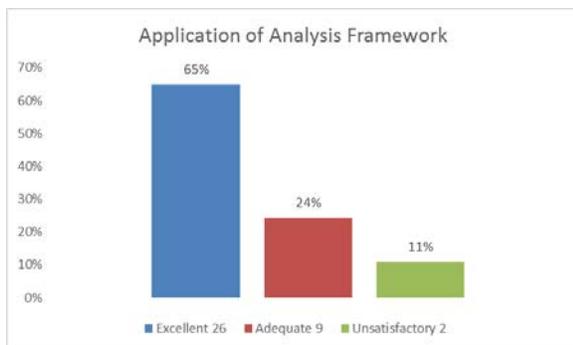


Figure 21 Discipline-Specific Problem Solving: Application of Analysis Framework

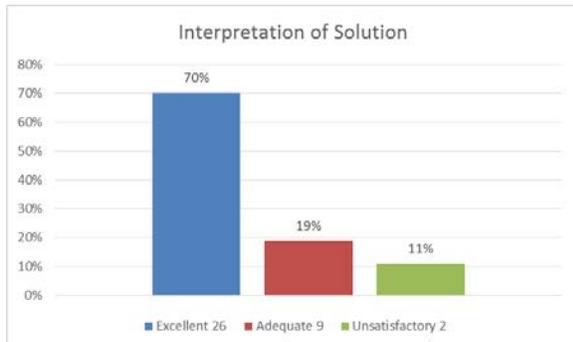


Figure 22 Discipline-Specific Problem Solving: Interpretation of Solution

The faculty assessed Discipline-Specific Problem Solving along three dimensions:

1. Selection of Relevant Information
2. Application of Analysis Framework
3. Interpretation of Solution

The overall target for this assessment was to have 75% or more of the students score Adequate to Excellent. Figures 20 through 22 show that the students met this target for all three dimensions.

**Recommendation:** No pedagogical or curricular changes.

## Disciplinary Competence

The faculty assessed Disciplinary Competence using the Capstone Exam, and 80-question multiple-choice examination that asks ten questions in each of eight disciplinary areas:

1. Accounting
2. Ethics
3. Finance
4. International Business
5. Management
6. Management Information Systems
7. Marketing
8. Operations Management

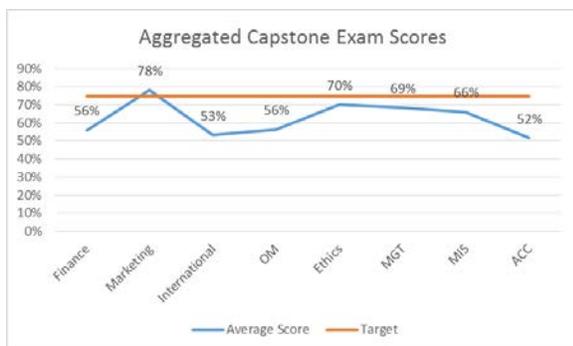


Figure 23 Disciplinary Competence: Aggregated Capstone Exam Scores

examination data by subfields and cohorts.

The faculty set a target of 75% correct in each disciplinary area. As Figure 23 shows, we failed to meet this target in seven out of eight areas. Only Marketing, with an average score of 78%, met the target. Ethics and Management were close, at 70% and 69% respectively, but did not meet the target.

Appendix 1 gives more detail about Capstone Examination aggregate scores for the most recent five cohorts of students who took it. Appendix 2 contains figures showing a summary of aggregated capstone

Table 1 shows, for the most recent six cohorts who took the exam, the three questions in each discipline on which students performed the worst. Appendix 3 shows the full text of the three questions from each discipline on which students tended to perform worst.

**Table 1. Three Worst-Performing Questions by Discipline and Cohort**

Cohorts	Question rank	FIN	Mktg	Int'l	OM	Ethics	MGT	MIS	ACC
<b>M 2015</b>	1	4	14	30	36	50	59	61	79
	2	10	18	23	38	49	57	63	75
	3	6	11	22	40	41	51	66	74
<b>E 2015</b>	1	4	14	22	35	44	57	61	74
	2	10	15	23	40	43	56	63	79
	3	6	18	30	38	45	51	66	75
<b>M 2016</b>	1	4	14	30	35	44	57	61	74
	2	10	18	23	40	43	59	63	79
	3	6	12	21	33	50	56	62	80
<b>E 2016</b>	1	4	14	30	40	47	57	61	74
	2	10	18	23	37	49	59	63	75
	3	6	13	22	38	46	56	66	79
<b>M 2017</b>	1	4	14	30	36	50	59	61	79
	2	10	18	23	38	49	57	63	75
	3	6	11	22	40	41	51	66	74
<b>E 2017</b>	1	4	14	22	37	44	57	61	74
	2	10	18	23	36	43	59	63	77
	3	6	15	21	35	45	53	62	75

**Recommendation:** Discipline groups should meet to go over the three questions on which students performed worst and either (1) change the question if it is outdated or otherwise flawed or (2) consider pedagogical or curricular changes to remedy poor student performance on those questions.

## Conclusion and Summary of Recommendations

After an exhaustive review of data from recent assessments, the Assurance of Learning (AoL) Committee has made some findings and concluded that the faculty can take action on several of those findings. The Committee's members strongly urge the faculty *not* to engage in further extensive discussion or dialogue on the nature of the AoL system in the School of Business. Rather, enough information exists for the faculty to "close the loop," mostly with pedagogical changes but perhaps with some modest curricular changes, on many of its learning goals. The one possible exception to this is that various disciplines might conclude that some questions on the Capstone Examination need revision.

### Summary of Findings

The faculty has met its AoL targets for the following learning goals:

- Describing Leadership
- Demonstrating Leadership
- Oral Communication—three of the four dimensions.
- Written Communications—three of the four dimensions.
- Ethics
- Quantitative Analysis—three of the four dimensions.
- Discipline-Specific Problem Solving
- Disciplinary Competence in Marketing

The faculty has *not* met its AoL targets for the following learning goals:

- Oral Communication—Speaking Skills
- Written Communication—Grammar, Language and Spelling
- Quantitative Analysis—Sensitivity Analysis
- Disciplinary Competence in Accounting
- Disciplinary Competence in Ethics
- Disciplinary Competence in Finance
- Disciplinary Competence in International Business
- Disciplinary Competence in Management
- Disciplinary Competence in Management Information Systems
- Disciplinary Competence in Operations Management

### Summary of Recommendations

- No changes in pedagogy or curriculum for the Leadership learning goal.
- Make a slight change in pedagogy or curriculum for the Oral Communication learning goal, namely, to make eye contact with the audience, speak at a steady rate, make an effort to show enthusiasm, and so forth.
- To improve the weak area of the Written Communication learning goals, work with the Department of English or the Learning Commons at both the Portland and Gorham USM Libraries on a "refresher" course on grammar, language and spelling. In addition, SB faculty

should remember to give students feedback on grammar, language and spelling when evaluating their written work.

- Faculty assessing Ethics should emphasize the nature of the three ethical frameworks and how to implement courses of action.
- Make a slight change in pedagogy for the Quantitative Analysis learning goal, by putting greater emphasis on sensitivity analysis. Make changes in pedagogy by emphasizing basic analytical and reporting skills.
- No pedagogical or curricular changes for the Discipline-Specific Problem Solving learning goal.
- Discipline groups should meet to go over the three Capstone Examination questions on which students performed worst in their respective disciplines and either (1) change the question if it is outdated or otherwise flawed or (2) consider pedagogical or curricular changes to remedy poor student performance on those questions.

## APPENDIX 1: Summary of the aggregated data - average performance on all questions by cohort

The following tables and graphs provide the descriptives and visualizations of the aggregated data. The purpose is to show the average performance of all students by cohort.

This data sets provide each student's performance (i.e., the proportion of questions a student answered correctly) and the descriptives of each cohort. For instance, a mean of .65 for UGM 2015 means that the average of all of the students taking the morning session capstone class got an average of 65% for all 80 questions.

The horizontal axis represents the following cohorts (M – morning, E – evening, D – Day): UGM 2015, UGE 2015, UGD 2016, UGE2016, UGM2017, and UGE2017.

The mean values indicate that the average performance is getting a little bit worse. Large variations were observed in 2016 and 2017.

Diverging bar charts are great for showing the spread of values below or above the average. The values align to each other above or below a zero line. That being said, all of the below-average values or the standardized negative values are stacked in reverse order below the chart's zero line or the axis baseline, vice versa.

The divergences are used to identify if the values are moving to the same side or direction, that is, above or below the average, which is a strong indication of identify or non-identity.

The Histograms with Normal Curves is a quality control or assurance tool. The graphs for each cohort are presented to show how we are doing in terms of quality control or assurance (i.e., the distribution and variation of each cohort). We expect the least amount of variance. However, it seemed that for 2016 and 2017, the variations are higher.

### UGM 2015

n	mean	sd	median	trimmed	mad	min	max	range	skew	kurtosis	se
30	0.65	0.1	0.65	0.66	0.08	0.38	0.82	0.45	-0.53	0.47	0.02

### UGE 2015

n	mean	sd	median	trimmed	mad	min	max	range	skew	kurtosis	se
34	0.65	0.1	0.66	0.65	0.11	0.4	0.86	0.46	-0.19	-0.15	0.02

### UGD 2016

n	mean	sd	median	trimmed	mad	min	max	range	skew	kurtosis	se
34	0.62	0.16	0.66	0.64	0.15	0.28	0.84	0.56	-0.72	-0.54	0.03

UGE2016

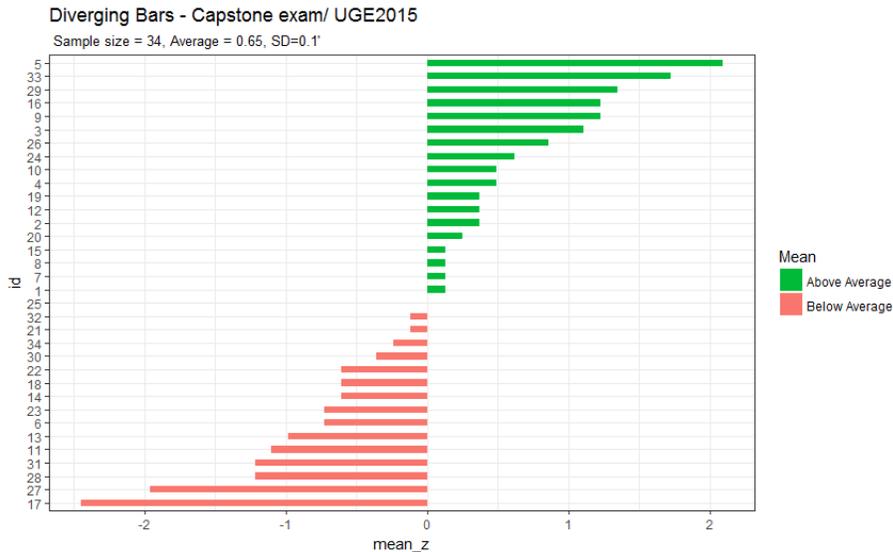
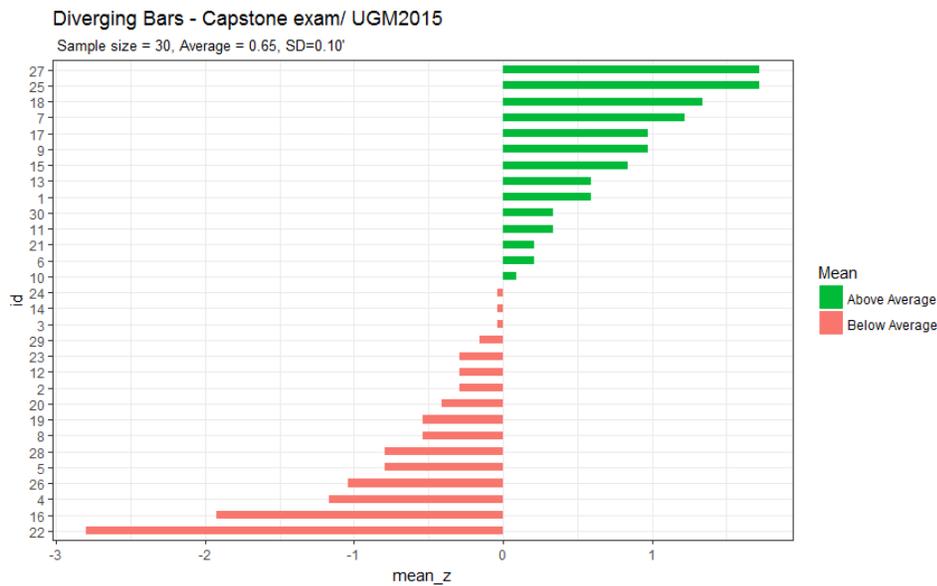
n	mean	sd	median	trimmed	mad	min	max	range	skew	kurtosis	se
31	0.62	0.17	0.62	0.63	0.19	0.24	0.89	0.65	-0.48	-0.61	0.03

UGM2017

n	mean	sd	median	trimmed	mad	min	max	range	skew	kurtosis	se
28	0.58	0.15	0.61	0.58	0.11	0.26	0.86	0.6	-0.51	-0.24	0.03

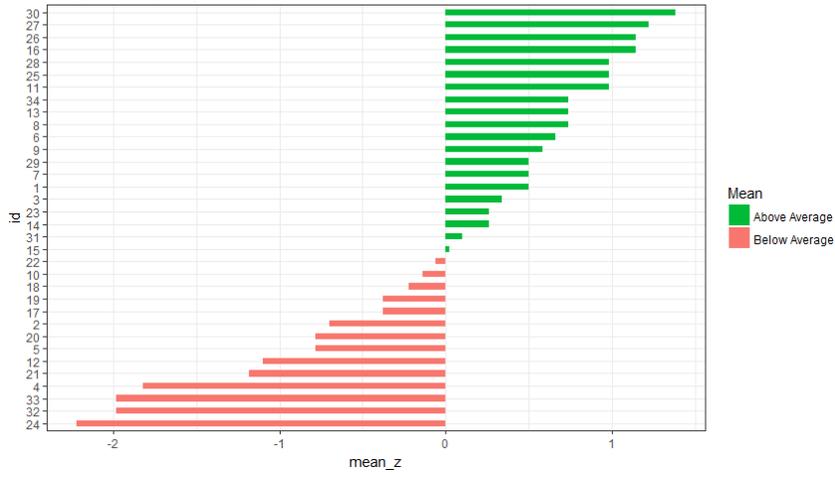
UGE2017

n	mean	sd	median	trimmed	mad	min	max	range	skew	kurtosis	se
35	0.61	0.16	0.61	0.61	0.13	0.2	0.92	0.73	-0.16	-0.05	0.03



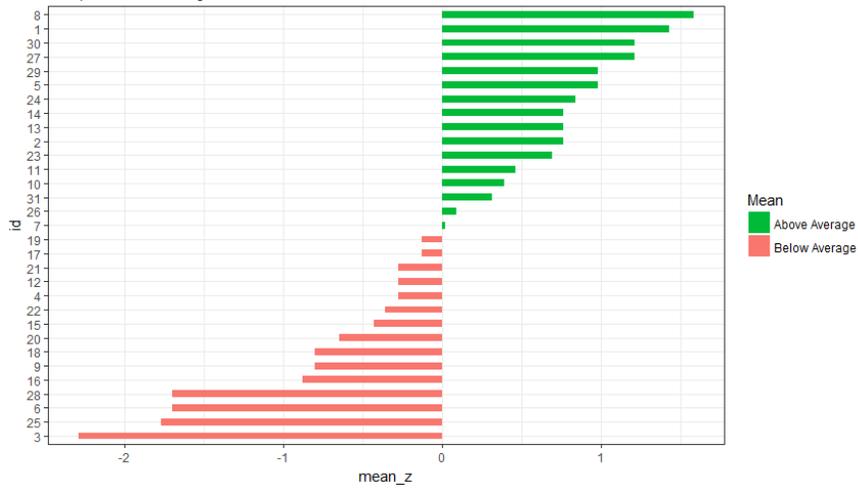
### Diverging Bars - Capstone exam/ UGD2016

Sample size = 34, Average = 0.62, SD=0.16



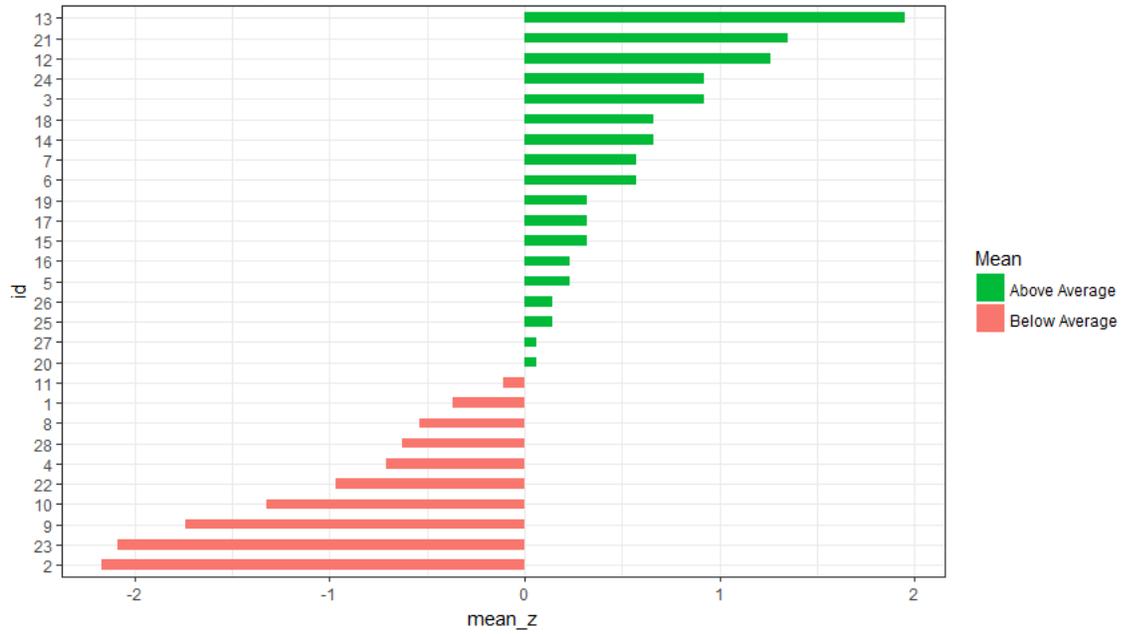
### Diverging Bars - Capstone exam/ UGE2016

Sample size = 31, Average = 0.62, SD=0.17



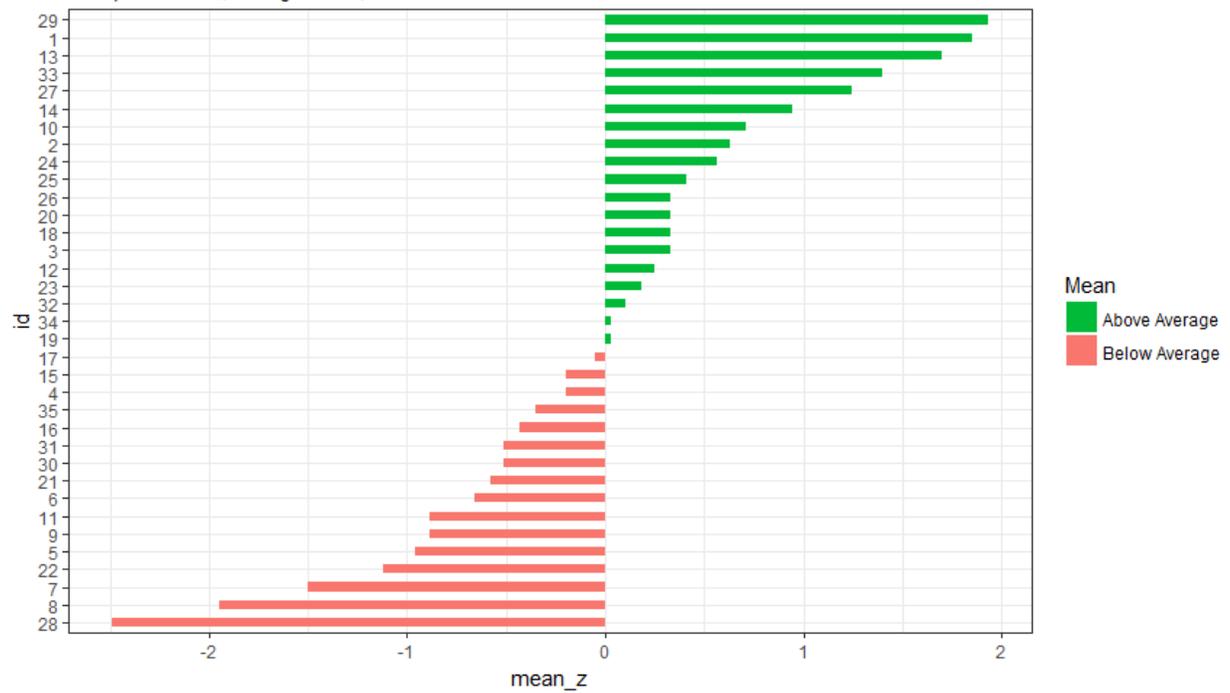
### Diverging Bars - Capstone exam/ UGM2017

Sample size = 28, Average = 0.58, SD=0.15'

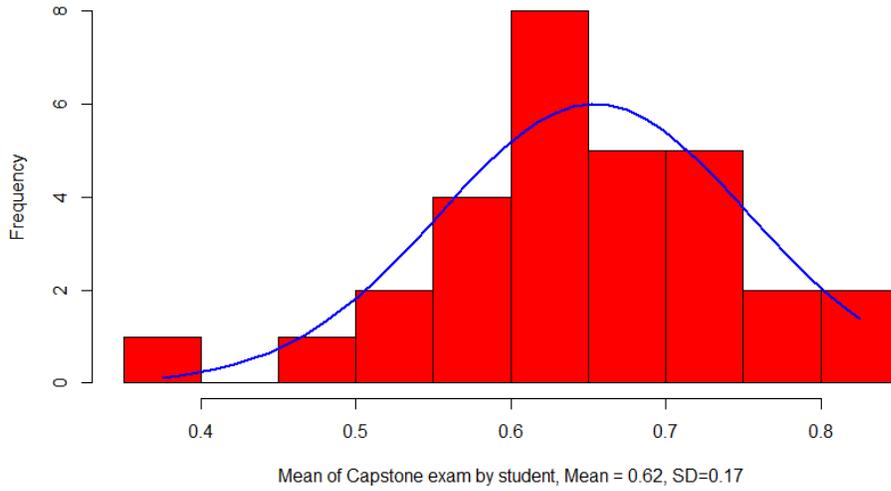


### Diverging Bars - Capstone exam/ UGE2017

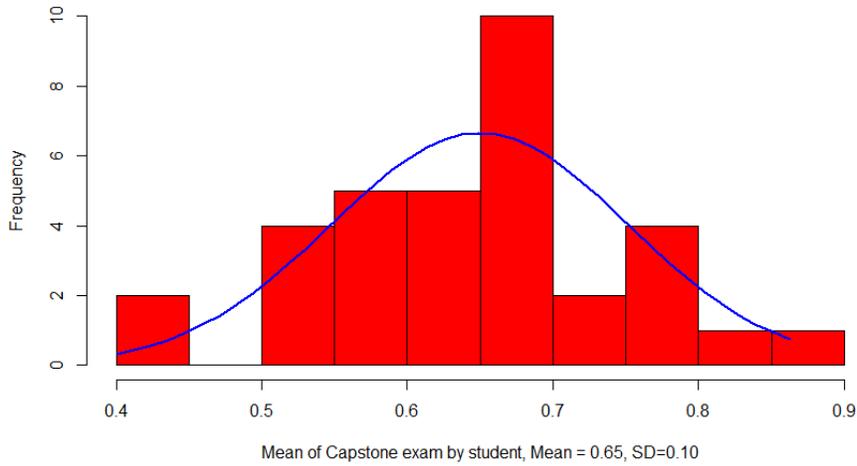
Sample size = 35, Average = 0.61, SD=0.16'



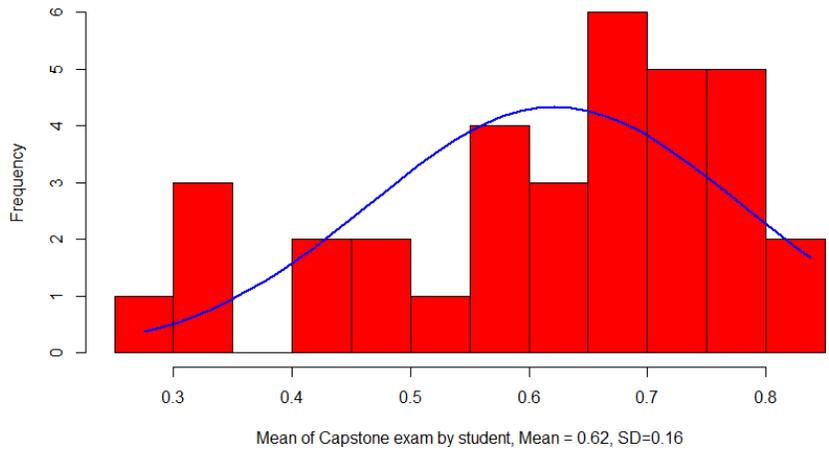
**Histogram with Normal Curve-Capstone exam/ UGM2015, Sample Size = 30**



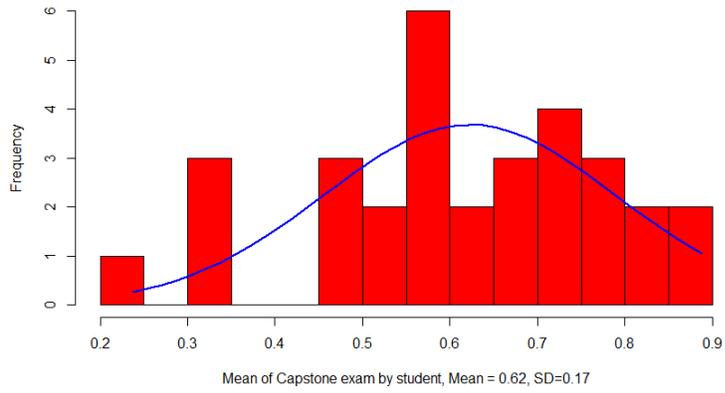
**Histogram with Normal Curve-Capstone exam/ UGE2015, Sample Size = 34**



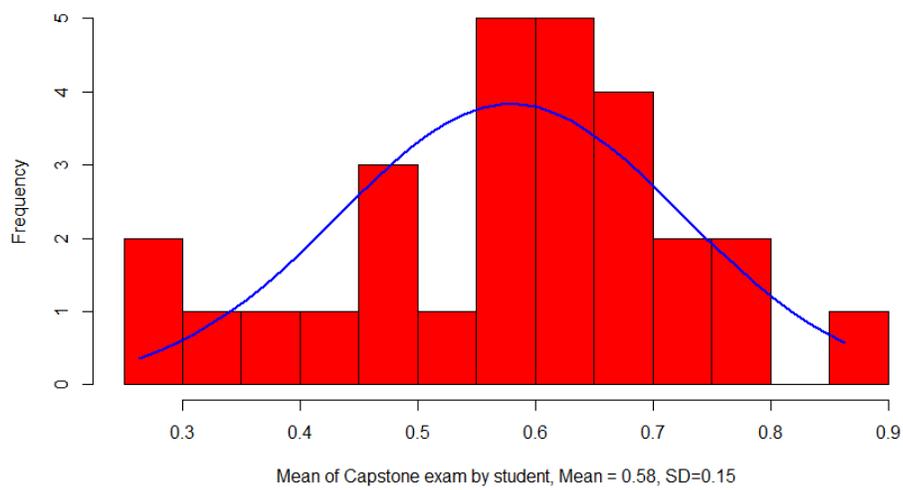
**Histogram with Normal Curve-Capstone exam/ UGD2016, Sample Size = 34**



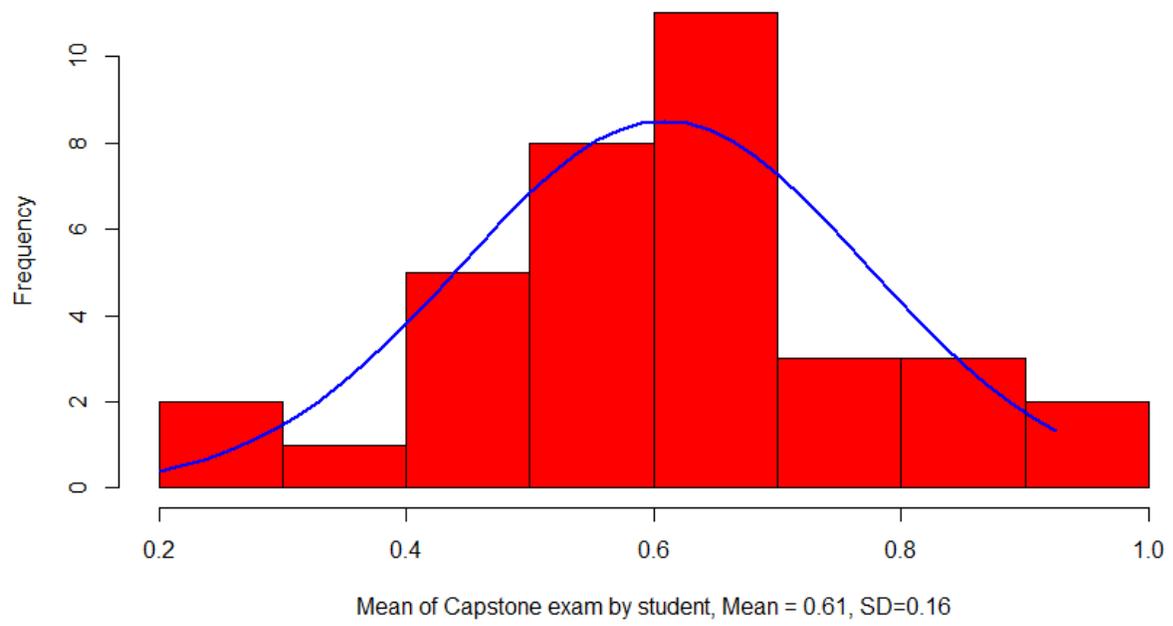
**Histogram with Normal Curve-Capstone exam/ UGE2016, Sample Size = 31**



**Histogram with Normal Curve-Capstone exam/ UGM2017, Sample Size = 28**



Histogram with Normal Curve-Capstone exam/ UGE2017, Sample Size = 35



## APPENDIX 2: Summary of Aggregated Capstone Examination Data by Subfields and Cohorts

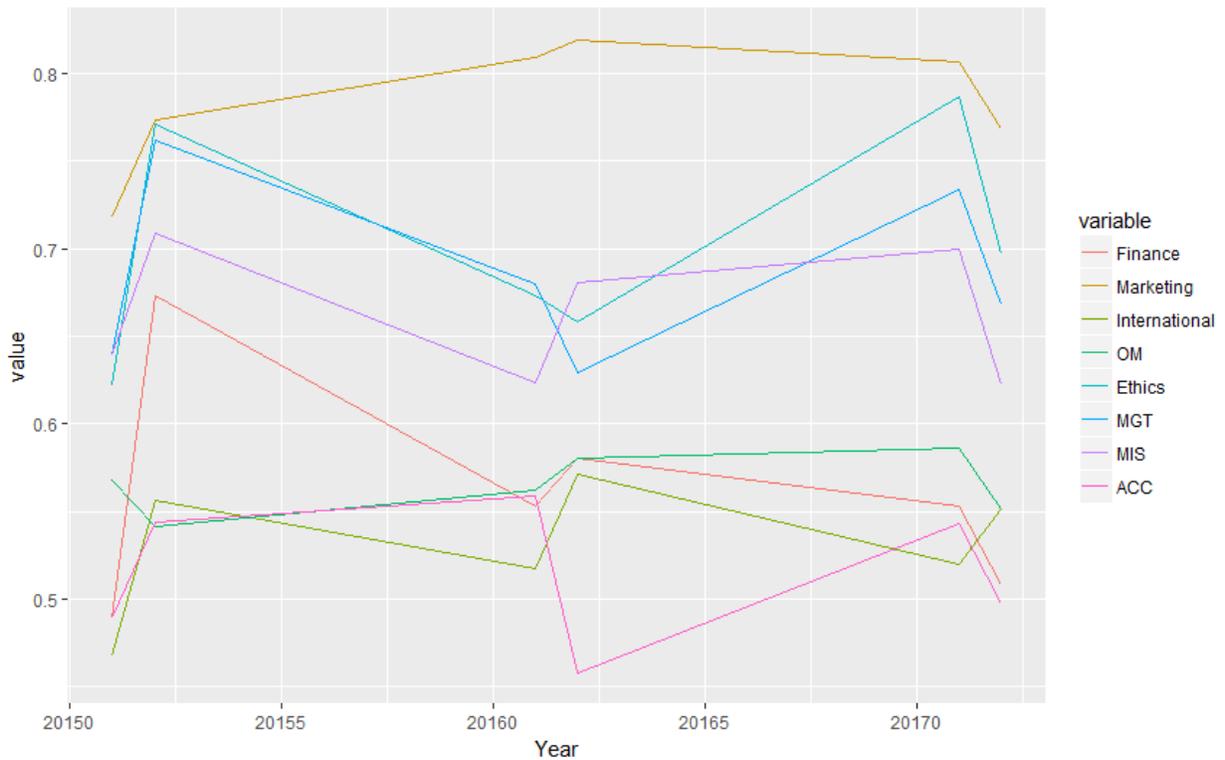
The following three graphs are the visualizations of the dataset – Aggregated data by subfields.xls (see the data set attached).

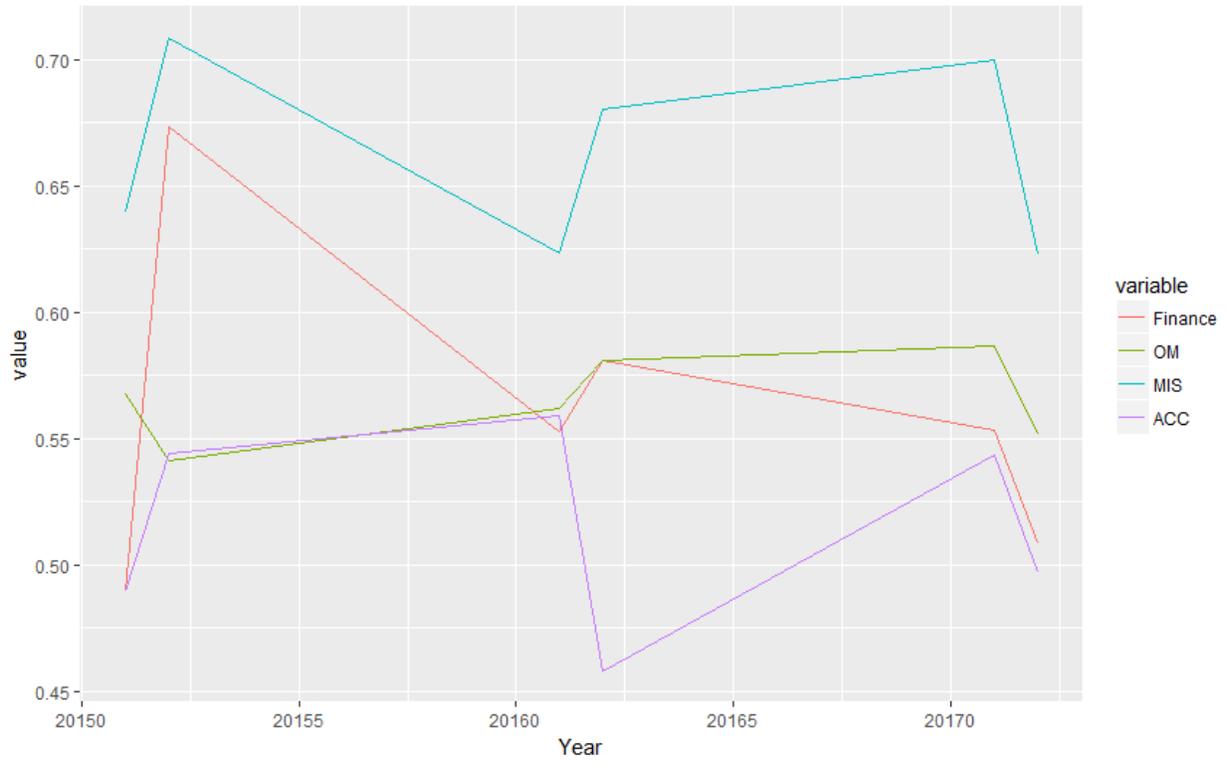
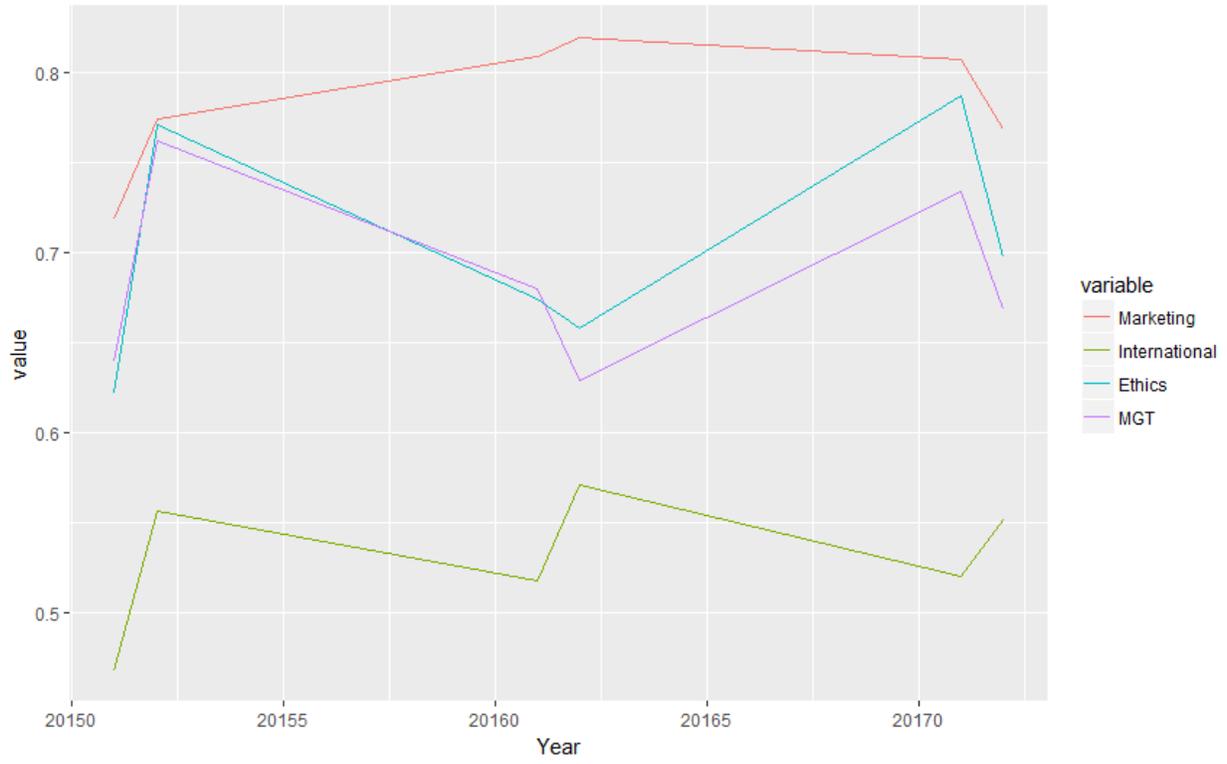
This data set is an aggregation of each of the corresponding blocks of questions. For instance, the first 10 question is the block for the finance subfield.

The horizontal axis represents the following cohorts (M – morning, E – evening, D – Day): UGM 2015, UGE 2015, UGD 2016, UGE2016, UGM2017, and UGE2017

The line charts show how the values of the performance in different subfields change (improving or worsen) over time. The trend was downward before 2017, while the trend in 2017 is not stable.

The second picture shows the trends in the areas that require more logical reasoning skills, while the third picture show the trends in the areas that require more quantitative skills.





## APPENDIX 3: Full Text of the Three Questions in Each Discipline with the Worst Student Performance

### Finance

4. A company is evaluating a capital budgeting proposal that requires an initial outlay of \$100,000 and will provide cash inflows of \$60,000 in each of the next two years. The required return on the project is 15%. Should the company undertake the project?

- a. Yes, because the project returns 20%, which exceeds the required 15% returns
- b. Yes, because the project increases shareholder wealth
- c. No, because the project increases shareholder wealth
- d. **No, because the project's net present value (NPV) is negative**

6. Use the below information on three companies (A, B, and C) to answer the next question.

	A	B	C
EBIT / Interest	0.50	2.00	1.40
Profit Margin	10%	8%	10%
Debt / Equity	.50	.20	1.00

Which of the following companies likely has the best credit rating?

- a. Company A
- b. **Company B**
- c. Company C

10. What is the expected return on a stock with a beta of 1.20 if the risk free rate is 3% and the expected return on the market is 10%?

- a. 10.3%
- b. 12.0%
- c. 15.0%
- d. **11.4%**

### Marketing

14. Which element of promotion is used most frequently in the marketing of industrial equipment?

- a. Public relations
- b. **Personal selling**
- c. Sales promotion
- d. Advertising

18. Ideally, the first step in developing a retail strategy is to ...

- a. Determine promotion strategy
- b. **Identify the target market(s)**
- c. Determine the product offering
- d. Identify the proper location

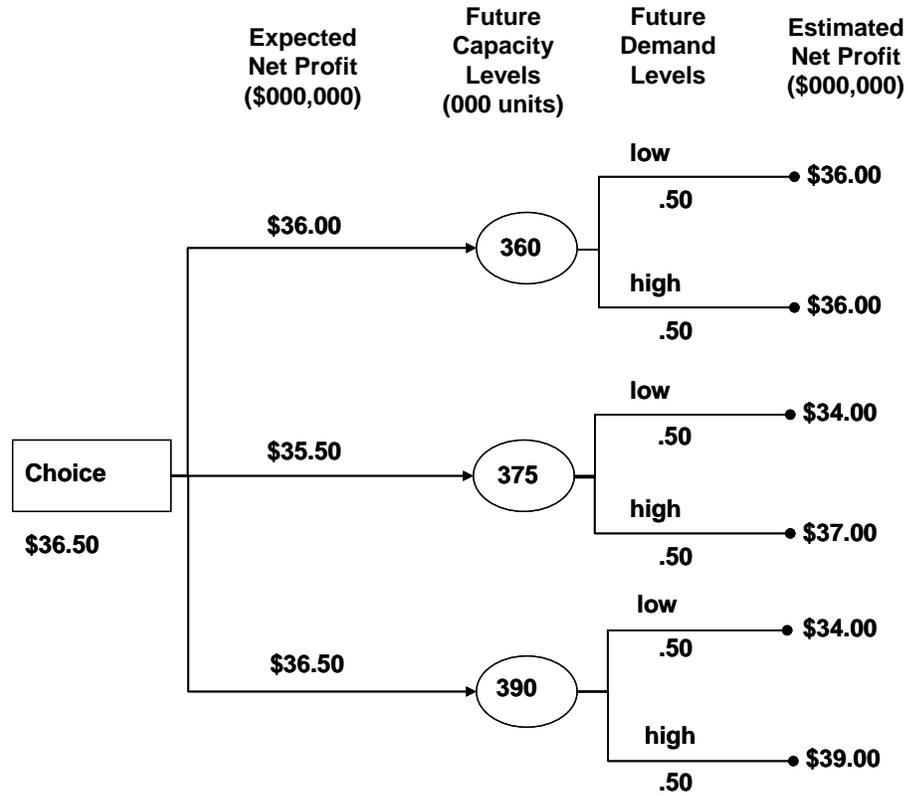
11. The 4Ps of the marketing mix are ...
- Product, price, promotion, and place**
  - Product, price, presence, and promotion
  - Product, price, promotion, and positioning
  - Price, positioning, presence, and promotion
15. Repositioning is ...
- Changing consumers' perceptions of a brand in relation to competing brands**
  - A strategy companies use to distinguish their new products from those of their competitors
  - Dividing a market by the amount of product bought or sold
  - Grouping customers into market segments according to the benefits they seek from the product

### International Business

22. One good reason that globalization and free trade are resisted is because
- benefits are spread across many, but job losses deeply affect a few.**
  - economists agree that the costs of both far exceed the benefits they generate.
  - most studies show that almost every trade agreement has increased child labor.
  - over 90% of the benefits from reforms to agricultural products have been realized.
  - both globalization and free trade tend to raise prices on most consumer goods.
23. The theory of comparative advantage states that, given two countries and two products,
- only the nation that requires fewer resources to make a product can gain from trade.
  - the nation that is more productive in both products has a comparative advantage in both.
  - the nation with an absolute advantage will benefit the most from trade.
  - each can benefit from trade even if one nation is more productive in everything.**
  - nations will export the goods in which they have a comparative abundance of resources.
30. Which of the following comment regarding a global brand is FALSE? A global brand
- uses the same name throughout the world.
  - is adjusted from region to region.**
  - uses the same logo worldwide.
  - uses the same positioning everywhere in the world.
  - can reduce production, marketing and merchandising costs.

## Quantitative and Operations Analysis

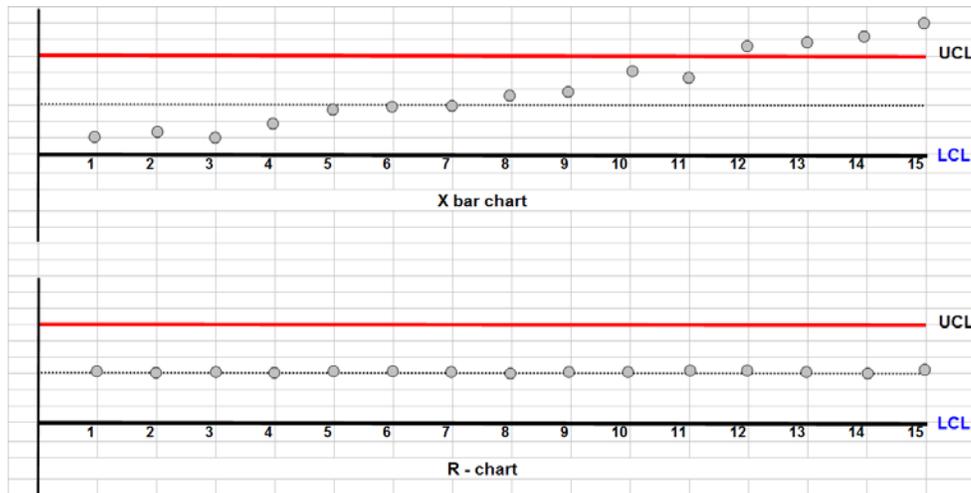
In order to accommodate predicted levels of demand two years into the future, AKJ, Inc. can continue with its current capacity of 360,000 units, or it can choose to raise its capacity to one of two levels (375,000 units or 390,000 units). Thus, there are three future unit-capacity levels from which it must choose: 360,000, 375,000, and 390,000. The probabilities of low (360,000 units) and high (390,000 units) future demand levels, their associated estimated net profits based upon the demand level that eventuates, and the expected net profits (in millions of dollars) for each alternative are also presented in the decision tree below:



36. What level must the probability of high demand be in order to make the future capacity alternatives of 360,000 units and 375,000 units equally attractive?

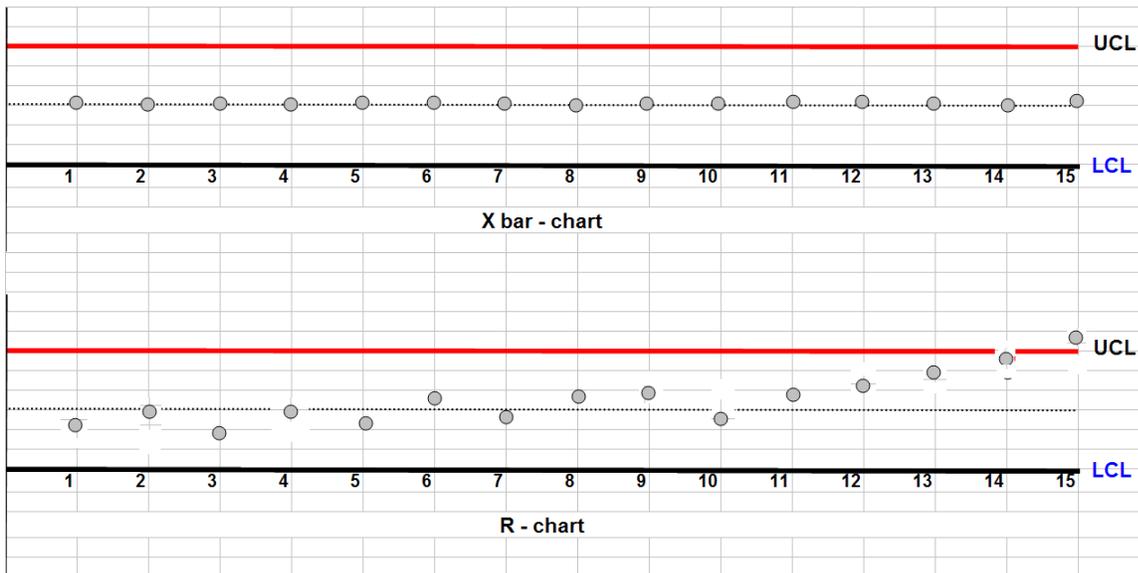
- a. 0.250
- b. 0.500
- c. **0.667**
- d. 0.750

AKJ Inc. has been using the statistical process control charts (Mean and Range Charts) to achieve quality standards. The following four questions (37-40) will be used to analyze if the company has been experiencing any process variations.



38. Which of the following is true based on above charts?
- There is a strong evidence that the process is in control
  - The process is clearly out of control**
  - The process is still in control but may go out of control in near future.
  - None of the above

Consider the following set of control charts that were observed during another production shift.



40. Which of the following is true based on above charts?
- The process may be out of control since there is a run of five points above the central line (R- Chart)
  - The process may be out of control since observation 15 (R-chart) is above the Upper control limit
  - Both a and b**
  - We cannot draw conclusions about whether or not the process is in control until we have observed at least 40 samples from the process.

### Ethics

The following hypothetical example was prepared by Professor Marilyn Helms of the University of Tennessee at Chattanooga. After reading the example, please answer the next ten questions.

"Jane has just been hired as the head of the Payroll Department at R&S Electronics Service Company, a firm of 75 employees. She was hired by Eddie, the General Manager of the company who informed her of the need for maintaining strict confidentiality regarding employee salaries and pay scales. He also informed her that he fired the previous Payroll Department head for breaking that confidentiality by discussing employees' salaries. She was also formally introduced to Brad, the owner, who told her to see him if she has any questions or problems. Both Brad and Eddie made her feel welcome."

"After three months of employment, Jane begins to wonder why Greg [who is the brother of Eddie, the General Manager] makes so much more in commissions than the other service technicians. She assumes that he must be highly qualified and must work rapidly because she has overheard Brad commending Greg on his performance on several occasions. She has also noticed Brad, Eddie, and Greg having lunch together frequently."

"One day, Eddie gives Jane the stack of work tickets for the service technicians for the upcoming week. The technicians are to take whatever ticket is on top when they finish the job they were working on. After putting the tickets where they belong, Jane remembers she has a doctor's appointment the next morning and returns to Eddie's office to tell him she will be reporting late for work. When she

enters Eddie's office, she sees Eddie give Greg a separate stack of work tickets. As she stands there, Eddie tells her if she mentions this to anyone, he will fire her. Jane is upset because she understands that Eddie is giving the easier, high-commission work to his brother. Jane also realizes that Eddie [as General Manager] does have the authority to hire and fire her [and that her employment relationship is governed by the legal doctrine of employment at will]. Since she has only been at the company a short time, she is also still on probation. This is her first job since college. She wonders what she should do."

(The text above is a minicase titled "Family Business" and was written by Marilyn M. Helms of the University of Tennessee at Chattanooga. The minicase is part of a business ethics program sponsored by a major accounting firm in 1992.)

41. According to the seven-step process for ethical decision-making contained in the School of Business document titled "Introduction to Business Ethics" the first thing Jane should do is:
- Contact the police
  - Tell the technicians that Greg is earning more in commissions because Eddie is giving Greg the easier, high-commission work to his brother
  - Ignore what she learned about Eddie giving work to Greg because she should not have gone back to Eddie's office. Eddie never intended for her to see him give Greg the separate stack of work tickets
  - Determine the relevant facts**
49. According to the School of Business document titled "Introduction to Business Ethics," under a utilitarian analysis
- Jane would NOT be justified in remaining silent about what Eddie is doing because silence would permit the current work allocation system to continue and would result in harm to many stakeholders and benefits only Greg and possibly Eddie**
  - Jane would be justified in remaining silent about what Eddie is doing because silence would enable Jane to avoid losing her job
  - Jane would NOT be justified in quitting because she was recently hired and is still on probation
  - Jane would be justified in going to the police because utilitarianism supports decisions by workers to inform government officials of unfairness in businesses
50. According to the seven-step process for ethical decision-making contained in the School of Business document titled "Introduction to Business Ethics" the final step Jane should take is:
- Select and alternative action and plan to implement it**
  - Tell the local newspaper what Eddie has been doing
  - Consider ethical issues
  - Inform all the stakeholders of what Eddie has been doing

## Management

56. Leading the drive for good strategy execution and operating excellence calls upon the manager to
- Be charismatic, a decisive decision-maker, and make inspiring speeches at company events
  - Delegate little to subordinates and, instead, personally exert a strong, highly visible influence on the company's approaches to strategy execution

- c. **Practice management by walking around, put constructive pressure on the organization to achieve good results, push for the development of stronger core competencies and competitive capabilities, display ethical integrity, and lead social responsibility initiatives**
  - d. Be very personable, an effective communicator, and skilled in the empowerment of company personnel
57. Which industry change would result in increased intensity of rivalry?
- a. Higher switching costs
  - b. Diversity of strategies among industry incumbents
  - c. **Lower industry growth rates**
  - d. Lower exit barriers
59. What is the key question that must be asked and answered when formulating corporate strategy?
- a. What is the effect of switching costs in this industry?
  - b. What is the firm's North American Industrial Classification?
  - c. **In what business or businesses should the firm compete?**
  - d. How should the firm compete successfully in its industry?

### Management Information Systems

61. The characteristics of ERP systems include all of the following except
- a. **Typically fit an organization's existing business processes**
  - b. Provide information necessary to control the business processes of the organization
  - c. Include a set of interdependent software modules
  - d. Integrate the planning, management, and use of all resources of the organization
63. The functions of the information systems department include all of the following EXCEPT:
- a. planning the use of IS to accomplish organizational goals
  - b. managing outsourcing relationships
  - c. protecting information assets
  - d. **managing the supply chain**
66. In a relational database, every row represents a \_\_\_\_\_:
- a. File
  - b. Attribute
  - c. **Record**
  - d. Primary key

### Accounting

74. XYZ Corporation, which uses accrual basis accounting, had the following events during the year:
- The business sold \$10,000 of common stock to its stockholders.
  - The business purchased land for \$6,000, cash.
  - Cash of \$12,000 was received for services provided.
  - Operating expenses of \$5,000 were incurred and paid in cash.
  - Dividends of \$1,000 were paid to shareholders.

The amount of net income to be reported is:

- a. **\$7,000**
- b. \$6,000
- c. \$11,000
- d. None of the above.

75. Gonzalez Company is preparing their financial statements. Information taken from the company's records revealed Sales of \$40,000, Cost of Goods Sold of \$25,000 and General Operating Expenses of \$5,000. What is the Gross Margin/Profit of Gonzalez?

- a. **\$15,000**
- b. \$10,000
- c. \$60,000
- d. None of the above

79. In a manufacturing company, product costs are expensed on the income statement

- a. when products are completed.
- b. when raw materials for the product are purchased.
- c. when raw materials are placed into production.
- d. **when products are sold.**