

Original



OTTO-VON-GUERICKE-UNIVERSITÄT MAGDEBURG  
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CHAIR OF INTERNATIONAL MANAGEMENT  
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**Introduction to Management (WS 2003/4) – Midterm Exam**

**Midterm Exam**

In the final Exam to this class, you will be able to make a maximum of 50 points. This Midterm Exam is a "downsized" version. You have one hour to reach a maximum of 20 points. Use the opportunity to practice for the final. There are a few pieces of advice we can offer at this stage:

1. Use the theoretical tools and terminology you have learned in class and from the textbook.
2. Make sure there is a clear structure in your argument. (Use some time to sort your ideas before you start writing the version you want to submit.)
3. Use the time you have! If you are ready much earlier than we planned you should wonder if you forgot something.
4. Remember: people have to be able to decipher what you write.
5. Leave a margin for our comments, so we can give you a more detailed feedback than just the number of points.
6. You are welcome to use a dictionary and a calculator.

Examiners: Prof. Dr. Raith, Prof. Dr. Erichson, Prof. Dr. Reichling, Prof. Dr. Spengler,  
Prof. Dr. Burgard, Prof. Dr. Wolff

Please solve four – and only four – of the following six problems (maximum of 5 points per problem):

1. Define the following terms. Feel free to illustrate your definitions by examples.
  - a) Benchmarking
  - b) Profit maximization
  - c) Substitutes
  - d) Efficiency
  - e) IPO
2. Explain the main differences between a partnership and a corporation. Please give short explanations with respect to:
  - a) Number of partner(s)
  - b) Liability of partner(s)
  - c) Withdrawal or addition of partner(s)
  - d) Organship
  - e) Rule of decision-making

**3. Market**

- a) Define the term market segmentation
- b) Name factors that influence market segmentation.

**4. Personnel Planning**

Three categories of workers ( $i=1,2,3$ ) have to perform two categories of activities ( $a=1,2$ ). The following table shows possibilities of personnel assignment as well as the personnel requirement ( $PR_{ia}$ ) and the personnel equipment ( $PE_{ij}$ ).

	$i=1$	$i=2$	$i=3$	$PR_{ia}$
$a=1$	x	x		30
$a=2$		x	x	22
$PE_{ij}$	22	8	15	

- a) Check whether the personnel equipment covers the personnel requirement by using the implicit approach of personnel planning
  - b) Apply the explicit approach of personnel planning to the example above
5. Financials
- a) What are the rights of common stockholders as opposed to the preferred stockholders?
  - b) What is the relationship between risk and expected rate of return?
  - c) What is the debt-to-equity ratio? How should it vary depending on the risk of the company?
6. Characterize the individual steps of the ProACT decision making approach outlined by Hammond, Keeney, and Raiffa. Explain the main difference between "alternative-focused thinking" and "value-focused thinking".

**Good Luck!**