Farm Management 9th edition Kay Test Bank

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CHAPTER 2

SAMPLE TEST QUESTIONS - MULTIPLE CHOICE

1. Which function of management is concerned with monitoring the results of a decision and taking corrective action?
   a. planning
   b. implementation
   c. control
   d. organization

2. Which of the following shows the proper time sequence of management functions as they would be applied to a specific problem?
   a. planning, control, implementation
   b. planning, implementation, control
   c. control, planning, implementation
   d. control, implementation, planning

3. A short summary of the primary reason(s) a particular business is in operation is called:
   a. internal scanning
   b. external scanning
   c. a mission statement
   d. whole farm plan

4. "Doubling the number of acres farmed within the next 10 years" is an example of a
   a. long-run goal
   b. short-run goal
   c. mission statement
   d. decision

5. Which of the following is an example of a strategic decision?
   a. determining fertilizer levels for crops
   b. deciding when to sell grain
   c. determining what type of business/legal organization to use
   d. setting milking times for a dairy

6. Which of the following is an example of a tactical decision?
   a. balancing a livestock ration
   b. forming a partnership with a relative
   c. joining a feeder pig cooperative
   d. installing an irrigation system

7. "What managers do" is best described by which of the following?
   a. gather information
   b. make decisions
   c. analyze data
   d. harvest crops

8. External scanning could include assessing:
   a. the financial condition of the business
   b. changes in consumer tastes
   c. the basic values of the managers
   d. the productivity of the farmland owned

9. One characteristic that makes decision making in agriculture different from other types of business is:
   a. more government regulation
   b. prevalence of very large business units
   c. predictability of the production processes
   d. fixed supply of a major resource such as land

10. The term that best describes how much time is available to make a decision is:
    a. imminence
    b. revocability
    c. frequency
    d. importance

11. Which phase of the strategic management process would be most influenced by a farm family's basic values and attitudes about agriculture?
    a. external scanning
    b. internal scanning
    c. setting goals
    d. implementing strategies

12. A <u>mission statement</u> is:
    a. a list of important jobs the farm manager needs to accomplish in the near future.
    b. a comprehensive plan to reshape the farm business over the next decade
    c. a set of goals to be achieved by a specific date
    d. a short summary of why a business exists

13. The statement "To achieve an average feed conversion rate of 2.75 pounds of feed per pound of gain for my market hogs by 2019." is:
    a. A mission statement

b. A goal
c. A strategy
d. An example of external scanning

SAMPLE TEST QUESTIONS - TRUE/FALSE

T **F** 1. Short-run planning is more important than long-run planning.

T F 2. Goals must be defined before management decisions can be made.

T **F** 3. Because weather and prices are unpredictable, it is impossible to plan more than one year in advance in agriculture.

T **F** 4. Strategic planning only needs to be done by beginning farmers and ranchers.

T **F** 5. No management decision should be made until all possible information has been acquired.

T **F** 6. Maximizing profit is the only goal managers should use to make decisions.

T F 7. More time should be spent on irrevocable decisions than on those which can be easily reversed.

T **F** 8. Farm and ranch managers can usually set the selling prices for their products.

T F 9. Even choosing the best alternative action will sometimes produce undesirable results.

T **F** 10. Biological production processes, such as in agriculture, are more predictable than industrial production processes.

T F 11. "Define the problem" is the first step in the decision-making process.

T F 12. Farm and ranch businesses tend to be small-scale compared to all U.S. businesses.

T **F** 13. Surveying consumer tastes for a product that a certain farm produces is an example of internal scanning.

T F 14. Internal scanning includes assessing a business' financial, physical and human resources.

<u>T</u> F 15. Before making any decision, a manager should have a goal(s).

<u>T</u> F 16. The decision-maker must bear responsibility for any decisions made.

T **<u>F</u>** 17. Completing all steps in the decision-making process will guarantee a perfect decision.

<u>T</u> F 18. Management is mostly about making decisions.

T **<u>F</u>** 19. Good management decisions can be made before goals have been determined.

T **<u>F</u>** 20. The last step in the decision-making process is to implement the decision.

T **<u>F</u>** 21. All farm/ranch managers have the same goal(s).

<u>T</u> F 22. Goals should be written, specific, measurable, and have a timetable for completion.

<u>T</u> F 23. Deciding whether to sell wheat today or wait until later in case prices improve is an example of a tactical decision.

<u>SAMPLE TEST QUESTIONS – DISCUSSION</u>

1. Briefly discuss how the characteristics of decisions – importance, frequency, revocability, imminence and number of alternative -- impact the decision making process.

Each of these characteristics will affect how much time and effort a farm manager puts into making a decision. More important decisions, in terms of how many dollars are at stake, for example, will warrant more careful consideration. Decisions made daily likely become routine and don't require much thought relative to decisions that happen once in a career. Decisions that are not easy undone (irrevocable) would require more time and consideration. Imminence refers to how quickly the decision must be made and affects the timing of the decision making process. Finally the number of alternatives would affect the decision making process -- perhaps having more alternatives would require more data collection and more consideration relative to a decision that is a yes or no type decision.

2. Give an example of a common farm management decision. In what ways would you, the farm manager, assess the relative importance of this decision?

Some of the ways to measure importance would include the size of the potential gain or loss, the permanence of the decision, and the possibility of revoking or changing the decision after making it.