**BUS 322 S22 Quiz 2**

00:30:00

Last name


First name


Email address:


Last 4 digits of your university's ID:


When you click the "next" button, the quiz will begin. Do your best to answer each question correctly. Some questions require multiple answers. Only one attempt is allowed. Good Luck!

**Question 1 of 30**

1. Which of the following statement(s) is/are true with regards to the concept of Risk? It is:

* a variability of returns associated with given assets
* a chance of a financial loss
* a collection of all assets
* a premium paid for company's insurance coverage
* all of these
* none of these

***(10 points) | \_\_\_***

**Question 2 of 30**

2. Which of the following statement(s) is/are true with regards to the concept of being Risk Averse? It is:

* the attitude toward risk in which an increased return will be required for an increase in risk
* the attitude toward risk in which a decreased return will be accepted for an increase in risk
* the attitude in which an increased return will be required for a decrease in risk
* the attitude in which no change in return will be required for a decrease in risk

***(10 points) | \_\_\_***

**Question 3 of 30**

3. Which of the following statement(s) is/are true with regards to the concept of a Political Risk. It is:

* a risk that arises from the possibility that a political instability will endanger the invested capital
* a risk that one's preferred political party will lose an election
* the same as the total risk
* the sum of all risks facing an organization

***(10 points) | \_\_\_***

**Question 4 of 30**

4. Total Risk is the difference between a non-diversifiable risk and diversifiable risk:

* True
* False

***(10 points) | \_\_\_***

**Question 5 of 30**

5. Which of the following statement(s) is/are true with regards to the concept of the Focus on Values?

* a firm's risk and expected return directly affects the share price
* risk and return are the key determinants of the firm's value
* it is the management's responsibility to ensure that the expected returns justify the level of risk being assumed
* none of these

***(10 points) | \_\_\_***

**Question 6 of 30**

6. Risk/return investment analysis is undertaken to ensure that only these actions that earn returns (%) that are lower than the firm's cost of capital.

* True
* False

***(10 points) | \_\_\_***

**Question 7 of 30**

7. Which of the following statement(s) is/are true with regards to the concept of Business Risk? it is:

* the chance that the firm will be unable to cover its operating costs
* the level of the risk is determined by the firm's revenue stability and the structure of its operating costs
* the risk of operating a firm without a proven business model
* the same as the Political Risk
* the same as the Market Risk
* none of these

***(10 points) | \_\_\_***

**Question 8 of 30**

8. Which of the following statement(s) is/are true with regards to the concept of a Financial Risk? It is:

* the chance that the firm will be unable to cover its financial obligations
* the same as the political risk
* the same as the operating risk
* all of these
* none of these

***(10 points) | \_\_\_***

**Question 9 of 30**

9. Which of the following statement(s) is/are true with regards to the concept of Liquidity Risk. It is:

* the chance that an investment cannot be easily liquidated at a fair price
* a risk that should be ignored since it is too small to worry about
* the same as the financial risk
* the situation in which there is low or no demand for this investment
* none of these

***(10 points) | \_\_\_***

**Question 10 of 30**

10. Which of the following statement(s) is/are true with regards to the concept of Utility. It is:

* a measure of the total worth of outcomes that can be achieved based on the decision's maker attitude towards profits, loss, risk.
* a measure of personal satisfaction derived from money
* the probability distribution of the possible payoffs associated with all decisions alternatives
* all of these
* none of these

***(10 points) | \_\_\_***

**Question 11 of 30**

11. Which of the following statement(s) is/are true with regards to the concept of a Risk Avoider. It is:

* a decision maker who would choose a guaranteed payoff over a lottery with a better expected payoffs
* a decision maker who would forgo a high expected value to avoid even a low probability of a disaster
* someone who is risk neutral
* someone who is afraid of making difficult decisions
* all of these
* none of these

***(10 points) | \_\_\_***

**Question 12 of 30**

12. Which of the following statement(s) is/are true with regards to the concept of a Risk Taker. It is:

* a decision maker who would choose lottery over a guaranteed payoff
* a decision maker who would take a chance on a big win with a low probability of success in lieu of a sure thing
* same as risk neutral
* a conservative decision-maker
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 13 of 30**

13. A Risk Neutral decision maker is a person for whom the EMV aligns with his/her personal utility

* True
* False

***(10 points) | \_\_\_***

**Question 14 of 30**

14. Which of the following statement(s) is/are true with regards to the concept of a Utility Curve. It is:

* a graph that shows the corresponding relationship between utility and monetary values
* a graphical representation of decisions driven by different attitudes towards risk
* a sum of all payoffs
* a bar chart
* a histogram
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 15 of 30**

15. Utility Function of Money states that utility considerations are always more important than the EMV considerations:

* True
* False

***(10 points) | \_\_\_***

**Question 16 of 30**

16. Which of the following statement(s) is/are true with regards to the concept of Decision-making with Certainty? It:

* is a decision-making environment in which the future outcomes are known
* consists of decisions made based on historical information
* typically, is used in a forensic research
* assumes the continued stability of the system
* all of these
* none of these

***(10 points) | \_\_\_***

**Question 17 of 30**

17. Decision strategy, is a strategy based on a sequence of decisions and chance outcomes, designed to provide the optimal solution to a problem at hand.

* True
* False

***(10 points) | \_\_\_***

**Question 18 of 30**

18. Which of the following statement(s) is/are true with regards to the concept of Expected Value?

* it is a weighted average of all payoffs
* these weights are the state of nature probabilities
* it is the same concept as the concept of expected value of sample information
* it is the same concept as the concept of a payoff
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 19 of 30**

19. Which of the following statement(s) is/are true with regards to the concept of Maximin? It is:

* a maximization approach where the alternative with the highest possible return is selected
* a minimization approach where the alternative with the lowest possible return is selected
* an outcome of a chance event
* based on the Hurwicz's coefficient of optimism
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 20 of 30**

20. Maximax is a minimization approach that leads to choosing the decision alternative that maximizes the minimum payoff.

* True
* False

***(10 points) | \_\_\_***

**Question 21 of 30**

21. Perfect information is zero efficient.

* True
* False

***(10 points) | \_\_\_***

**Question 22 of 30**

22. Which of the following statement(s) is/are true with regards to the concept of Risk Premium? It is:

* a difference between the expected value of the lottery and the guaranteed payoff the decision maker is willing to accept
* the same concept as the concept of a total risk
* the difference between the coefficient of optimism and the projected state of nature
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 23 of 30**

23. The Hurwicz Criterion is based on the coefficient of pessimism (alpha).

* True
* False

***(10 points) | \_\_\_***

**Question 24 of 30**

24. Which of the following statement(s) is/are true with regards to the concept of LaPlace? It is:

* the equal likelihood of all outcomes
* the payoff for each state of nature is multiplied by equal weights
* a compromise between the Maximax and Maximin approaches
* the same concept as a mutually agreed to meeting place
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 25 of 30**

25. Which of the following statement(s) is true with regards to the concept of Game Theory? It is:

* a study of decision situations in which two or more players compete as adversaries
* a combination of strategies chosen by players that determine the value of the game to each player
* widely used in college sports
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 26 of 30**

26. A lottery is a hypothetical investment alternative with a probability of "p" of obtaining the worst payoff and a probability of "1-p" of obtaining the best payoff.

* True
* False

***(10 points) | \_\_\_***

**Question 27 of 30**

27. Which of the following statement(s) is/are true with regards to the concept of the Pure Strategy? it is:

* a game solution that provides a single best strategy for each player
* the same concept as the zero-sum game
* a synonym to the Prisoner's dilemma
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 28 of 30**

28. Which of the following statement(s) is/are true with regards to the concept of a Zero-sum game? It is:

* a game with two players in which the gain of one player is equal to the loss to the other player
* all business games are zero-sum games
* the zero-sum games do not exist in the real world
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 29 of 30**

29. Which of the following statement(s) is/are true with regards to the concept of a Decision-making with Uncertainty?

* it is a decision-making environment in which several outcomes or states of nature may occur
* the probabilities of these outcomes are unknown
* it assumes that the future is always certain
* should always be optimistic
* none of these
* all of these

***(10 points) | \_\_\_***

**Question 30 of 30**

30. Which of the following statement(s) is/are true with regards to the concept of a Decision-making with Risk? It assumes that:

* the probabilities of future outcomes are known
* the underlying system is stable
* the underlying system is unstable
* none of these
* all of these

***(10 points) | \_\_\_***

You have reached the end of the quiz. When you click “next" your work will move to grading.