

✓ **Question 1**

The computed value obtained from MAD performance measure with moving average method ranges from -1 to +1. **False**

✓ • **Question 2**

Course assigned to the professor in Fall semester is the example of short range forecast by time horizon. **True**

✓ • **Question 3**

Naive approach assumes that the demand in the next period is same as demand in most recent period. **True**

✓ • **Question 4**

When a forecast is close to the actual values and considered as a 'good' forecast then the measure of forecast error called MAPE is: **Close to zero**

✓ • **Question 5**

The EVSI is always _____. **Non-negative**

✓ • **Question 6**

Forecast error calculated from LAD performance measure ranges from -1 to +1. **False**

✓ • **Question 7**

The lowest utility value is assigned for highest pay off value. **False**

✓ • **Question 8**

When making a decision under risk, which of the following is a valid decision-making criterion?

- ☐ (d) Maximax
- ☒ (a) Minimize expected opportunity loss
- ☐ (c) Minimax regret
- ☐ (b) Maximin

✓ • **Question 9**

Which of the following best determined the weight values used in the weighted moving average?

- ☒ (c) assigned some arbitrarily chosen values, where experience is required
- ☐ (d) assigned so that the sum of the weights lies in the range from -1 to +1.
- ☐ (b) determined by a formula
- ☐ (a) each weight is assigned an equal value

✓ • **Question 10**

Which of the following occurs in decision making under uncertainty?

- ☐ (d) Exactly one state of nature.
- ☐ (a) Conditional probabilities.
- ☒ (c) A payoff table for each possible combination of decisions and outcomes.
- ☐ (b) Equally likely probabilities for all states of nature.

✓ • **Question 11**

Convex type utility curve reflect the attitude of optimistic manager. **True**

☑ (c) Decision-making under uncertainty

- (d) Decision-making under perfect information
- (a) Decision-making under certainty
- (b) Decision-making under sample information

✓ • **Question 12**

The maximin criterion is a feature of which of the following?

✓ • **Question 13**

The computed value obtained from MAPE performance measure ranges from 0 to +1. *True*

✓ • **Question 14**

In order to use Bayes' Theorem to calculate the $P(A/B)$, it is necessary to know which of the following: $P(A)$, $P(B)$ and $P(B/A)$

✓ • **Question 15**

Recent drop in the oil prices is the example of seasonal pattern in a time series. *False*

✓ • **Question 16**

Decision scenarios for single time opportunity is best describe with utility value criteria. *True*

✓ • **Question 17**

The decision-maker's attitude toward possible losses cannot express in expected value criteria. *True*

✓ • **Question 18**

The time series component (also known as random variation) is generally assumed:

- (c) have a trend
- (d) the error continuously increases
- (a) the variation average *grows out* over time.
- (b) have no discernable pattern.

✓ • **Question 19**

The weight values used in the weighted moving average are:

- (b) determined by a formula.
- (a) each weight is assigned an equal value
- (c) highest weightage is given to the most recent value.
- (d) assigned so that the sum of the weights is equal to 10.

✓ • **Question 20**

The minimax criteria find the alternative that ____.

- (c) maximize the minimize the opportunity loss of all the alternatives
- (a) minimize the maximize the opportunity loss of all the alternatives
- (b) minimize the maximize the profit of all the alternatives
- (d) can be applied for optimistic manager

✓ • **Question 21**

The drawback in the exponential smoothing technique is fixed in the (weighted) moving average forecasting method. *False*

✓ • **Question 22**

The financial budget presented in Saudi Ministerial Council is the example of long range forecast by time horizon. *False*

✓ • **Question 23**

The EVPI is calculated by subtracting ____.

- ☐ (c) The maximum EREV from the minimum expected opportunity loss.
- ☐ (b) EVSI from the ERPI.
- ☒ (a) The maximum EREV from the ERPI.
- ☐ (d) The minimum EREV from the ERPI.

✓ ✓ • **Question 24**

Which of the following statements is true?

- ☐ (c) Prior probabilities are probability estimates after a test market.
- ☐ (a) The maximax criterion is a conservative approach to decision making.
- ☒ (b) Someone who is indifferent to risk would have a utility function that is a straight line.
- ☐ (d) Maximin, maximax, and minimax regret criterion all lead to the same optimal decision.

✓ • **Question 25**

Utility criteria is the combination of expected value criteria with life style (attitude) of manager. *TRUE*

✓ • **Question 26**

Which measure tells us the strength of the linear relationship between X and Y? *Correlation coefficient*

✓ • **Question 27**

The **conservative** and **pessimistic** approach of the decision-maker attitude is applied in **maximax** criteria. *False*

✓ • **Question 28**

Efficiency in expected value criteria is defined as the **ratio of EVPI and EVSI**. *False*

✓ • **Question 29**

Which of the following statements is true?

- Which of the following statements is true?
- ☐ (b) Trend always measures the linear increase in a certain variable over time.
 - ☐ (d) Business cycles are seasonal variations.
 - ☐ (a) MAD penalizes a forecasting technique more for larger errors than MSE does.
 - ☒ (c) Cyclical variations cover longer periods of time than do seasonal variations.

✓ • **Question 30**

Which of the following statements is true?

- Which of the following statements is true?
- ☐ (b) If the correlation coefficient between X and Y is very close to zero, then there is a weak relationship between X and Y.
 - ☒ (a) No single best forecasting model exists.
 - ☐ (c) The coefficient of determination will always be between -1 and +1.
 - ☐ (d) The Delphi method is a forecasting model that incorporates the use of regression.