

- Question 1

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

- ☐ a. Decision-making under sample information
- ☒ b. Decision-making under uncertainty
- ☐ c. Decision-making under perfect information
- ☐ d. Decision-making under certainty

- Question 2

Which of the following statements is true?

- Question 3

In Naive approach, the demand in the next period is _____.

- ☒ a. assumed to be same as demand in most recent period
- ☐ b. computed by weighted moving average method
- ☐ c. computed by moving average method
- ☐ d. computed by exponential technique

- Question 4

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 5

Course assigned to the professor in Fall semester is the example of _____ forecast by time horizon.

- ☐ a. medium range
- ☒ b. short range
- ☐ c. None of mentioned options
- ☐ d. long range

- Question 6

The decision-maker's attitude toward possible losses cannot expressed in _____ criteria.

- ☐ a. both utility and uncertainty
- ☒ b. expected value
- ☐ c. utility
- ☐ d. uncertainty

- Question 7

The _____ utility value is assigned for highest pay off value.

- ☐ a. lowest
- ☐ b. None of mentioned options
- ☒ c. highest
- ☐ d. average

- Question 8

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

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

• Question 9

The financial budget presented in Saudi Ministerial Council is the example of _____ forecast by time horizon.

- ☐ a. short range
- ☐ b. None of the mentioned choices
- ☒ c. medium range
- ☐ d. long range

• Question 10

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

- ☐ a. Maximin criteria
- ☐ b. Maximax criteria
- ☒ c. Minimize expected opportunity loss
- ☐ d. Minimax regret criteria

• Question 11

Decision scenarios for single time opportunity is best describe with _____ criteria.

- ☐ a. uncertainty
- ☒ b. utility value
- ☐ c. expected value
- ☐ d. both expected value and uncertainty

• Question 12

The EVPI is calculated by subtracting _____.

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

• Question 13

Which of the following statements is true?

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

• Question 14

When a forecast is close to the actual values then the measure of forecast error MAPE is:

- ☒ a. close to 0
- ☐ b. close to 0.5
- ☐ c. close to 1
- ☐ d. close to -1

• Question 15

The higher the value of exponential smoothing factor (alpha closer to 1) for the exponential smoothing forecast technique, has the effect of placing weight (importance) on:

- ☐ a. equally on the most recent period and the previous period (so the effects are equal).
- ☒ b. the most recent period.
- ☐ c. the previous period.
- ☐ d. does not have any relation with the most recent and previous period.

- Question 16

Which of the following statements is true?

- Question 17

The time series component is generally assumed:

- ☐ a. have a trend
- ☐ b. the error continuously increases
- ☒ c. have no noticeable pattern.
- ☐ d. the variation average grows over time.

- Question 18

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

- ☐ a. $P(B)$ and $P(B/A)$
- ☐ b. $P(A)$ and $P(B/A)$
- ☐ c. $P(A)$ and $P(B)$
- ☒ d. $P(A)$, $P(B)$, and $P(B/A)$

- Question 19

The minimax criteria find the alternative that ____.

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

- Question 20

The EVSI is always ____.

- ☐ a. equal to the minimum EREV.
- ☒ b. non-negative.
- ☐ c. less than EV of best decision without Sample Information.
- ☐ d. greater than the EVPI.