



Competency-Based  
Competitive Events  
\*Written Exam\*  
for State/Province Use

Test Number 1075  
Booklet Number \_\_\_\_\_

# Business Administration Core Exam

PBM - Principles of Business Management and Administration Event  
PFN - Principles of Finance Event  
PHT - Principles of Hospitality and Tourism Event  
PMK - Principles of Marketing Event

**INSTRUCTIONS:** This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have \_\_\_\_\_ minutes to complete all questions.

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1. In what type of business is the owner personally liable for any debts of the business?
  - A. Hybrid
  - B. Corporation
  - C. Sole proprietorship
  - D. Franchise
2. What question is important to ask when determining if online sources are providing reliable information for a research report?
  - A. Can the author be quoted?
  - B. Do I agree with the opinions expressed in the article?
  - C. What are the author's credentials?
  - D. Do I need to provide a bibliography?
3. Brandon has been given a 385-page report and does not have time to review the entire document, but he does need to understand specific information that is included in the report. What section of the report will guide Brandon to the information he needs?
  - A. Bibliography
  - B. Table of contents
  - C. Appendices
  - D. Analysis
4. Jacob was nervous about making his valedictorian speech, but when he stood up to walk to the podium, the audience cheered and gave him a standing ovation, which helped him relax and enjoy the moment. What was the audience doing?
  - A. Exhibiting unprofessional behavior
  - B. Mocking the speaker
  - C. Encouraging the speaker
  - D. Engaging in passive listening
5. One reason why employees often are able to follow written directions more easily than they are able to follow verbal directions is because most employees are able to
  - A. provide feedback about the presentation.
  - B. use body language to indicate that they understand.
  - C. ask questions during the explanation.
  - D. remember only so much information at one time.
6. One way to demonstrate active listening is by
  - A. interrupting the speaker to ask questions.
  - B. taking steps to minimize barriers.
  - C. focusing your attention on distractions.
  - D. concentrating only on the points that you want to hear.
7. Communication is best defined as
  - A. signals and gestures.
  - B. the transfer of feelings.
  - C. the exchange of ideas and information.
  - D. printed material.
8. When Jeremy extended his hand toward Hank as they were introduced, Hank said, "Hello, Jeremy," but he ignored Jeremy's hand and kept his own hands in his pockets. What kind of nonverbal message was Hank sending?
  - A. I am glad to meet you.
  - B. I don't want to know you.
  - C. We have a lot in common.
  - D. We have met before.
9. To be able to explain and defend their ideas objectively to others, individuals usually need to have effective \_\_\_\_\_ skills.
  - A. reading
  - B. technical
  - C. computer
  - D. verbal
10. What is one of the qualities of a good telephone voice?
  - A. Monotone
  - B. Stern control
  - C. Varying tone
  - D. Decisiveness

11. Brooke is attending a meeting to discuss an upcoming project that she will be working on. To take effective notes during the meeting, Brooke must
  - A. listen carefully.
  - B. answer questions.
  - C. express opinions.
  - D. develop a briefing.
12. An employee is preparing a formal report and must present important facts in the sequence in which they occurred. The employee should prepare the report by presenting the information in \_\_\_\_\_ order.
  - A. inverted
  - B. chronological
  - C. concurrent
  - D. reverse
13. When writing e-mail messages to businesspeople, it is best to avoid using
  - A. initialisms.
  - B. conjunctions.
  - C. modifiers.
  - D. antonyms.
14. A business letter that has easy-to-understand information is said to possess
  - A. caution.
  - B. clarity.
  - C. courtesy.
  - D. consensus.
15. Letters of inquiry that businesses write to other businesses are routine business communication and usually contain only
  - A. basic information.
  - B. complex instructions.
  - C. confidential data.
  - D. technical explanations.
16. Employees should be encouraged to communicate suggestions for changes to management because
  - A. the change may improve the business.
  - B. change is always good.
  - C. change is motivational.
  - D. the employees will feel appreciated.
17. Holding a telephone conference call is an efficient way for multiple employees to communicate at the same time when they
  - A. require visual aids for discussion.
  - B. work in different cities.
  - C. perform different job functions.
  - D. lack text messaging capabilities.
18. Which of the following is most likely to happen to employees who are discourteous to the business's customers:
  - A. They may be fired.
  - B. They may be promoted.
  - C. They may win an award.
  - D. They may lose their benefits.
19. What can you do to project to customers that they are important to the business?
  - A. Use customer names in conversations.
  - B. Stare at customers so they know you are listening.
  - C. Request a supervisor's assistance in resolving problems.
  - D. Speak loudly so that customers can easily hear your responses.
20. Which of the following is the primary reason for a business's employees to learn as much as possible about the business and its products:
  - A. To reduce the promotional budget
  - B. To assist coworkers
  - C. To answer customers' inquiries
  - D. To create publicity for the business
21. Which of the following is an appropriate action to take when dealing with difficult customers:
  - A. Maximize your talking
  - B. Maintain eye contact
  - C. Defend company policy
  - D. Practice passive listening
22. Part of the process of handling customers' complaints effectively is
  - A. knowing how to argue.
  - B. adjusting company policy.
  - C. getting all the facts.
  - D. keeping the upper hand.

23. What will probably happen to a business if it continuously fails to deliver on its brand promise?
- A. Decrease liability
  - B. Improve sales volume
  - C. Increase market share
  - D. Lose credibility
24. Which of the following is a category of economic resources:
- A. Valuable
  - B. Scarce
  - C. Human
  - D. International
25. The general economic growth of a country is supported by its
- A. standard of living.
  - B. level of productivity.
  - C. gross domestic product.
  - D. wealth of goods and services.
26. A team of employees is responsible for researching potential demand for a business's brand-new product. The factor that is most likely to affect demand for this product is the
- A. product's utility.
  - B. costs of production.
  - C. government's policy.
  - D. number of producers.
27. If customers feel that a product's price is too high, they will probably
- A. buy less of the product.
  - B. call the Better Business Bureau.
  - C. make a formal complaint.
  - D. try to negotiate the price.
28. Which business activity is responsible for locating and hiring employees to carry out the work of the business?
- A. Human resources management
  - B. Chain of command
  - C. Operations
  - D. Line and staff
29. The uncertainty of not being able to predict the outcome of investing in a business is part of the
- A. risk.
  - B. incentive.
  - C. reward.
  - D. plan.
30. If a business receives an insurance payment because of a loss by fire, this would be the result of a(n) \_\_\_\_\_ risk.
- A. pure
  - B. economic
  - C. human
  - D. speculative
31. What is a type of government fiscal control that regulates business practices?
- A. Zoning laws
  - B. Copyright laws
  - C. Trademark law
  - D. Minimum-wage law
32. When a business makes decisions about how to use its scarce resources, the business is
- A. directing.
  - B. controlling.
  - C. economizing.
  - D. organizing.
33. Achievement-oriented, emotionally intelligent people usually are
- A. prosperous.
  - B. motivated.
  - C. transparent.
  - D. impatient.
34. Doing things that make you feel good about yourself will \_\_\_\_\_ your self-esteem.
- A. raise
  - B. hinder
  - C. lower
  - D. damage

35. Anna and Alex work at the local movie theater. Anna is always complaining about the working conditions at the theater, the long hours, and about most of the people that they have to work with. Although Alex does not approve of Anna's ongoing complaints and wants to tell Anna to quit, he does not. He lets her talk while he concentrates on his duties. Which of the following traits is Alex demonstrating:
- A. Adaptability
  - B. Assertiveness
  - C. Self-control
  - D. Interest and enthusiasm
36. What personal attribute involves feeling comfortable with your opinions and decisions, even when others criticize you for them?
- A. Creative thinking
  - B. Self-confidence
  - C. Social responsibility
  - D. Optimism
37. If you "go along with the crowd" instead of standing up for what you believe in, you are likely to
- A. do the right thing.
  - B. gain credibility.
  - C. lose trust in yourself.
  - D. get what you want.
38. Which of the following situations is an example of an employee's exhibiting unethical behavior:
- A. Working four 10-hour days to shorten the week
  - B. Clocking out at the end of the day
  - C. Scheduling a two-week vacation
  - D. Taking a day of sick leave to play golf
39. Having a positive attitude helps people to cope with everyday life because positive people
- A. expect life to be full of problems.
  - B. believe that problems can be overcome.
  - C. are less likely to be tolerant.
  - D. believe they have set reasonable goals.
40. Individuals who have the ability to direct the course of their own behavior and manage their feelings, thoughts, and actions are said to have
- A. perseverance.
  - B. self-control.
  - C. empathy.
  - D. initiative.
41. While receiving criticism, it is important for the message receiver to
- A. implement the suggestions.
  - B. request advice from another source.
  - C. ask general questions.
  - D. maintain an open attitude.
42. Which of the following best describes the concept of change:
- A. Detrimental
  - B. Avoidable
  - C. Inevitable
  - D. Unexpected
43. Instead of going through Jeff's files, Amanda waits until Jeff returns from lunch to obtain a file that she needs to review. This is an example of one coworker \_\_\_\_\_ of another coworker.
- A. respecting the privacy
  - B. violating the workspace
  - C. correcting the work
  - D. reinforcing the efforts
44. In order to show empathy, you need to treat other people's feelings with
- A. indifference.
  - B. sensitivity.
  - C. wariness.
  - D. formality.
45. Which of the following is an example of sensitive communication:
- A. "I'd like to invite you over for dinner sometime."
  - B. "We are happy you could stop by to see us."
  - C. "I appreciate your contribution to the project."
  - D. "You did a wonderful job decorating that cake."

46. Lisa was interested in becoming an assistant manager but was told that she was not assertive enough for the job. What could Lisa begin to do in order to become more assertive?
- A. Refraining from expressing her thoughts or ideas
  - B. Saying "no" to all requests made of her
  - C. Preventing others from taking advantage of her
  - D. Doing her work without asking for help from others
47. What type of statement can make a person feel defensive and angry during a conflict?
- A. You
  - B. I
  - C. Me
  - D. It
48. What is true about personal vision?
- A. Realistic visions are based on mission statements.
  - B. Good visions have permanent results.
  - C. Specific goals are necessary to determine your vision.
  - D. Achievable visions are time bound.
49. Which of the following coaching characteristics means that you can accept change:
- A. Approachability
  - B. Enthusiasm
  - C. Flexibility
  - D. Dependability
50. How does empathy help coworkers to be fair to each other?
- A. Empathy helps coworkers to understand legal guidelines.
  - B. Empathy gives coworkers the ability to learn a job quickly.
  - C. Coworkers with empathy are not likely to have disagreements.
  - D. Coworkers with empathy are better able to understand others.
51. Which of the following is NOT an advantage of debit card payments:
- A. Businesses face no risk of customers having insufficient funds when debit cards are used.
  - B. Businesses pay 0.75% of each debit card sale to the bank that handles the billing.
  - C. Customers can often get a debit card even if they can't get approved for a credit card.
  - D. Businesses gain access to money quicker via debit card payments instead of checks.
52. When Matthew receives a check four times a year for income he has earned on his stock investments, he is receiving
- A. cash.
  - B. credit.
  - C. deposits.
  - D. dividends.
53. About a week before her 16<sup>th</sup> birthday, Kimberly got a phone call from her grandparents. They explained that they wanted to give her \$1,000 to put toward college expenses as a birthday present, but they weren't sure if she wanted the money now or in two years, when she would be starting college. Kimberly decided to get the \$1,000 from her grandparents right away and put it into an interest-bearing savings account for two years. Kimberly based her decision on
- A. the time value of money.
  - B. the concept of absolute advantage.
  - C. the capital gains potential.
  - D. foreign exchange rate.
54. A customer wants to purchase a complete bedroom set and pay part of the cost at intervals until the furniture is paid for. Which type of credit would best serve this customer's need?
- A. Secured loan
  - B. Installment credit account
  - C. Unsecured loan
  - D. Revolving credit account
55. Financial planning can be described as a way to
- A. retire with a substantial amount of money in the bank.
  - B. stop all impulsive purchases.
  - C. achieve your professional goals.
  - D. realize what it takes to get the things you really want.

56. Chloe is preparing her income tax return for the first time. She is a receptionist, does not own any land or real estate, and has not inherited any money from a deceased relative within the last tax year. She will only be taxed on
- A. wealth.
  - B. property.
  - C. earnings.
  - D. purchases.
57. On a pay stub, the total amount of money that a worker has earned for the pay period before deductions is listed as
- A. overtime income earned.
  - B. net pay.
  - C. tax-exempt income.
  - D. gross pay.
58. Why should you spell out the check amount when completing checks?
- A. The spelled out check amount is used if the numbers are unclear.
  - B. The spelled out check amount verifies who can cash the check.
  - C. The spelled out check amount specifies the bank's routing number.
  - D. The spelled out check amount gives the purpose for the check.
59. Caitlin has three credit cards. She receives her credit-card statement for one of the cards and has to decide how to pay the \$500 she spent with that card. To pay the least for use of the credit, she should pay with \_\_\_\_\_ and make the \_\_\_\_\_ payment.
- A. cash; minimum
  - B. cash; full
  - C. another card; full
  - D. another card; minimum
60. What is the first step Cameron should take to protect himself from identity theft after he loses his wallet?
- A. Change the passwords for his online banking accounts
  - B. Contact the appropriate government agency to replace the credit cards
  - C. Advise the proper law enforcement authorities about the loss
  - D. Cancel all of his credit and debit cards
61. What is an important step to take when selecting a financial-services provider?
- A. Plan an investment
  - B. Complete tax forms
  - C. Organize records
  - D. Verify credentials
62. Of the following lending investments, which is **not** offered by a bank:
- A. Municipal bond
  - B. Money market account
  - C. Savings account
  - D. Certificate of deposit
63. A bank denies a business owner's application for credit saying, "We feel that you would be unable to make the monthly payments because of your other debts." What financial report did the bank review?
- A. Budget
  - B. Balance sheet
  - C. Income statement
  - D. Operating budget
64. Which of the following is the generally accepted accounting principle that assumes that a business has the ability to operate indefinitely:
- A. Tangible existence
  - B. Business entity
  - C. Going concern
  - D. Open reality
65. A company's current balance of assets and liabilities falls under the focus of
- A. return on capital.
  - B. working capital management.
  - C. capital investment decisions.
  - D. the cash conversion cycle.
66. The first day on the job, a new employee was given information about job duties, introduced to coworkers, and assigned to a senior worker. This employee has received a(n)
- A. performance evaluation.
  - B. exit interview.
  - C. attitude survey.
  - D. job orientation.

67. Which of the following items cannot be marketed:
- A. Hawaii
  - B. Health
  - C. Hopefulness
  - D. Holiday
68. Businesses assess their information needs to determine the type of information that will help them deal with
- A. ethical issues.
  - B. job applicants.
  - C. personal relationships.
  - D. specific problems.
69. Eric is viewing the results for an online search about the current economic situation in North America. Which of the following is going to provide Eric with the most reliable information:
- A. An excerpt from a second-edition high-school economics textbook that was published in the fall of 2005
  - B. A six-page report written in 2009 by a Canadore College student for an economics class
  - C. An article written by a Harvard economics professor that was published in a business magazine last month
  - D. A two-day-old video clip of a CNN interview with a 16-year-old entrepreneur from Sheboygan, Wisconsin
70. Information management can be a challenge because the business world is
- A. constantly changing.
  - B. suffering from a lack of information.
  - C. not open to new technology.
  - D. completely dependent on paper files.
71. Which of the following is **not** considered a technological innovation:
- A. The cell phone
  - B. The wheel
  - C. The Internet
  - D. The weather
72. Which of the following is an umbrella term referring to any type of Internet transaction:
- A. URL
  - B. E-commerce
  - C. E-business
  - D. Web site
73. When writing e-mail messages, employees should remember that e-mails
- A. are formal correspondence.
  - B. take a long time to prepare.
  - C. can be forwarded to others.
  - D. are private conversations.
74. A business is able to search the World Wide Web and jump from one page that is connected to another page by clicking on the
- A. banner.
  - B. attachment.
  - C. hyperlink.
  - D. symbol.
75. When using a word-processing computer program, which of the following functions allows a user to remove text from one part of the document and place in another part of the document:
- A. Cut, paste
  - B. Copy, paste
  - C. Find, replace
  - D. Delete, replace
76. When using presentation software, computer users can add visual and sound effects between slides that allow for an interesting
- A. jump.
  - B. feed.
  - C. transition.
  - D. lead.
77. What type of software program would a cruise line use in order to maintain a list of recent passengers and their cabin preferences?
- A. Database
  - B. Presentation
  - C. Communication
  - D. Word processing



78. A business uses a spreadsheet software program to track monthly sales for each salesperson and calculate commissions. Based on the following spreadsheet data, how much more will the business owe its salespeople for last month if it decides to raise the commission rate by 1%:

Salesperson	Commission Rate	Last Month	Commission Due
A	5%	\$62,500	\$3,125.00
B	5%	\$66,350	\$3,317.50
C	5 ½ %	\$65,100	\$3,580.50
D	5 ½ %	\$63,920	\$3,515.60

- A. \$2,856.50  
B. \$2,391.20
- C. \$2,625.30  
D. \$2,578.70
79. When designing a web page, the basic elements on the first screen should include
- A. small graphics and a variety of typefaces for visual balance.  
B. large graphics that capture the reader's attention.  
C. highly detailed information about the page sponsor.  
D. an overview of the content that is visually interesting.
80. An important aspect of operations is making sure that the business is able to
- A. inventory products.  
B. motivate employees.  
C. sell quickly.  
D. function effectively.
81. Jane works in a factory. She has noticed that sections of the factory floor are consistently slippery because oil drips on them. She has reported this to her manager twice, but the problem hasn't been corrected. Jane is so worried that an employee could slip and fall that she contacts the government agency that handles workplace safety. This is an example of
- A. establishing security procedures.  
B. being a tattletale.  
C. handling an accident appropriately.  
D. whistleblowing.
82. A national pizza chain guaranteed 30-minute delivery, but several of its drivers had serious car accidents while rushing to meet this deadline. A negative outcome of the delivery guarantee for the pizza chain is that it caused an increase in
- A. sales.  
B. economic risk.  
C. business risk.  
D. employment.
83. The first thing an employee should do when an accident occurs in the workplace is to
- A. determine the severity of the injury.  
B. call an ambulance.  
C. file a report.  
D. administer first aid.
84. Many businesses use a variety of security precautions in order to protect the businesses from
- A. threat of foreclosure.  
B. natural disasters.  
C. economic depressions.  
D. the risk of theft.
85. In which of the following situations is a business most likely to experience a security breach:
- A. A business employee uses a paper shredder to destroy business records that it no longer needs.  
B. A small business owner installs electronic locks and security windows in the company's warehouse.  
C. The technology coordinator regularly updates the antivirus software on all of the firm's computers.  
D. The last employee to leave a business facility after business hours fails to set the security alarm.
86. A small food market that calls several vendors to obtain a price and then places an order with the lowest bidder is using the \_\_\_\_\_ buying method.
- A. negotiated  
B. competitive-bid  
C. informal  
D. standing-order

87. The purpose of the production process is to change resources into products that will be
- A. shipped to vendors.
  - B. stored in warehouses.
  - C. bought by consumers.
  - D. packed in cartons.
88. A full-time employee who goes to work five days a week probably would consider going to work a(n) \_\_\_\_\_ activity.
- A. routine
  - B. occasional
  - C. unscheduled
  - D. efficient
89. In order for individuals to achieve their goals, the goals should be
- A. general.
  - B. impersonal.
  - C. realistic.
  - D. long term.
90. Chris likes to watch the space flight reports and to read about plans for the future in space. Space exploration is one of Chris's
- A. aptitudes.
  - B. abilities.
  - C. skills.
  - D. interests.
91. Because a business spends a lot of money to purchase and maintain office equipment, it expects its employees to
- A. call service personnel when equipment is not working correctly.
  - B. use and handle the equipment with care.
  - C. develop procedures to fix the equipment.
  - D. ask others to operate equipment that they do not know how to use.
92. Which of the following is most likely to be able to provide in-depth information about career opportunities in specific fields:
- A. Local newspapers
  - B. Trade associations
  - C. College recruiters
  - D. Marketing consultants
93. Which of the following is one way for a person to identify a tentative career interest:
- A. Take ability assessment tests
  - B. Ask guidance counselors for suggestions
  - C. Find out which majors are popular
  - D. Locate high-income occupations
94. What behavior is exhibited when an individual recognizes the possibility of an undesirable outcome and continues to work toward a goal?
- A. Flexibility
  - B. Self-discipline
  - C. Creativity
  - D. Risk taking
95. Which of the following often is the best source of information about job leads:
- A. Bureau of Labor Statistics
  - B. Occupational Outlook Handbook
  - C. Business advisors
  - D. Family and friends
96. A job applicant should be able to completely answer the interviewer's questions if s/he has been
- A. reading brochures.
  - B. listening.
  - C. talking.
  - D. taking notes.
97. What should be included in the body of a letter of application?
- A. Highlights of skills and experience
  - B. Questions about the job opening
  - C. Explanation of the letter's purpose
  - D. Reason for leaving current position
98. The main purpose of a job résumé is to
- A. describe your personal interests.
  - B. request a job interview.
  - C. provide a list of references.
  - D. present your job qualifications.

99. Which of the following statements is true about internships:
- A. Unpaid internships often lead to full-time paid positions.
  - B. Companies that offer internships do not pay the interns.
  - C. An intern can expect to earn minimum wage.
  - D. Job rotation is the most important aspect of an internship.
100. Which of the following levels of managers spend most of their time staffing, directing, and controlling the day-to-day activities of the business:
- A. First-line
  - B. Mid-level
  - C. Executive
  - D. Regional