



Competency-Based  
Competitive Events  
\*Written Exam\*  
for District/Regional Use

Test Number 1102  
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. Limited liability is a characteristic of what form of business ownership?
  - A. Sole proprietorship
  - B. Partnership
  - C. Corporation
  - D. Joint proprietorship
  
2. Where are you most likely to read relevant, valid information about federal legislation such as copyright law?
  - A. Online discussion forums
  - B. Government publications
  - C. Search engines
  - D. Political blogs
  
3. What type of information should employees be able to locate in their company's employee handbook?
  - A. The company's list of current job openings
  - B. The use of company property
  - C. The company's annual report
  - D. The number of vacation days that an employee has taken
  
4. The employee didn't listen to the manager's explanation about how to perform a certain task because s/he had done a similar job before. Which of the following factors caused the employee not to listen effectively:
  - A. Past experiences
  - B. Attention span
  - C. Age differences
  - D. Language skills
  
5. Which of the following adds meaning to the words a speaker uses:
  - A. Tone of voice
  - B. Tempo
  - C. Accuracy
  - D. Economy of speech
  
6. Shawn is preparing for an interview with a local company. He knows that he should ask relevant questions about the job at the end of the interview. Which of the following will help him prepare these questions:
  - A. Asking his friends what questions they think he should ask
  - B. Relying on the interviewer to generate the questions
  - C. Conducting research about the company prior to the interview
  - D. Finding background information about the interviewer's high school and asking him/her about that to form a personal relationship
  
7. If an employee needs to do some research to answer a customer's telephone inquiry, the best action for the employee to take is to obtain the customer's telephone number and then
  - A. put the customer on hold until the research has been completed.
  - B. ask the sales manager to call the customer back.
  - C. send the customer literature about the business and its products.
  - D. follow up with the customer after obtaining the requested information.
  
8. What is an important consideration when giving employees verbal directions for completing a task?
  - A. Employees process information differently.
  - B. It is best to present information in reverse order.
  - C. Employees usually ask questions when they are confused.
  - D. It is unnecessary to use demonstrations to support verbal content.

9. Individuals who are able to defend their ideas objectively usually are able to provide others with
  - A. unrelated statistics.
  - B. emotional information.
  - C. personal opinions.
  - D. logical evidence.
  
10. In order to be understood on the telephone, a business's employees should always
  - A. speak rapidly.
  - B. use filler words.
  - C. speak from notes.
  - D. enunciate clearly.
  
11. When you state a fact, it's important to
  - A. think before you speak.
  - B. be accurate.
  - C. generalize.
  - D. change your mind.
  
12. 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. express opinions.
  - B. answer questions.
  - C. listen carefully.
  - D. develop a briefing.
  
13. Which of the following is an example of a text-oriented graphic that is often used to illustrate a business process or organizational structure:
  - A. Flowchart
  - B. Pictograph
  - C. Map
  - D. Pie chart
  
14. A business that writes letters to customers to confirm their orders or requests should make sure that the letters contain
  - A. a map of all business locations.
  - B. product ratings and grades.
  - C. exchange rates.
  - D. all the necessary information.
  
15. It is most appropriate to format a section of a document with a numbered list when you are
  - A. including a testimonial in a promotional piece.
  - B. identifying the sequential steps of a process.
  - C. using charts to summarize information.
  - D. providing a detailed example to clarify a concept.
  
16. What is one reason why businesses write informational messages?
  - A. To analyze sales proposals
  - B. To develop research reports
  - C. To explain new policies
  - D. To obtain positive feedback
  
17. Why do advertising agency account executives often participate in meetings and problem-solving groups?
  - A. To place ads in local newspapers
  - B. To schedule production facilities
  - C. To develop ad campaigns for clients
  - D. To write copy for promotional brochures

18. It is easier for employees to develop positive customer/client relations if employees understand that each customer is
- a unique individual.
  - a possible problem.
  - in a hurry.
  - like most others.
19. Employees who are in contact with customers can reinforce the company's service orientation by dressing professionally and
- using consensus-building skills.
  - offering deep discounts to loyal customers.
  - referring customer complaints to others.
  - maintaining a positive attitude.
20. What is one of the purposes of having business policies?
- To make sure the business's actions are consistent
  - To encourage customers to make frequent exchanges
  - To ensure that the business makes a profit
  - To allow employees to make decisions regarding customers
21. Which of the following is an appropriate action to take when dealing with difficult customers:
- Practice passive listening
  - Maximize your talking
  - Defend company policy
  - Maintain eye contact
22. Are noncomplainers a more difficult problem for businesses than complainers?
- No, because noncomplainers do not express ill feelings.
  - Yes, because records of the complaints cannot be maintained.
  - Yes, because the salesperson does not have an opportunity to handle the complaint.
  - No, because the salesperson can satisfy the noncomplainer within company guidelines.
23. Southwest Airlines expects its employees to reinforce the company's brand promise—high quality customer service—at all times. Which of the following is the most significant aspect of the brand promise for all Southwest employees to remember?
- Long-term planning
  - Profit maximization
  - Ongoing promotion
  - Consistent follow-through
24. For her best friend's birthday, Keisha is shopping for a unique item—no substitute will do, and price is no object. What type of item is Keisha shopping for?
- Convenience
  - Specialty
  - Shopping
  - Industrial
25. Economics is the study of how to
- reduce the public debt.
  - increase the value of products.
  - expand the role of government.
  - meet unlimited human wants.

26. The marketing concept is all about the
- A. wholesaler.
  - B. marketer.
  - C. customer.
  - D. retailer.
27. If a business reduces the price of an item from \$3.75 to \$3.00, demand for that item will usually
- A. remain the same.
  - B. increase.
  - C. fluctuate.
  - D. decrease.
28. One way in which a business can show its social responsibility is by \_\_\_\_\_ its profits.
- A. controlling
  - B. dividing
  - C. reducing
  - D. maximizing
29. Profitable businesses often help improve their local communities by
- A. building facilities in other cities.
  - B. investing in foreign companies.
  - C. contributing to worthy causes.
  - D. increasing salaries of executives.
30. A new business that purchases insurance for its fleet of delivery trucks is handling risk by \_\_\_\_\_ it.
- A. retaining
  - B. transferring
  - C. controlling
  - D. avoiding
31. The managers of several companies have gotten together to set prices for their businesses in order to eliminate competition. What illegal activity is taking place?
- A. Price fixing
  - B. Price indexing
  - C. Price control
  - D. Price discrimination
32. Government provides protection to business owners' property through the use of
- A. minimum-wage laws.
  - B. zoning laws.
  - C. safety standards.
  - D. consumer-protection laws.
33. Which of the following is an example of how leadership and emotional intelligence overlap:
- A. Proactive behavior
  - B. Creativity
  - C. Adaptability
  - D. Positive attitude
34. An employer who thinks that all young people are lazy and poorly trained is an example of
- A. harassment.
  - B. discrimination.
  - C. hostility.
  - D. prejudice.

35. As Ben assesses his personal strengths and weaknesses, what can he do to keep from focusing too much on his weaknesses?
- A. Develop a list of false generalizations
  - B. Compare himself to others
  - C. Identify one strength for every weakness
  - D. Ask others for critical feedback
36. Which of the following is an example of an employee exhibiting self-confidence:
- A. Sam tries very hard to do his job well but becomes frustrated when he makes a small mistake.
  - B. Ted is nervous about making his presentation because he forgot to bring his note cards.
  - C. Lindsey is embarrassed because her supervisor asked a question that she could not answer.
  - D. Jane believes that she can respond to unknown circumstances in a positive, calm way.
37. Which of the following would not communicate an attitude of interest and enthusiasm toward customers:
- A. Asking irrelevant questions
  - B. Speaking expressively
  - C. Choosing positive words
  - D. Listening attentively
38. Your supervisor has given you a job to do which must be completed before you leave for the day. Another employee has finished her assignment and offers to help you. This person is demonstrating
- A. empathy.
  - B. honesty.
  - C. initiative.
  - D. assertiveness.
39. Don likes to have lunch with coworkers every day, and they usually take a longer lunch break than the company allows. What are Don and his coworkers doing?
- A. Acting in a trustworthy manner
  - B. Following ethical principles
  - C. Stealing from the company
  - D. Misusing their fringe benefits
40. A feeling that a person has about someone or something is known as a(n)
- A. attitude.
  - B. aptitude.
  - C. motive.
  - D. value.
41. Ed forgot to take an important piece of mail to the post office. Which of the following is an appropriate response for Ed to make when his supervisor criticizes him:
- A. "I picked up all the mail that I saw."
  - B. "I'm sorry; I don't know how I overlooked it."
  - C. "I'm sorry, but someone should have told me."
  - D. "I thought I picked up all the mail."
42. Which of the following responses expresses empathy:
- A. "I am so sorry. I understand how difficult that must have been for you."
  - B. "I am so excited that we are leaving tomorrow on vacation."
  - C. "I am so glad you liked the restaurant. We go there a lot."
  - D. "I was so sorry to hear about the bad accident."

43. Even though she's very different from them, Marci values her coworkers and their ideas. She's willing to adjust her opinions and behaviors because she shows
- A. communication.
  - B. cultural sensitivity.
  - C. prejudice.
  - D. ethnocentrism.
44. Which of the following statements represents assertive behavior:
- A. "Well, I did have plans for tonight, but I guess I can change them."
  - B. "I already have plans for Friday, but I'd be glad to help you on Saturday."
  - C. "This is how I want the project conducted, and I don't want to hear any complaints."
  - D. "No wonder my sales are down; the manager of this department is totally incompetent."
45. It is appropriate to use the yielding conflict response mode in conflict resolution when
- A. both parties want to look at all sides of the issue.
  - B. the other person is using bullying tactics.
  - C. the issue is not very important.
  - D. one person wants to ignore the problem.
46. What kind of team would take full responsibility for an entire line of products?
- A. Work team
  - B. Quality circle
  - C. Project team
  - D. Short-term committee
47. If a leader takes ownership of a problem, makes sure it is fixed, and takes steps to prevent it from happening again, s/he is demonstrating
- A. adaptability.
  - B. responsibility.
  - C. flexibility.
  - D. social awareness.
48. Trey is planning ahead to overcome obstacles that might stand between him and achieving his goals. Which tip for smart goal-setting is Trey following?
- A. Developing an action plan for each goal
  - B. Putting goals in writing
  - C. Regularly reviewing and revising goals
  - D. Making sure goals are compatible with each other
49. Which of the following is an example of leading change:
- A. Initiating a meeting about updating your employee break room
  - B. Learning that you've received a promotion
  - C. Losing a customer to a competing firm
  - D. Getting a new coworker from another department
50. Human relations can best be described as the study of the ways people
- A. form and conduct relationships.
  - B. form and express opinions.
  - C. handle communication.
  - D. develop personal styles.
51. To delay payment when buying business supplies from a website, a purchaser is most likely to pay for the goods with a(n) \_\_\_\_\_ card.
- A. debit
  - B. credit
  - C. ATM
  - D. store-value

52. Pedro received a check in the amount of \$432.87 from the Tabor Corporation, a company in which he is a stockholder. This source of income is referred to as
- A. inheritance.
  - B. wages.
  - C. interest.
  - D. dividends.
53. One of the reasons that businesses and consumers use credit is because it provides
- A. convenience.
  - B. reassurance.
  - C. interest.
  - D. collateral.
54. When an item is purchased, money is exchanged for the right to
- A. own the item.
  - B. use credit.
  - C. file a claim.
  - D. pay for the item.
55. You are more likely to achieve your goals if they are
- A. written down.
  - B. based on needs only.
  - C. long term.
  - D. short term.
56. Which of the following is categorized as a fixed expense in a personal budget:
- A. Groceries
  - B. Car payment
  - C. Home repairs
  - D. Clothing
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. net pay.
  - B. gross pay.
  - C. tax-exempt income.
  - D. overtime income earned.
58. When should you record bank transactions in your check register?
- A. When checks bounce
  - B. When bank statements are received
  - C. As bank statements are reconciled
  - D. As soon as each check is written
59. Sheila pays the minimum payment shown on her credit card bill each month. For the remaining amount on the bill she will be charged a(n)
- A. annual percentage rate.
  - B. annual fee.
  - C. late fee.
  - D. overdraft fee.
60. Which of the following could Lynn do to lower the risk of identity theft:
- A. Use secure web browsers when purchasing online
  - B. Share bank account information with others
  - C. Keep written records of all major cash purchases
  - D. Write account passwords in a personal planner



61. Fiona made a \$500 donation to a local homeless shelter last year. When she prepares her personal income tax form, she can claim the donation as part of her
- A. living expenses.
  - B. public property.
  - C. tax deductions.
  - D. discretionary income.
62. Which of the following is an example of a lending investment:
- A. Antiques
  - B. Homes
  - C. Bonds
  - D. Stocks
63. Useful financial information is understandable to
- A. accountants and managers.
  - B. anyone who needs to use it.
  - C. anyone with a background in finance.
  - D. everyone.
64. What is the primary purpose of the accounting process in business?
- A. Tracking financial transactions
  - B. Evaluating advertising activities
  - C. Determining warehousing needs
  - D. Buying production equipment
65. What is the advantage of using accounting standards?
- A. Presents financial information in a consistent format
  - B. Allows businesspeople to summarize financial data differently
  - C. Reduces the need for the full disclosure of financial data
  - D. Identifies inconsistencies in business procedures
66. True or false: Companies without an HR department do not participate in HR management activities.
- A. False; in companies without HR departments, other managers and supervisors participate in HR management activities.
  - B. True; smaller companies have no need for HR management.
  - C. True; only HR managers can complete these activities.
  - D. False; in companies without HR departments, all employees participate in HR management activities.
67. Identify the marketing function illustrated in the following situation: Martha wants a winter coat and sees a style she likes in a magazine advertisement.
- A. Promotion
  - B. Selling
  - C. Pricing
  - D. Purchasing
68. 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. A two-day-old video clip of a CNN interview with a 16-year-old entrepreneur from Sheboygan, Wisconsin
  - B. A six-page report written in 2009 by a Canadore College student for an economics class
  - C. An excerpt from a second-edition high-school economics textbook that was published in the fall of 2005
  - D. An article written by a Harvard economics professor that was published in a business magazine last month

69. Due to obsolescence, the format in which a business stores its information must often be
- summarized.
  - archived.
  - processed.
  - updated.
70. Which of the following is a true statement about a management information system (MIS):
- It does not assist with a business's information management program.
  - It is the same thing as an information management program.
  - It may be one part of a business's overall information management program.
  - It includes people, processes, and practices.
71. What is the importance of the computer hard drive in a computer system?
- It facilitates the computer's audio transmissions.
  - It permanently stores the computer program files and data.
  - It allows the user to view the computer data.
  - It transmits power to other computer devices.
72. Which of the following is a basic computer operating system that a business might use:
- Adobe
  - Excel
  - Oracle
  - Windows
73. Which of the following do many businesses include on their websites in order to obtain feedback from customers:
- Computer programming code
  - Portable document format
  - Electronic file attachment
  - Email inquiry field
74. Business people often use the calendar applications on their cellular telephones to
- track their appointments.
  - obtain driving directions.
  - send text messages to clients.
  - check their email.
75. Elinor is using a word-processing program to prepare a business letter to send to the company's suppliers. She has selected a ready-to-use letter template. If she wants to change the size of the text, she should access the \_\_\_\_\_ button in the format bar.
- font
  - paragraph
  - replace
  - view
76. What software program would a local car dealer use to organize and sort customer information in order to mail postcards to customers to remind them when it is time for routine maintenance?
- Desktop publishing
  - Word processing
  - Spreadsheet
  - Database

77. Jamal wants to purchase software for his small business that allows him to create text documents, prepare presentations, maintain a customer database, and develop numerical charts. What type of software would best meet Jamal's needs?
- A. Word processing
  - B. Integrated
  - C. Spreadsheet
  - D. Trajectory
78. The primary purpose of groupware computer software is to
- A. support customers and employees by providing ongoing training.
  - B. provide managers with the ability to monitor employees' behavior.
  - C. allow employees to have access to the same information.
  - D. encourage businesses to increase their market share and profits.
79. Stella has just finished designing the web page for her new business. Next, she needs to select a \_\_\_\_\_ and register the website's \_\_\_\_\_.
- A. web host, domain name
  - B. hyperlink, modem
  - C. media permit, server
  - D. file link, ethernet
80. Operations managers must work closely with managers and employees in
- A. foreign markets.
  - B. the marketing department only.
  - C. competitive businesses.
  - D. all other parts of the business.
81. It is important to report noncompliance with business health and safety regulations
- A. to ensure that the business pays a fine.
  - B. to correct dangerous situations.
  - C. to support whistleblowing policies.
  - D. to protect business records.
82. Jeff is a stock clerk in a department store, and his friend Eric is a server in a restaurant. Which of the following statements is true about their safety at work:
- A. Jeff's job has fewer safety hazards than Eric's.
  - B. They are exposed to the same safety hazards.
  - C. Jeff's job has more safety hazards than Eric's.
  - D. They are exposed to different safety hazards.
83. All employees can help maintain a safe work environment by
- A. replenishing supplies when they are needed.
  - B. performing their daily duties in a timely manner.
  - C. reporting noticeable hazards to management.
  - D. cleaning up toxic waste when they see it.
84. Which of the following types of fraud is most likely to be committed by an unscrupulous competitor:
- A. Point-of-sale
  - B. Robbery
  - C. Pilferage
  - D. Computer

85. Lily is the last employee to leave the building today. To reduce the risk of theft, Lily should \_\_\_\_\_ before she \_\_\_\_\_.
- A. adjust the thermostat, turns on the surveillance camera
  - B. turn off the lights, sets the security alarm
  - C. turn on the surveillance camera, adjusts the thermostat
  - D. set the security alarm, locks the doors
86. Which component on a purchase order indicates the total price for all quantities of a single item:
- A. Unit price
  - B. Amount due
  - C. Extension
  - D. Product code
87. Employees who are involved in production scheduling are responsible for
- A. issuing orders for production activities to begin.
  - B. estimating how long each step in production will take.
  - C. establishing the path inputs take through production.
  - D. obtaining the resources needed in production.
88. When should a person select the appropriate outfit for a specific occasion?
- A. Before developing a hygiene routine
  - B. Before showering and brushing teeth
  - C. After conducting a final check
  - D. After assessing the situation
89. In orderly and systematic behavior, things that you must do are grouped or arranged according to similar characteristics. This is known as \_\_\_\_\_ your activities.
- A. prioritizing
  - B. classifying
  - C. scheduling
  - D. identifying
90. Which of the following would be considered a short-term objective:
- A. Becoming president of a large corporation
  - B. Paying off a twenty-five year mortgage
  - C. Finishing a six-week computer-software course
  - D. Becoming fluent in a foreign language
91. Self-understanding helps you to raise your level of self-esteem because it
- A. gives you a true picture of yourself.
  - B. identifies social activities you enjoy.
  - C. helps you to develop personal interests.
  - D. compares your skills with others' skills.
92. Which of the following is the most reliable source of information regarding an employer's general expectations in the workplace:
- A. Interoffice correspondence
  - B. Company policy manual
  - C. Coworkers
  - D. Company website
93. What should individuals consider when identifying occupations that are of interest to them?
- A. Family history
  - B. Parents' occupations
  - C. Their personalities
  - D. Friends' opinions

94. When considering employment opportunities in business, individuals should consider their
- health and safety.
  - wants and needs.
  - talents and skills.
  - time and money.
95. One difference between entrepreneurs and small-business owners is that
- entrepreneurs usually purchase existing businesses or franchise rights.
  - entrepreneurs rarely manage the day-to-day aspects of their businesses.
  - small-business owners usually employ between 500 and 1,000 workers.
  - small-business owners generally are not interested in expanding their businesses.
96. Sharon is completing a job application form that asks why she left her previous job. An appropriate guideline for Sharon to use in answering this question would be to
- be totally honest and open about her previous situation.
  - avoid making any negative statements about the firm she left.
  - say that she would rather not discuss the reason she left.
  - describe the problems that caused her to leave.
97. Under which of the following circumstances should applicants send interview follow-up letters:
- If they are convinced they are qualified
  - Only if they are interested in the job
  - When they are sure they will get the job
  - After every employment interview
98. Paul prepared a job résumé that addressed how his background and qualifications would meet the specific requirements of the job he wanted. Paul's résumé is an example of a \_\_\_\_\_ résumé.
- targeted
  - chronological
  - generalized
  - traditional
99. Who should take continuing education classes to keep up with changes in tax regulations?
- Martha Winters, Certified Public Accountant
  - Paul Stanton, Corporate Security Advisor
  - Gwen Colbert, Accounts Receivable Supervisor
  - Carlos Ramirez, Product Acquisition Manager
100. A common problem of first-level supervisors is that they
- want to move up to mid-level.
  - are unable to do long-range planning.
  - lack training in management techniques.
  - are unfamiliar with the work they supervise.