
INTRODUCTION TO BUSINESS

Overview

This event provides recognition for FBLA members who demonstrate an understanding of the American business enterprise system and its effect on consumers, employees, and entrepreneurs.

This is an individual objective test and is only for grades 9 and 10.

Competencies and Task Lists

<http://www.fbla-pbl.org/competitive-event/introduction-to-business/>

Website Resources

- 24 Concepts Every Young Person Should Know About Business
http://www.huffingtonpost.com/steve-mariotti/24-concepts-every-young-p_b_871767.html
- 27 Basic Business Terms
<http://juniorbiz.com/27-basic-business-terms>
- Introduction to Business
<http://glencoe.mcgraw-hill.com/sites/0078747686/>

INTRODUCTION TO BUSINESS SAMPLE QUESTIONS

- 1) Kimberly is a production manager at Eastern Eagles, Inc. a manufacturing corporation that sells its products worldwide. Thanks in part to Kimberly's efforts, Eastern Eagles has dramatically improved the quality of its products. Kimberly believes that the high quality of its output will give Eastern Eagles a competitive edge. Kimberly's view is:
A) Not exactly correct.
B) correct
C) incorrect
D) Not wrong, but it is too limited.

Competency: Consumerism

- 2) Comparing product features to criteria you have set for a product happens in which stage of a buying plan?
A) comparison shopping
B) gather information
C) set a timeline
D) set a spending limit

Competency: Consumerism

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- 3) Individuals who are uncertain about their jobs and the economy:
- A) tend to cut back on spending
 - B) save less money
 - C) purchase more luxury items
 - D) spend more using credit

Competency: Consumerism

- 4) Organizational advertising:
- A) is less expensive than product advertising
 - B) cannot be customized for target markets
 - C) contains specific products in the advertisements
 - D) promotes ideas, issues, and images

Competency: Consumerism

- 5) The making, buying, and selling of goods and services within a country is called:
- A) world trade
 - B) domestic business
 - C) importing
 - D) international business

Competency: Characteristics and Organization of Business

- 6) Total sales minus the cost of goods sold is called:
- A) gross margin
 - B) net profit
 - C) gross profit
 - D) profit margin

Competency: Characteristics and Organization of Business

- 7) Business activities start with:
- A) intermediaries
 - B) marketers
 - C) producers
 - D) service businesses

Competency: Characteristics and Organization of Business

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- 8) What are the two principal advantages of forming a corporation?
- A) limits on owner's liability and continuity
 - B) unlimited liability and continuity
 - C) unlimited liability and potential conflicts with partners
 - D) continuity and non-tax structure

Competency: Characteristics and Organization of Business

- 9) Which one of the following type of business loan is often packaged with a real estate loan?
- A) operations loan
 - B) automobile loan
 - C) equipment loan
 - D) construction loan

Competency: Money Management, Banking, and Investments

- 10) Which one of the following correctly shows the budgeting process?
- A) maintain financial records; plan budget categories; evaluate your budget; set financial goals
 - B) plan budget categories; set financial goals; maintain financial records; evaluate your budget
 - C) set financial goals; plan budget categories; maintain financial records; evaluate your budget
 - D) set financial goals; maintain financial records; plan budget categories; evaluate your budget

Competency: Money Management, Banking, and Investments

- 11) The difference between what a bank pays in interest and what it receives in interest is called:
- A) spread
 - B) profit
 - C) gross interest income
 - D) loss

Competency: Money Management, Banking, and Investments

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- 12) An income statement can help a business owner do all of the following **except**:
- A) analyze costs to determine areas that need to be cut back
 - B) identify his/her equity in the business
 - C) forecast how well the business can expect to perform in the future
 - D) examine how sales, expenses, and income are changing over time

Competency: Money Management, Banking, and Investments

- 13) The face value of bonds must be repaid on the _____ date
- A) purchase anniversary
 - B) annual interest
 - C) maturity
 - D) declaration

Competency: Money Management, Banking, and Investments

- 14) What is the simple interest on a five-year, 7 percent loan in the amount of \$5,000?
- A) \$350
 - B) \$1,750
 - C) \$250
 - D) \$1,000

Competency: Money Management, Banking, and Investments

- 15) Which one of the following is **not** a major responsibility of a company's human resources department?
- A) protecting the health and safety of employees
 - B) drafting a budget for the entire company
 - C) developing compensation packages
 - D) matching employees' abilities and interest with specific jobs

Competency: Rights and Responsibilities of Employees, Managers, Owners, and Government

- 16) Labor unions are **not** involved with negotiating:
- A) hours
 - B) workload
 - C) working conditions
 - D) fringe benefits

Competency: Rights and Responsibilities of Employees, Managers, Owners, and Government

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- 17) A business's ethical responsibilities are:
- A) implemented to meet financial obligations
 - B) defined by the federal government
 - C) behaviors enforced on the business
 - D) behaviors the general population expects

Competency: Rights and Responsibilities of Employees, Managers, Owners, and Government

- 18) A summary of your important job-related information is called a:
- A) cover letter
 - B) career portfolio
 - C) personal data sheet
 - D) job application form

Competency: Career Awareness

- 19) ___ of available jobs are **not** advertised to the public?
- A) Seventy percent
 - B) Ten percent
 - C) Forty percent
 - D) Twenty-five percent

Competency: Career Awareness

- 20) When posting your resumes online or sending it by e-mail, you should:
- A) use a very simple format
 - B) be sure to attach several files that prove the information in the resumes is accurate
 - C) underline or italicize important points
 - D) write in all CAPS

Competency: Career Awareness

- 21) Which one of the following types of life insurance does **not** have a cash value?
- A) limited life
 - B) term life
 - C) whole life
 - D) ordinary life

Competency: Insurance

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- 22) If an increase in the price of a product from \$200 to \$300 per unit leads to a decrease in the quantity demanded from 10 to 8 units, then demand is:
- A) inferior
 - B) unit elastic
 - C) elastic
 - D) inelastic

Competency: Economic Systems

- 23) The most important economic decision-maker in market economies is:
- A) the president
 - B) households
 - C) labor unions
 - D) corporate leaders

Competency: Economic Systems

- 24) If wages increase faster than gains in productivity, prices will rise because:
- A) the cost of producing goods increases
 - B) the cost of producing goods decreases
 - C) business owners will demand higher prices because they know workers have more money to spend
 - D) demand will increase for all products

Competency: Economic Systems

- 25) A rise in the real interest rate will cause consumers spending to:
- A) rise
 - B) not change
 - C) rise at first, then decline
 - D) decline

Competency: Economic Systems

- 26) WiredNet is an internet-based business that provides online support services for businesses that need help in setting up and maintaining their websites. WiredNet is an example of a business that engages in:
- A) B2B e-commerce
 - B) N2Y e-commerce
 - C) B2C e-commerce
 - D) Y2K e-commerce

Competency: Economic Systems

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- 27) Suppose that I am angry with a neighbor, so I stand up at our next neighborhood association meeting and declare (falsely) that he trampled my flowers. I have committed:
- A) offense
 - B) sedition
 - C) slander
 - D) libel

Competency: Ethics

- 28) Which question should you **not** ask yourself when considering the ethics of a business situation?
- A) Who is affected by the action?
 - B) Is the action legal?
 - C) Can I get away with this action?
 - D) Does the action violate professional standards?

Competency: Ethics

- 29) In countries considered less developed and less responsive to their citizens, economic questions are said to be:
- A) custom-based.
 - B) directed.
 - C) market-based.
 - D) planned.

Competency: Global Business

- 30) Government encourages and promotes its country's exports primarily because exports:
- A) create jobs and foster economic prosperity
 - B) create imbalance of trade
 - C) increase the country's international image and reputation
 - D) increase government revenues through selling export insurance

Competency: Global Business

Hospitality Management Answer Key

- | | | |
|-------|-------|-------|
| 1) B | 11) A | 22) A |
| 2) D | 12) B | 23) A |
| 3) D | 13) C | 24) C |
| 4) A | 14) B | 25) A |
| 5) A | 15) B | 26) C |
| 6) B | 16) A | 27) B |
| 7) D | 17) C | 28) D |
| 8) B | 18) D | 29) A |
| 9) D | 19) D | 30) B |
| 10) C | 20) D | |
| | 21) C | |

Insurance & Risk Management Answer Key

- | | | |
|-------|-------|-------|
| 1) A | 11) B | 22) C |
| 2) C | 12) D | 23) C |
| 3) B | 13) A | 24) C |
| 4) A | 14) A | 25) A |
| 5) D | 15) B | 26) D |
| 6) B | 16) B | 27) A |
| 7) B | 17) D | 28) C |
| 8) C | 18) C | 29) B |
| 9) C | 19) A | 30) A |
| 10) D | 20) C | |
| | 21) B | |

Introduction to Business Answer Key

- | | | |
|-------|-------|-------|
| 1) D | 11) A | 22) D |
| 2) A | 12) B | 23) B |
| 3) A | 13) C | 24) A |
| 4) D | 14) B | 25) D |
| 5) B | 15) B | 26) A |
| 6) C | 16) B | 27) C |
| 7) C | 17) D | 28) C |
| 8) A | 18) C | 29) A |
| 9) D | 19) A | 30) A |
| 10) C | 20) A | |
| | 21) B | |

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Competencies and Task Lists

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INTRODUCTION TO BUSINESS SAMPLE QUESTIONS

1. The ____ is a name given to a product or service to distinguish it from other similar and competitive items.
 - a. brand
 - b. patent
 - c. logo
 - d. copyright

Competency: Consumerism

2. Comparison shoppers do **not** usually evaluate:
 - a. services
 - b. price
 - c. quality
 - d. endorsements by celebrities

Competency: Consumerism

3. When an item is **not** received or returned and the item is billed to the customer's credit card, the customer has ____ to dispute it.
 - a. 60 days
 - b. 90 days
 - c. 120 days
 - d. 30 days

Competency: Consumerism

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4. The warranty imposed by law and understood to apply even though it has **not** been stated is the:
- implied warranty
 - statutory warranty
 - express warranty
 - guaranteed warranty

Competency: Consumerism

5. What happens each time a person makes a car payment?
- the net income increases
 - the net worth is increased
 - the liabilities decrease
 - the disposable income increases

Competency: Money Management, Banking, and Investments

6. ____ represent an example of a variable expense.
- Groceries
 - Mortgage payments
 - Rent payments
 - Insurance premiums

Competency: Money Management, Banking, and Investments

7. Since Linda writes many checks each month, the ____ checking account is probably the best choice for her.
- regular
 - special
 - interest-earning
 - activity

Competency: Money Management, Banking, and Investments

8. The ____ is a type of money order typically issued by travel agencies, supermarkets, pharmacies, and convenience stores.
- cashier's check
 - express money order
 - postal money order
 - bank money order

Competency: Money Management, Banking, and Investments

9. When a company has a code of ethics:
- it should stress forbidden actions rather than acceptable behavior
 - employees will always know how to behave under different circumstances
 - employees are frequently unaware of rules for using the computer at work
 - it will more easily be able to identify proper employee behavior

Competency: Rights and Responsibilities of Employees, Managers, Owners, and Government

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10. Police and fire protection are usually provided by ____ in the United States.
- federal government
 - state government
 - corporations
 - local government

Competency: Rights and Responsibilities of Employees, Managers, Owners, and Government

11. ____ is **not** a utility company.
- The gas company
 - A gas station
 - A telephone company
 - The electric company

Competency: Rights and Responsibilities of Employees, Managers, Owners, and Government

12. Which one of the following represents a strategy of how the U.S. government gets involved in business activities?
- it tells businesses what they should produce and what they can charge their customers
 - it owns the most factors of production
 - it tells people what jobs they will pursue
 - it attempts to prevent unfair business practices

Competency: Rights and Responsibilities of Employees, Managers, Owners, and Government

13. An important first step in the career planning process is:
- personal assessment
 - employment market analysis
 - career development
 - application process

Competency: Career Awareness

14. What is the recommended length of a résumé?
- one to two pages
 - the length necessary to include all pertinent information
 - three pages
 - no more than one page

Competency: Career Awareness

15. A mentor is a(n):
- peer working in the same industry
 - supervisor
 - experienced worker in an individual's field of interest
 - top executive in the company

Competency: Career Awareness

16. What is the type of insurance that protects a car owner against financial loss resulting from a wreck or rollover called?

- a. collision coverage
- b. uninsured motorist coverage
- c. liability coverage
- d. deductible coverage

Competency: Insurance

17. Bodily injury liability auto insurance does **not** cover:

- a. pedestrians
- b. the policyholder
- c. passengers riding with the policyholder
- d. people in the other cars

Competency: Insurance

18. ____ is **not** a type of permanent life insurance.

- a. Whole life insurance
- b. Universal life insurance
- c. Variable life insurance
- d. Term life insurance

Competency: Insurance

19. ____ is a type of health insurance that provides protection against the high costs of serious illnesses or injuries.

- a. Major medical insurance
- b. Hospital insurance
- c. Regular medical insurance
- d. Surgical insurance

Competency: Insurance

20. What does property tax revenue **not** pay?

- a. community parks
- b. police protection
- c. schools
- d. Medicare and Medicaid

Competency: Economic Systems

21. Government in the market economy is **not** concerned with:

- a. providing services for members of society
- b. regulating utilities and promoting competition
- c. providing information to businesses
- d. taking over private industries

Competency: Insurance

-
22. The government of a particular country owns and controls all economic resources and decides how those resources will be used. This is an example of a:
- market economy
 - traditional economy
 - laissez-faire economy
 - command economy

Competency: Insurance

23. Which one of the following is **not** one of the major principles of the U.S. economic system?
- profit
 - freedom of choice
 - private property
 - tradition

Competency: Insurance

24. ___ is **not** an ethical violation by employees.
- Overtime
 - Wasted time at work
 - Employee theft
 - Using the workplace computer for personal email

Competency: Ethics

25. The ___ is someone hired to solve specific problems.
- evaluator
 - supervisor
 - trouble-shooter
 - whistle blower

Competency: Ethics

26. What is the Egoism principle?
- involves personal action for the good of the team
 - involves actions that serves the person's long-term interests
 - trades individual well-being for team well-being
 - considers the feelings of others

Competency: Ethics

27. The making, buying, and selling of goods and services within a country is called:
- international business
 - export business
 - world trade global dependency
 - domestic business

Competency: Global (International) Business

-
28. _____ has an absolute advantage in coffee production.
- a. Canada
 - b. The United States
 - c. Brazil
 - d. Ireland

Competency: Global (International) Business

29. The difference between a country's total exports and total imports is called the:
- a. foreign debt
 - b. balance of trade
 - c. trade surplus
 - d. trade deficit

Competency: Global (International) Business

30. A tax that a government places on certain imported products is called a(n):
- a. excise tax
 - b. tariff
 - c. embargo
 - d. quota

Competency: Global (International) Business

Introduction to Business Answer Key

1)	A	11)	B	21)	D
2)	D	12)	D	22)	D
3)	A	13)	A	23)	D
4)	A	14)	A	24)	A
5)	C	15)	C	25)	C
6)	A	16)	A	26)	B
7)	A	17)	B	27)	D
8)	B	18)	D	28)	C
9)	D	19)	A	29)	B
10)	D	20)	D	30)	B

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Web Site Resources

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INTRODUCTION TO BUSINESS SAMPLE QUESTIONS

1. Firms that have adopted _____ seek to do more than simply sell a product; they seek to learn as much as possible about their customers in order to satisfy and even delight them with goods and services over time.
 - a. the marketing mix
 - b. customer relationship management
 - c. management by objectives
 - d. nonprofit marketing
2. Which one of the following statements best reflects the concept behind the rule of indemnity?
 - a. If a written contract exists between the insured and an insurance company, the insured is entitled to receive the maximum amount stated in the contract in the event of a loss.
 - b. If a large number of people are exposed to the same risk, a predictable number of losses will occur during a given period of time.
 - c. An insured person cannot collect more than the actual loss from an insurable risk.
 - d. If an insurance company's premiums generate excess funds, these excess funds must be returned to the policyholders in the form of dividends or reductions in future premiums.
3. _____ insurance replaces part of your income if you become unable to work for an extended period of time.
 - a. Workers' compensation
 - b. Product liability
 - c. Disability
 - d. Professional liability
4. The Fed uses _____ to regulate the money supply.
 - a. stock market investments
 - b. the deposit requirement
 - c. the political negotiation process
 - d. the discount rate
5. A _____ is an overall explanation of why an organization exists and where it is trying to head.
 - a. corporate charter
 - b. prime directive
 - c. tactical plan
 - d. vision

-
6. _____ is the amount a business earns over and above what it spends for salaries and other expenses.
- Profit
 - Revenue
 - Dividends
 - Interest
7. A _____ represents a promise by a bank to pay a foreign company a given amount if certain conditions are met.
- bond indenture agreement
 - certificate of deposit
 - letter of credit
 - callable option
8. After the interview, you should send a _____ to the person who interviewed you.
- transmittal letter
 - cover letter
 - recommendation letter
 - thank you letter
9. The level of management that is directly responsible for assigning specific jobs to workers and evaluating their daily performance is called:
- secondary management
 - primary management
 - supervisory management
 - middle management
10. The last step in the marketing process often includes:
- collecting the cash
 - developing a written report to summarize the results
 - building relationships with customers
 - deciding the best way to distribute the product
11. The Gross Domestic Product (GDP) is the total dollar value of all final goods and services produced in a country during one year and include three major categories. Which one of the following is **not** one of those categories?
- what businesses spend for buildings, equipment, and supplies
 - what government agencies spend to pay employees and buy supplies
 - what consumers spend for food, clothing, and housing
 - what private and government agencies spend on foreign aide
12. Patrick lives in a capitalist country. He owns his own home and car, as well as his own business and building. Patrick is able to maintain ownership of these items under the right to:
- eminent domain
 - freedom of choice
 - freedom of competition
 - private property
13. _____ is choosing among two or more alternatives.
- Organizational selection
 - Decision making
 - Contingency planning
 - Utility analysis

-
14. Doctors obtain _____ insurance to cover claims from patients who have been injured as a result of the doctor's carelessness.
- malpractice
 - disability
 - workers' compensation
 - product liability
15. The banking panic of 1907 and the resulting cash shortage led to the formation of the:
- gold standard for currency, and the establishment of a gold repository at Fort Knox
 - FDIC
 - Comptroller of the Currency
 - Federal Reserve System
16. The American banking system serves two major types of customers:
- commercial clients and residential clients
 - short-term borrowers and long-term borrowers
 - secured creditors and unsecured creditors
 - depositors and borrowers
17. The *Occupational Outlook Handbook* is a good source of:
- local businesses
 - job description
 - jargon
 - employment agencies
18. Which one of the following would be used by a manager who wanted to fill a position using an internal source?
- help wanted ads
 - private employment agencies
 - public employment agencies
 - promotion of a current employee
19. Communism is an economic system in which:
- all or most of the productive resources are owned by private businesses
 - individual consumers make all economic decisions
 - the government makes most of the major economic decisions
 - the government and private citizens own equal shares of the economic resources
20. A compilation of samples of your work is called a:
- portfolio
 - cover letter
 - journal
 - project
21. In an effort to increase customer loyalty, management at Palms International has worked to create a personal dialogue with their customers. This dialogue will enable Palms to offer products that exactly meet their customers' needs and provide personalized service before and after the sale. Palms International's new strategy illustrates:
- relationship marketing
 - a production orientation
 - personalized promotion
 - niche marketing

-
22. Which one of the following is, in general, the best known magazine in the area of product quality?
- Digest for Consumers*
 - Consumers Union*
 - Consumer Reports*
 - Scientific Information*
23. Which one of the following is the easiest way to become a business owner?
- purchase an existing business
 - buy stock in a corporation
 - start a business of your own
 - become a business partner
24. Which one of the following is classified as a disadvantage of a sole proprietorship?
- the owner receiving all profits from the business
 - the amount of owner-supplied capital can be limited
 - the owner being his/her own boss
 - the ease in starting the business
25. The abbreviation for an incorporated U.S. company is "Inc." Which one of the following is the equivalent abbreviation in England?
- GmbH
 - S.A.
 - Ltd.
 - N.V.
26. During a career information interview, which one of the following would be the best question for the interviewer to ask?
- In what ways do you think your occupation is better than others?
 - Can a worker move up the ladder quickly?
 - How much money do you earn?
 - How many hours a week do you work?
27. What is the term for payment made to employees based on their total number of hours worked?
- wages
 - salary
 - profit sharing
 - commissions
28. Which one of the following is the purpose of antitrust laws?
- controlling inflation
 - encouraging government regulation of prices
 - encouraging monopolies
 - preventing unfair business practices
29. Due to the large financial losses suffered by the victims of Hurricane Katrina, what has happened to insurance deductibles?
- They have decreased.
 - They have been eliminated.
 - They have become outdated.
 - They have increased.
30. Which item below is a result of voluntary exchange in the marketplace?
- prosperity
 - productivity
 - inflation
 - free enterprise

Introduction to Business Answer Key

1) B	11) D	21) A
2) C	12) D	22) C
3) C	13) D	23) B
4) D	14) A	24) B
5) D	15) B	25) C
6) A	16) D	26) A
7) C	17) B	27) A
8) D	18) D	28) D
9) C	19) C	29) D
10) C	20) A	30) D

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Competencies

The topics listed below are prioritized, listing the most important content areas of the tests.

- Characteristics and organization of business
- Consumerism
- Money management and banking
- Career awareness
- Rights and responsibilities of employees, managers, owners, and government
- Insurance
- Economic systems

Procedures/Tips

- Review the Competitive Events Tips in the front of the book.

Introduction to Business Sample Questions

1. During an interview, an employer
 - a. should do most of the talking.
 - b. should find out whether a young woman plans to stay home with her children when they are born.
 - c. can judge an applicant without any further research.
 - d. can evaluate the appearance, job knowledge, and personality of the applicant.
2. Which of the following U.S. federal regulatory agencies handles consumer complaints?
 - a. Environmental Protection Agency
 - b. Office of Consumer Affairs
 - c. Consumer Product Safety Commission
 - d. Office of Consumer Protection
3. Consumerism is one aspect of the _____ environment.
 - a. social
 - b. economic
 - c. political/legal
 - d. technological
4. _____, as President of the United States, in 1962 addressed Congress and defined the basic rights of consumers.
 - a. Gerald Ford
 - b. Richard Nixon
 - c. John F. Kennedy
 - d. Lyndon Johnson
5. _____ are a division in society with different levels of social prestige.
 - a. Reference groups
 - b. Cultures
 - c. Cognitive categories
 - d. Social classes
6. A computer company developed a printer that would wear itself out within two years of purchase, forcing consumers to buy a replacement. One might criticize this computer company because
 - a. they planned to make their printer obsolete.
 - b. of the poor service they offered to customers.
 - c. of the high price they charged for the printer.
 - d. their product was unsafe.
7. High prices are often caused by
 - a. excessive markups.
 - b. free publicity.
 - c. inexpensive labor.
 - d. lowering the promotion costs.
8. Which of the following can reduce competition?
 - a. an increased number of competitors
 - b. marketing prices eliminate barriers to entry
 - c. balanced marketing practices
 - d. acquisition of competitors

-
9. Some companies attempt to determine a customer's worth before doing business with that person. This practice is known as
 - a. webbing.
 - b. exception.
 - c. weblining.
 - d. price gouging.
 10. Toyota recently sent a letter to everyone who purchased a 1999 Tacoma. The letter states that there is a problem with the suspension and provides information about getting it fixed at local dealerships for free. This is an example of
 - a. a product recall.
 - b. a product recoil.
 - c. an automatic reliability.
 - d. a product reinforcement.
 11. Which of the following is not a feasible way to evaluate applicants for a position?
 - a. have them fill out an application form
 - b. hire a private investigator to follow the applicant
 - c. check references
 - d. conduct an interview
 12. An advantage of a sole proprietorship is
 - a. profits are spread evenly amongst employees.
 - b. ease of filing taxes and reporting earned income.
 - c. unlimited liability.
 - d. unlimited life of business.
 13. Which of the following legal forms of organization allows owners to contribute no capital but still play a part in managing the business and sharing the profits?
 - a. sole proprietorship
 - b. corporation
 - c. S corporation
 - d. partnership
 14. A corporate charter should
 - a. be very similar to a prospectus.
 - b. include an organizational chart.
 - c. follow state guidelines.
 - d. be over 100 pages in length.
 15. A key characteristic of a partnership is that each partner
 - a. must contribute capital to the business.
 - b. shares in company assets when the business dissolves.
 - c. must manage the business.
 - d. is capable of legally contracting.
 16. All of the following are stages of consumer decision making **except**
 - a. perceptual categorization.
 - b. purchase decision.
 - c. post-purchase evaluation.
 - d. problem recognition.
 17. Which of the following types of interviewing has the applicant perform a small sample of his or her potential duties?
 - a. traditional interviewing
 - b. behavioral interviewing
 - c. differential interviewing
 - d. reactive interviewing

-
18. The current hourly minimum wage set by the U.S. Department of Labor is
 - a. \$4.75.
 - b. \$5.00.
 - c. \$5.25.
 - d. \$5.15.

 19. When someone enters into a mortgage agreement, the house serves as which one of the five "C's" of credit?
 - a. collateral
 - b. capacity
 - c. character
 - d. critique

 20. Where is the headquarters for the Federal Reserve Bank?
 - a. Los Angeles
 - b. Chicago
 - c. New York City
 - d. Washington D.C.

 21. What is the central banking system of the United States?
 - a. the Bank of the U.S.
 - b. the Federal Reserve
 - c. the Unionized Central Banking System
 - d. the Federal Union

 22. Many customer service problems are identified by
 - a. personal evaluation.
 - b. entries in a suggestion box.
 - c. outside consultants.
 - d. customer complaints.

 23. The tension that occurs immediately following a purchase is referred to as
 - a. post-purchase satisfaction.
 - b. cognitive assessment.
 - c. cognitive dissonance.
 - d. post-decision distress.

 24. Grace is developing a business plan and wants to show the cost of fringe benefits as a percentage of payroll costs. She should use the following percentage
 - a. 50%
 - b. 40%
 - c. 30%
 - d. 25%

 25. Mac is worried about the increase in the number of subordinates he supervises; therefore, he is concerned about his
 - a. informal organization.
 - b. span of control.
 - c. chain of command.
 - d. organizational structure.

 26. Tracy, who runs a carpet cleaning business, has a group of employees who work in production and in installation. If she decides to use work teams as part of her leadership approach, she must increase
 - a. compensation.
 - b. independence.
 - c. quality.
 - d. supervision.

-
27. Business interruption insurance covers
- a. lost income.
 - b. defective products.
 - c. shoplifting.
 - d. debts to suppliers.
28. Tara Cannon is the CEO of a large corporation. Last week the company decided to take out a life insurance policy in case of her death. This is also known as
- a. life or death annuity.
 - b. vital member policy.
 - c. risky health assurance.
 - d. a key-person policy.
29. Competition is thought to encourage businesses to
- a. keep prices extremely high.
 - b. produce new products.
 - c. sell products of low quality.
 - d. offer services of low quality.
30. In a mixed economic system most decisions are left to _____, but some decisions are left to _____.
- a. monopolies; government
 - b. government; business
 - c. government; individuals
 - d. individuals; government

Introduction to Business Answer Key

- 1) D
- 2) B
- 3) C
- 4) C
- 5) D
- 6) A
- 7) A
- 8) D
- 9) C
- 10) B

- 11) B
- 12) B
- 13) D
- 14) C
- 15) D
- 16) A
- 17) B
- 18) D
- 19) A
- 20) D

- 21) B
- 22) D
- 23) C
- 24) B
- 25) B
- 26) B
- 27) A
- 28) D
- 29) B
- 30) D

INTRODUCTION TO BUSINESS

This event provides recognition for FBLA members who demonstrate an understanding of the American business enterprise system and its effect on consumers, employees, and entrepreneurs.

This event is only for members in grades 9 and 10.

Competencies

The topics listed below are prioritized, listing first the most important content areas of the tests; grouped topics are equal.

- Consumerism, characteristics and organization of business
- Career awareness, money management and banking, rights and responsibilities of employees, managers, owners, and government
- Insurance
- Economic systems

Procedures/Tips

1. Review the guidelines for this event found in the Competitive Events section of the current edition of the *Chapter Management Handbook*. You should have a copy of the guidelines and review them carefully. This test is only open to FBLA 9th and 10th grade students. Middle School 9th graders are not eligible for this test.
2. Study from both South Western and Glencoe/McGraw Hill textbooks and review vocabulary lists in each book's glossary. FBLA tests are written from different sources. Do not rely solely on school texts for study. Check out library texts to gain a broader range of familiarity. Take as many practice tests as possible.
3. Dress according to the established dress code. If dress code is not followed, participant will be disqualified.
4. Check the location of your test well before the time of competition. Plan to arrive 15 minutes before the scheduled time for the test. Remember the elevators can be slow and hallways crowded.
5. Bring several sharpened No. 2 pencils with erasers. A calculator will be provided.
6. Check the event signs to be certain you are in the correct room or section of the room. More than one event may be tested in one room at the same time.
7. Listen carefully to instructions given by the event administrator. One hour is allowed for the actual test. Carefully read the instructions on the cover page of the test. Pace yourself during the testing to allow time to work quickly but accurately. Try to answer all the questions.
8. Make certain your answers are clearly marked and all stray marks are erased.
9. Turn in your test as soon as you are finished. A tiebreaker is resolved by evaluating the students' performance on the final ten questions of the exam and then by the time.
10. Take pride in your accomplishments and share the excitement of the awards program.

INTRODUCTION TO BUSINESS SAMPLE QUESTIONS

Multiple Choice

- The United States of America is based on a
 - custom based economy.
 - directed economy.
 - planned economy.
 - market economy.
- The total value of all final goods and services produced in a country in one year measures a nation's
 - GDP.
 - Net Assets.
 - Gross Income.
 - TPV.
- If the interest on a loan for one year was \$480 and the rate was 12%, the principal would be
 - \$ 96.00.
 - \$ 517.00.
 - \$3,500.00.
 - \$4,000.00.
- A partnership
 - requires a charter.
 - has unlimited liability.
 - requires equal division of profits.
 - has limited liability.
- Employees who earn an hourly amount of money are paid
 - straight time.
 - wages.
 - salary.
 - overtime.
- A U.S. Department of Labor Publication that researches thousands of jobs is
 - National Job Links.
 - Barron's Quarterly.
 - Occupation Outlook Handbook.
 - Bureau of Labor Statistics.
- The government agency set up to help small business is the
 - FDA.
 - FTC.
 - ABA.
 - SBA.
- The changes in the average price of goods and services bought by the consumer over a period of time is shown in the
 - inflation.
 - net worth.
 - GDP.
 - CPI.
- A financial institution that specializes in savings accounts and loans for home mortgages is a(n)
 - commercial bank.
 - savings and loan association.
 - consumer finance company.
 - investment company.
- An organization designed to supervise and regulate member banks is
 - a trust company.
 - the Better Business Bureau.
 - the FDIC.
 - the Federal Reserve.
- The amount of debt to which the interest rate is applied when borrowing money is the
 - installment loan.
 - capital.
 - asset.
 - principal.
- Interest that is computed on the amount saved plus the interest previously earned is
 - simple interest.
 - compound interest.
 - annual percentage.
 - annual yield.
- The amount of money the policy holder must pay for an automobile insurance is the
 - deductible.
 - co-insurance.
 - share option.
 - premium.
- The only direct channel of distribution is
 - producer to consumer.
 - producer to retailer to consumer.
 - retailer to consumer.
 - producer to wholesaler to retailer to consumer.

15. A computer company that has been in operation for less than three years and has no employees other than the owner is best described as a
- corporation.
 - 401K.
 - venture business.
 - resources sector business.
16. When an investment can be turned into money quickly, the investment is said to be
- volatile.
 - usurious.
 - liquid.
 - fixed.
17. Property permanently attached to the land such as a house or garage is a
- capital expenditure.
 - community property.
 - real property.
 - personal property.
18. When supply decreases and demand increases, the price of a good
- creates a loss.
 - stabilizes.
 - lowers.
 - rises.
19. The part of the profit a stockholder receives from a corporation is a
- gross profit.
 - net profit.
 - tax-sheltered annuity.
 - dividend.
20. A document enclosed with a letter of application summarizing important job related information is a
- brief.
 - resume.
 - work log.
 - summary.
21. A situation that occurs when a business is discontinued with a loss to at least one creditor is a
- closing.
 - bankruptcy.
 - sheriff sale.
 - liquidation.
22. Buying a product without much prior thought is
- impulse buying.
 - convenience buying.
 - immediate possession.
 - direct buying.
23. Fitness equipment available for use in a fitness club which should be in sound working order is an example of a(n)
- express warranty.
 - guarantee.
 - implied warranty.
 - contract.
24. An endorsement that consists of only the endorser's name is a _____ endorsement?
- restrictive
 - special
 - full
 - blank
25. Rent is an example of a(n) _____ expense?
- asset
 - capital
 - variable
 - fixed
26. A group of dairy farmers who ship their milk to their own bottling plant is an example of a
- cooperative.
 - sole proprietorship.
 - public corporation.
 - partnership.
27. Which of the following countries is not included in the NAFTA treaty?
- Canada
 - France
 - Mexico
 - United States
28. People who purchase shares of stock in a corporation are
- shareholders.
 - creditors.
 - proprietors.
 - partners.

29. A country that imports more than it exports has a
 - a. trade surplus.
 - b. balance of trade.
 - c. trade deficit.
 - d. favorable trading status.

30. When reading a stock report, the P/E ratio compares the price of the stock with the
 - a. earnings per share.
 - b. annual yield.
 - c. expenses to date.
 - d. closing prices.

True/False

31. Start up capital may come from the owner's personal funds, banks or other financial institutions, or private investors.
32. The articles of partnership will state how the profits of a corporation will be divided among its stockholders.
33. People 16 years and older who are employed or looking for a job make up the work force of the United States.
34. Checks issued by members of a credit union are called share drafts.
35. The maximum interest rate a credit card company may charge is 18% APR.
36. Treasury bonds are short-term investments that produce high yield returns.
37. Electronic components manufactured in Thailand and shipped to the United States for sale are an example of an export to the United States.
38. People who work to produce goods and services are part of the labor force.
39. In a capitalist system, scarcity is not a factor because the demand is determined in a free market system.
40. Mass production has increased the standard of living in the United States of America.

Introduction to Business

	ANSWER		ANSWER		ANSWER		ANSWER
1.	D	11.	D	21.	A	31.	T
2.	A	12.	B	22.	D	32.	F
3.	D	13.	D	23.	C	33.	F
4.	B	14.	A	24.	D	34.	T
5.	B	15.	C	25.	D	35.	F
6.	C	16.	C	26.	A	36.	F
7.	D	17.	C	27.	B	37.	F
8.	D	18.	D	28.	A	38.	T
9.	B	19.	D	29.	C	39.	F
10.	D	20.	B	30.	A	40.	T