



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

Test Number 1068
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. Which of the following is a characteristic of a business-format franchise:
 - A. The name of the business is chosen by the franchisee.
 - B. Products are bought directly from the supplier.
 - C. It is the least popular franchise arrangement.
 - D. Continuous assistance is provided by the franchisor.

2. What should business employees possess in order to extract relevant information from written materials?
 - A. Ability to listen
 - B. Limited vocabularies
 - C. Good reading skills
 - D. Effective speaking voice

3. What type of information should employees be able to locate in their company's employee handbook?
 - A. The company's annual report
 - B. The company's list of current job openings
 - C. The use of company property
 - D. The number of vacation days that an employee has taken

4. Millie is reading a book to learn how to knit. She wants to make her sister a scarf for Christmas, but it's only a week away, and she doesn't have much time. Millie decides to skip ahead of the directions, and the scarf winds up looking more like a potholder. Which of the following tips for following directions did Millie ignore:
 - A. Accept responsibility
 - B. Know when to speak
 - C. Don't rush
 - D. Note key words

5. Which of the following is a guideline for effective verbal communication:
 - A. Keep the voice at the same pitch
 - B. Use speech mannerisms
 - C. Try to avoid eye contact
 - D. Use gestures for emphasis

6. The most effective way to interpret others' nonverbal cues often is to look at their
 - A. facial expressions.
 - B. leg movements.
 - C. clothing style.
 - D. office decor.

7. When giving verbal directions to employees about how to complete a task, it is often helpful to
 - A. speak softly.
 - B. use visuals.
 - C. use complex words.
 - D. limit body language.

8. Roberto has just finished giving a presentation about global warming. An obviously irritated audience member stands and says that there is no evidence to prove global warming exists. Roberto calmly reads results from three scientific reports on its existence. Roberto's response is an example of
 - A. a transition.
 - B. an effective conclusion.
 - C. defending an idea objectively.
 - D. expressing a cultural barrier.

9. What is an advantage to a business of encouraging employees to participate in group discussions?
 - A. Many opinions increase the chances of developing useful recommendations.
 - B. It makes it easier to reach a unanimous decision.
 - C. Less conflict is likely to occur when discussing controversial issues.
 - D. The participants' input usually helps the business to resolve problems quickly.

10. When taking notes during a seminar, a businessperson should write down
 - A. all details.
 - B. information of interest.
 - C. key points.
 - D. inaccurate statements.

11. Using a table to present or summarize data in a written document is most appropriate when
 - A. the data are too complex to describe in the body of the text.
 - B. it is important to build credibility and impress the audience.
 - C. the report does not require a bibliography.
 - D. it is placed in the appendices of a complex report.

12. 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.
13. The primary purpose of placing headings and subheadings in a long business report is to
- A. provide supporting evidence for key points.
 - B. attract attention to the writer's hidden agenda.
 - C. organize content in a cohesive, manageable way.
 - D. solicit an opinion or response from the audience.
14. Which of the following information should be included in the inside address section of a business letter:
- A. Message
 - B. Subject
 - C. Date
 - D. Title
15. When writing informational messages, it is most important to communicate
- A. an honest opinion.
 - B. emotional appeal.
 - C. accurate content.
 - D. a request for action.
16. What type of information should a business include when writing a sales proposal to send to a customer?
- A. Shipping and receiving
 - B. Features and benefits
 - C. Pricing and accounting
 - D. Laws and regulations
17. Which of the following is **not** a good technique for participating in a staff meeting:
- A. Understand the goal of the meeting prior to its start
 - B. Contribute at least one opinion to every staff meeting in which you participate
 - C. Avoid arguing with other participants, even if you strongly disagree with their point of view
 - D. Follow the instructions of the group leader, even if you have a better idea for organizing the meeting
18. A customer asks Roger a question about a product, and he isn't sure of the correct answer. He immediately phones his supervisor to get the needed information. Which technique for building positive customer relations does this illustrate?
- A. Pay attention to internal customers.
 - B. Keep your promises.
 - C. Be helpful.
 - D. Be thankful.
19. One way that employees can provide efficient, quick service to customers is by being
- A. forceful.
 - B. organized.
 - C. detached.
 - D. aggressive.
20. Kate's coworker Jack is meeting with a very important German client tomorrow. Kate has been to Germany several times, and tells Jack that German businesspeople tend to be very formal and serious in business situations. After learning this information, Jack now knows that he should avoid
- A. shaking hands.
 - B. using titles.
 - C. using humor.
 - D. making eye contact.
21. Business policies that focus on meeting consumers' wants and needs while making a fair profit for the business are primarily intended to
- A. keep operations running smoothly.
 - B. guide employees' actions.
 - C. reduce misunderstandings.
 - D. satisfy customers.
22. Carrie has a summer job cleaning and maintaining backyard pools. Her boss thinks she does a great job. Today, she has a new client. For a while, he was watching her from the porch, and then he came out and stood just a few feet away from her. "Don't do it that way," he instructed. "You're using too much chlorine. Should I just measure it out for you?" Carrie's customer is
- A. suspicious.
 - B. slow/methodical.
 - C. domineering/superior.
 - D. irritable/moody.

23. Which of the following are the three major areas of customer complaints:
- A. Labeling, faulty design, and mispricing
 - B. Improper decisions, oversight, and service
 - C. Product, personnel, and the business
 - D. Poor service, inaccurate forms, and rudeness
24. Which of the following is a consumer good:
- A. Point-of-sale terminal
 - B. Display racks
 - C. Children's apparel
 - D. Employee uniforms
25. The gap between unlimited desires for products and limited resources is known as
- A. conservation.
 - B. scarcity.
 - C. abundance.
 - D. unemployment.
26. A refinery in Houston processes crude oil into gasoline and delivers it to a service station in California. Which two types of utility are being created in this situation?
- A. Place and time
 - B. Form and time
 - C. Form and place
 - D. Time and possession
27. When the price of a product is high, consumer demand will usually be
- A. high.
 - B. low.
 - C. unchanged.
 - D. about average.
28. Social responsibility is the duty of business to
- A. contribute to the well-being of society.
 - B. provide social activities for employees.
 - C. contribute to product development.
 - D. provide educational loans to employees.
29. Taking the profits from the businesses it owns is one way that the government of a _____ economy obtains capital.
- A. communist command
 - B. free enterprise
 - C. market
 - D. traditional
30. Income from sales minus the cost of merchandise sold calculates a business's
- A. gross domestic product.
 - B. operating expenses.
 - C. net profit or loss.
 - D. gross profit on sales.
31. One way in which government protects private property is to provide
- A. fire insurance policies.
 - B. local governmental programs.
 - C. Federal Reserve Banks.
 - D. patents or copyrights.
32. Which of the following is most likely to help any business reach maximum productivity:
- A. Using one-way communication to inform workers
 - B. Making managers responsible for all decisions
 - C. Offering inflexible work schedules and overtime hours
 - D. Combining well-qualified workers and efficient job methods
33. Emotional intelligence is especially important today because
- A. everyone can be a world traveler and see other cultures.
 - B. our culture is more relaxed and free.
 - C. people need to interact in more secure business environments.
 - D. collaboration is becoming a standard method of achieving business goals.
34. Visualizing yourself as you would like to be is a technique that
- A. is seldom rewarding.
 - B. does not work well.
 - C. takes time and practice.
 - D. is quick and easy to learn.

35. A restaurant developed a new recipe for its beef ribs, which it wished to keep secret. When interviewing potential employees to prepare the ribs, what personal trait would be the most important to the restaurant?
- A. Tact
 - B. Loyalty
 - C. Industry
 - D. Initiative
36. One way employees can demonstrate initiative is by handling _____ situations effectively.
- A. unexpected
 - B. regular
 - C. routine
 - D. training
37. Phyllis was on her way to work one morning when she was involved in an accident. Phyllis used her cell phone to call the police. In order to act responsibly, Phyllis should also immediately call
- A. auto-body shops for insurance estimates.
 - B. a tow truck to pick up her car.
 - C. a rental agency to get a car.
 - D. work to let them know where she is.
38. Because Paul always tries to do what is right, his friends consider him to be a person who has
- A. dignity.
 - B. integrity.
 - C. conflicts.
 - D. commitment.
39. Susan is a purchasing manager for a manufacturer. On Monday, Susan received a call from the plant manager, who frantically told Susan that the production line ran out of 3/8" washers, which has forced production to stop. Because Jason is the senior buyer in charge of ordering the washers, Susan set up a meeting with Jason to discuss the problem. During the meeting, Susan asked Jason to explain why the washers were out of stock. Jason replied, "Well, I told the office assistant to check the inventory. It's not my fault that we don't have the washers in stock." What is Jason doing?
- A. Blaming another person for his mistake
 - B. Helping Susan to resolve the problem
 - C. Providing Susan with a valid reason for the stock-out
 - D. Denying that a problem exists
40. A characteristic of positive people that is important to businesses is that people with a positive attitude are usually
- A. well trained.
 - B. generous.
 - C. inflexible.
 - D. responsible.
41. Maureen becomes angry and defensive whenever her supervisor asks Maureen to correct mistakes. Maureen's attitude is not a good response to criticism because
- A. it indicates that Maureen wants to call attention to herself.
 - B. there is no reason to be angry about criticism.
 - C. Maureen has no right to be angry on the job.
 - D. it prevents Maureen from hearing the criticism clearly.
42. When the department manager was asked to replace the cash register with a scanner, s/he said that s/he did not want to learn how to use the scanner. This is an example of being _____ to change.
- A. unable
 - B. receptive
 - C. willing
 - D. resistant
43. Which of the following is an issue that often causes controversy between employers and employees:
- A. Job enlargement
 - B. Wellness programs
 - C. Social status
 - D. Workplace privacy
44. An American manufacturer launches a product line that offends many customers in Middle Eastern countries where the product line is considered inappropriate. This is an example of
- A. nationalization.
 - B. cultural imperialism.
 - C. product adaptation.
 - D. globalization.

45. Eye contact is an example of what type of communication?
A. Nonverbal
B. Informal
C. Verbal
D. Formal
46. Passive behavior is often referred to as _____ behavior.
A. confrontational
B. defiant
C. creative
D. avoidance
47. Which of the following are characteristics of adaptable people:
A. Creativity and resistance
B. Objectivity and attentiveness
C. Empathy and accuracy
D. Fairness and fear
48. To influence others to work toward a shared vision, a leader should possess a high level of credibility and should be able to provide supporting
A. assumptions.
B. practices.
C. skills.
D. facts.
49. Pat tells Tim, "You can always talk to me. I'm here to help." Which of the following coaching characteristics is Pat exhibiting:
A. Approachability
B. Persistence
C. Humility
D. Dependability
50. When there are frequent personality conflicts in a work group, the result is usually that it
A. interferes with the group's output.
B. adds to the group's effectiveness.
C. brings the work effort to a standstill.
D. makes the group more compatible.
51. To delay payment when buying business supplies from a web site, a purchaser is most likely to pay for the goods with a(n) _____ card.
A. ATM
B. debit
C. credit
D. store-value
52. Chris is at the grocery store deciding between two very similar candy bars. One is \$1.50, and the other is \$3.00. He decides to buy the \$1.50 candy bar because it is cheaper. Chris is using money as a _____ to make his decision.
A. store of value
B. medium of exchange
C. unit of measure
D. commodity
53. For an investment to yield positive results at the end of the investment period, the earnings should
A. grow by at least ten percent.
B. exceed the rate of inflation.
C. be accrued on a debt security.
D. be documented appropriately.
54. The chief advantage of offering retail credit is to
A. increase business hours.
B. decrease record keeping.
C. lower operating costs.
D. increase sales volume.
55. Molly and Tim have just had their first baby, Tommy. On top of their other financial considerations, such as saving for their retirement, they will now have to start saving and investing for Tommy's
A. health insurance.
B. retirement.
C. life insurance.
D. college education.
56. On his way home from work, Jason stops at the gas station to buy a magazine and a pack of gum. The magazine and gum are examples of _____ expenses.
A. non-essential
B. essential
C. fixed
D. variable

57. Calculate Jason's **gross** earnings for the pay period if his **net** pay is \$796.84, his total tax obligation is \$157.27, his medical insurance is \$45.00, and his union dues are \$15.00.
- A. \$894.11
 - B. \$579.57
 - C. \$984.11
 - D. \$1,014.11
58. Melissa writes checks to pay for her rent, utilities, and groceries, and she keeps a record of all these transactions in her check register. Keeping an accurate check register helps Melissa
- A. track the amount of money she has spent.
 - B. determine when she needs to add funds to her savings account.
 - C. understand the checking account's restrictions and fees.
 - D. decide when to order new checks.
59. Jeff is a college student who just opened his first credit card. Which of the following should he NOT do:
- A. Buy more with his card than he can afford
 - B. Pay his bill on time
 - C. Think of his card as a loan
 - D. Track his spending habits
60. Eric wants to buy a new house, and to do so he needs good credit. He has made all his rent, car, and credit card payments on time, so he should have a good credit score. Before he goes to purchase the house, he checks his credit report and finds that he has a low credit score because one of the agencies mishandled his report. This example shows the importance of
- A. validating credit history.
 - B. buying a house.
 - C. paying rent on time.
 - D. good credit.
61. Immediately contacting the credit-card company if credit cards are lost is one way to protect against
- A. identity theft.
 - B. excessive penalties.
 - C. financial risk.
 - D. high interest rates.
62. In investing, legal owning- or lending-agreements between individuals, businesses, or governments are known as
- A. premiums.
 - B. securities.
 - C. collateral.
 - D. guarantees.
63. When a business purchases an insurance policy, it is agreeing to the terms of a
- A. contract.
 - B. charter.
 - C. premium.
 - D. policyholder.
64. Two employees used a business's computerized accounting system to change some records. They were able to steal \$50,000 from the business because the accounting system lacked which of the following:
- A. Protection from theft and fraud
 - B. An affordable price
 - C. A manual system as backup
 - D. Printed financial statements
65. A business should strive to keep its cash conversion cycle as short as possible so it
- A. can increase its profit margin.
 - B. can earn dividends.
 - C. has cash available to use.
 - D. has fewer liquid assets.
66. One reason why human resources management is important to the success of a business is because this process is responsible for
- A. creating jobs for the company.
 - B. eliminating turnover.
 - C. staffing the business.
 - D. reducing compensation.
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. Which of the following is the most efficient tool for gathering external information that businesses need:
- A. Internet
 - B. Library
 - C. Software
 - D. Textbooks
69. Using a computer-generated slideshow to highlight product information would be most appropriate in which of the following business situations:
- A. Employee performance review
 - B. Project-team status meeting
 - C. Formal sales presentation
 - D. Union contract negotiations
70. Which of the following U.S. laws relates to information management:
- A. The Sarbanes-Oxley Act
 - B. The Sherman Anti-Trust Act
 - C. The Landrum-Griffin Act
 - D. The Taft-Hartley Act
71. An automobile manufacturer is considering adding a sport utility vehicle to its product line. What technology would allow the company to experiment with different styles, features, and sizes of the new product without investing large amounts of money or time?
- A. Computer-aided design
 - B. Computer-assisted manufacturing
 - C. Data processing
 - D. Artificial intelligence
72. What do businesses often develop to be able to store and analyze data for the purpose of making business decisions?
- A. Operating procedures
 - B. Information systems
 - C. Survey methods
 - D. Management policies
73. What is the importance of the computer hard drive in a computer system?
- A. It transmits power to other computer devices.
 - B. It facilitates the computer's audio transmissions.
 - C. It allows the user to view the computer data.
 - D. It permanently stores the computer program files and data.
74. Which of the following is an Internet-access source that allows computer users to log onto the Internet without a physical connection:
- A. Analog
 - B. Broadband Cable
 - C. Wireless Fidelity
 - D. Portal
75. If your supervisor asks you to find information on Coca-Cola's current market share for cola in the United States, the best and most precise wording to use when trying to narrow down the Internet search on most search engines would be
- A. Coca-Cola OR current market share OR cola AND United States.
 - B. Coca-Cola OR current market share OR cola OR United States.
 - C. Coca-Cola AND current market share AND cola AND United States.
 - D. Coca-Cola AND/OR market share.
76. While preparing the company's annual report in a computer word-processing program, Natasha deleted an entire paragraph by mistake. The best way for Natasha to correct the mistake is to
- A. use the edit undo command.
 - B. retype the paragraph.
 - C. copy the text from another document.
 - D. create a template.
77. A hotel wants to purchase computer software that would store, manage, and retrieve customer information in order to better serve customer needs and increase sales. What type of software should the hotel buy?
- A. Computer-aided design
 - B. Spreadsheet
 - C. Word processing
 - D. Database

78. The manager of a pet supply store is planning a sale. The manager set up a spreadsheet to calculate the sale price for each item to reflect a 30% discount off the retail price. The retail price for an aquarium is \$228.00. What is the sale price for the aquarium?
- A. \$182.40
B. \$148.20
C. \$159.60
D. \$193.80
79. Which of the following is needed to post a web page:
- A. Legal permit
B. Product to sell
C. Interested audience
D. Web server
80. Operations activities vary depending on a business's
- A. tax return.
B. name.
C. product.
D. address.
81. An employee notifying a government agency that the business is violating health and safety regulations is an example of
- A. reporting noncompliance.
B. spreading gossip.
C. unethical behavior.
D. verbal communication.
82. Jamie has been feeling exhausted and has had several minor accidents at work because of it. His supervisor is calling him in for a conference. Which of the following safety risks will they discuss:
- A. Horseplay
B. Fatigue
C. Hazards
D. Housekeeping
83. When an accident occurs at a place of business, employees should first try to
- A. call an ambulance.
B. move the injured person.
C. take the victim's pulse.
D. find out how serious it is.
84. A cashier at Puritan Supermarket was approached by robbers who used force, violence, and fear to gain access to the cash inside the cash register. What type of common business security problem did the supermarket experience?
- A. Shoplifting
B. Robbery
C. Burglary
D. Embezzlement
85. Why have some major retail businesses decentralized their purchasing operations?
- A. They maintain a wider variety of suppliers.
B. Their buyers prefer to be independent.
C. Their stores are geographically distant.
D. They obtain lower prices for smaller orders.
86. What do businesses need to maintain in order to produce goods and services for customers?
- A. Schedule of accounts
B. List of vendors
C. Inventory of supplies
D. Copies of invoices
87. Production processes that rely heavily on expensive equipment and materials are _____ processes.
- A. capital-intensive
B. labor-intensive
C. standardized
D. intermittent
88. If you are in doubt about selecting an item of clothing for work, it is usually best to choose the one that is
- A. a current fad.
B. highly advertised.
C. conservative.
D. most eye-catching.
89. Employees who have innovation skills are able to
- A. behave aggressively.
B. think in new ways.
C. react to problems.
D. socialize effectively.

90. Setting boundaries is also known as
- A. identifying alternatives.
 - B. establishing criteria.
 - C. pinpointing objectives.
 - D. making decisions.
91. Which of the following would be most likely to help you to determine whether you can be successful in a particular line of work:
- A. Talking to someone who is currently employed in this field
 - B. Asking your counselor about opportunities in the field
 - C. Contacting businesses that are part of the industry
 - D. Taking courses required of those who do this kind of work
92. When male employees earn more money than female employees for performing the same type of work, a business is violating the employees' rights to
- A. occupational safety.
 - B. training and supervision.
 - C. union representation.
 - D. equal pay.
93. If individuals enjoy operating machinery, driving vehicles, or using tools, they might consider a career that involves working with
- A. people.
 - B. animals.
 - C. things.
 - D. information.
94. Home-based businesses are attractive to many people because the businesses generally
- A. require less technical training.
 - B. provide owners a steady income.
 - C. yield higher profit margins.
 - D. have lower start-up costs.
95. Students searching for a job should check the listings posted in the school's
- A. guidance office.
 - B. computer lab.
 - C. auditorium.
 - D. athletic department.
96. Which of the following would help a job applicant to fill out job application forms easily:
- A. Knowing someone at the business
 - B. Having computer experience
 - C. Keeping a file of job leads
 - D. Having a personal data sheet
97. A job interview follow-up letter can be a valuable tool for applicants who are nervous during a job interview because the letter can
- A. persuade the interviewer to hire them for the job.
 - B. include anything that the applicant forgot to mention.
 - C. demonstrate their skill in oral communication.
 - D. overcome the impression they made during the interview.
98. Writing a letter of application is often an important part of applying for jobs
- A. by telephone.
 - B. in person.
 - C. online.
 - D. indirectly.
99. Which of the following is an example of a person obtaining unpaid work experience:
- A. Kelly volunteers at a local radio station.
 - B. Jim hires Kevin to cut his lawn every week.
 - C. Sarah researches information about different careers.
 - D. Ben performs contract work for his friend's new company.
100. Each month, Bob, the president of Widgets International, establishes goals for the company. Based on these goals, he sends specific directions to the managers of each operational division. What management function is Bob performing?
- A. Planning
 - B. Organizing
 - C. Staffing
 - D. Controlling