

Introduction to Business

1. ____ tests electrical components of products from all over the world for fire and electrical safety.
 - A. U.S. Product Safety Commission
 - B. Consumers Union
 - C. Underwriters Laboratories
 - D. The Association of Home Appliance Manufacturers
2. ____ is not a business source of consumer information.
 - A. Advertising
 - B. Customer service department
 - C. Product label
 - D. The Environmental Protection Agency
3. ____ is the publication that would probably be the best source for information about how to invest money.
 - A. Consumer Reports
 - B. Forbes
 - C. Newsweek
 - D. Time
4. Which one of the following situations represents fraud?
 - A. A salesperson tells you that a car has new brakes when it really has used brakes.
 - B. A salesperson tells you that a dishwasher will wash a load in around 45 minutes.
 - C. A salesperson tells you that a certain air conditioning unit is "a smart purchase".
 - D. A salesperson tells you a particular cell phone is "the best".
5. ____ is not one of the Consumer Bill of Rights.
 - A. The right to safety
 - B. The right to be informed
 - C. The right to be heard
 - D. The right to low prices
6. Why are generic products normally less expensive than other items?
 - A. They do not require advertising and fancy packaging.
 - B. Consumers expect uniform quality in generic products.
 - C. They are heavily advertised throughout the country.
 - D. They are sold in almost every community.
7. The ____ is a name given to a product or service to distinguish it from other similar and competitive items.
 - A. logo

- B. brand
- C. copyright
- D. patent

8. ____ are often used when a new store opens or when new products are introduced.

- A. Clearance sales
- B. Seasonal sales
- C. Promotional sales
- D. End-of-year sales

9. The ____ makes sure that medicine and cosmetic products are not harmful to consumers.

- A. Consumer Product Safety Commission
- B. Food and Drug Administration
- C. Better Business Bureau
- D. U.S. Department of Agriculture

10. Due to an error in the pricing bar code, everyone who bought a pair of running shoes at a nationwide athletic store last month was overcharged by five dollars . The legal action that would be the most appropriate in this case would be:

- A. arbitration
- B. mediation
- C. a class action lawsuit
- D. negotiation

11. The most important responsibility for consumers is to be:

- A. politically informed
- B. informed
- C. alert
- D. honest

12. What is a guarantee?

- A. an assurance in writing
- B. is required by law
- C. must apply to an entire item, not just certain parts
- D. covers damages caused by consumer misuse

13. Which one of the following lists the steps in the consumer complaint process in the correct order?

- A. contact the place of purchase; contact the company headquarters; involve a consumer agency; take legal action
- B. threaten legal action; contact the place of purchase; involve a consumer agency; take legal action
- C. involve a consumer agency; contact the place of purchase; the contact the company headquarters; take legal action

D. contact the company headquarters; involve a consumer agency; take legal action

14. The dollar limit for cases heard in small claims courts ranges from less than ___ in some states to ___ in others.

- A. \$100; \$1,000
- B. \$500; \$5,000
- C. \$1,000; \$10,000
- D. \$10,000; \$100,000

15. ___ laws protect consumers from unreasonably high interest rates.

- A. Usury
- B. Consumer Protection
- C. FDIC
- D. Regulatory

16. _____ of U.S businesses employ more than 100 workers.

- A. Less than 1 percent
- B. Less than 50 percent
- C. Less than 20 percent
- D. Less than 5 percent

17. Over the next decade the _____ category will decline in employment growth rates in the United States.

- A. Asian-American workers
- B. white non-Hispanic workers
- C. Hispanic-American workers
- D. African-American workers

18. Every business performs all of the following activities except:

- A. raising capital
- B. maintaining business records
- C. buying goods and services
- D. inventing new ideas

19. Which business is not a producer?

- A. coal mine
- B. automobile factory
- C. grain farmer
- D. travel agency

20. The _____ category is the fastest growing in the United States economy.

- A. intermediary

- B. manufacturer
- C. service business
- D. producer

21. What are sole proprietorships?

- A. owned and managed by two or more people
- B. account for the largest percentage of business revenues in the United States
- C. the easiest form of business to start
- D. allow the owner to have limited liability

22. ____ would typically not be specified in a partnership agreement.

- A. The level of authority each partner has
- B. The business name
- C. The number of hours per week the business will operate
- D. The amount of investment of each partner

23. The ____ is the individual operating a franchise like McDonalds or Jiffy Lube.

- A. franchisor
- B. manager
- C. partner
- D. franchisee

24. Employees at a local Sunflower Corporation are frequently confused about their assignments, and many employees are unclear about who exactly they report to. Sunflower Corporation does not seem to provide an adequate:

- A. mission statement
- B. matrix structure
- C. span of control
- D. unity of command

25. Charlie oversees 30 people at the Gallup Organization. The 30 people represent Charlie's:

- A. mission
- B. accountability
- C. span of control
- D. authority.

26. The ____ is a written contract granting permission to operate a business to sell products and services in a set way.

- A. license
- B. franchise
- C. partnership agreement
- D. cooperative agreement

27. A precise statement of results a business expects to achieve is a:

- A. goal
- B. mission statement
- C. policy
- D. standard

28. Giving responsibilities to other employees, while remaining responsible for the results is called:

- A. delegating
- B. outsourcing
- C. assigning
- D. negotiating

29. After the warehouse receives a shipment the warehouse supervisor and clerk must check the shipping invoice and goods to verify that all items have been delivered as required. The actions of the warehouse supervisor and clerk are an example of a:

- A. policy
- B. goal
- C. procedure
- D. mission

30. The ___ form of business ends when one of the owners dies.

- A. corporation
- B. sole proprietorship
- C. partnership
- D. franchise

31. What is a budget?

- A. prohibits individuals from using credit
- B. should emphasize putting 50 percent of income into savings
- C. helps individuals plan for financial emergencies
- D. allows individuals to purchase everything they want

32. ___ is an example of a short-term financial goal.

- A. Purchasing a new cell phone
- B. Buying a new sports car
- C. Going to college
- D. Going on an Alaskan cruise

33. A ___ occurs when actual spending is greater than planned spending.

- A. surplus
- B. peak

- C. liability
- D. deficit

34. A successful budget should:

- A. not ever show variances
- B. reflect future income
- C. not need to be re-evaluated once it is in place
- D. be flexible

35. ___ is the part of Social Security that provides death benefits to dependents of workers who die.

- A. Retirement insurance
- B. Disability insurance
- C. Unemployment insurance
- D. Survivors insurance

36. Employees will receive a ___ form from the employer by January 31. This form will be used to calculate personal income taxes.

- A. W-2
- B. 1040EZ
- C. W-4
- D. 1040

37. Alexander is shopping for a new bank. His biggest concern is finding a bank that offers 24-hour banking services. What is this concern?

- A. fees
- B. safety
- C. convenience
- D. restrictions

38. The ___ is a personal check for which a bank has guaranteed payment.

- A. money order
- B. traveler's check
- C. cashier's check
- D. certified check

39. Endorsing a check "for deposit only" above a signature is an example of a:

- A. special endorsement
- B. blank endorsement
- C. full endorsement
- D. restrictive endorsement

40. The most uncertain aspect of the budgeting process involves:

- A. determining disposable income
- B. estimating variable expenses
- C. setting financial goals
- D. determining net worth

41. To stimulate the economy during a recession, the Fed would

- A. sell government securities.
- B. reduce the reserve requirements.
- C. increase the discount rate.
- D. cut taxes.

42. Into how many Federal Reserve districts is the United States divided?

- A. 14
- B. 12
- C. 10
- D. 16

43. What does debt-to-equity measure?

- A. the relationship between your start-up costs and your net worth
- B. the difference between your equity and your liabilities
- C. the difference between your assets and liabilities
- D. the relationship between the dollars you have borrowed and the dollars you have invested in your business

44. Which one of the following would a business probably not finance by a term loan?

- A. real estate
- B. equipment
- C. business expansion
- D. increasing inventory

45. Which of the following are characteristics of good money managers?

- A. They set goals, pay bills on time, and save for the future.
- B. They purchase wisely, practice impulsive buying, and use credit for basic needs.
- C. They live within their income, save for the future, and use credit for all major purchases.
- D. They set goals, save for the future, and practice impulse buying.

46. Long-term financial goals:

- A. involve saving over many years
- B. are not related to short-term goals
- C. take one year or less to accomplish.
- D. require the assistance of a financial planner

47. A budget is an example of a
- A. policy.
 - B. strategic plan.
 - C. nonrecurring procedure.
 - D. short-range plan.
48. Which one of the following would probably be a short-term financial goal?
- A. going to college
 - B. purchasing a new suit
 - C. going on a two-week cruise
 - D. buying a new luxury automobile
49. A checking account can be described as a(n):
- A. transfer deposit
 - B. interest deposit
 - C. time deposit
 - D. demand deposit
50. The _____ endorsement limits the use of the check to the purpose given in the endorsement.
- A. full
 - B. special
 - C. bland
 - D. restrictive
51. Valid, enforceable contracts must include consideration. How is consideration defined?
- A. Something of measurable value that must be exchanged by the parties involved.
 - B. The requirement that the contract must be for a product or service that may be legally sold.
 - C. The requirement that those entering into the contract must be of legal age and mentally competent.
 - D. Wording that is acceptable to both parties involved with the contract.
52. Which is not a valid question when considering the ethics of a business situation?
- A. Does the action violate professional standards?
 - B. Who is affected by the action?
 - C. Can I get away with this action?
 - D. Is the action legal?
53. Self-insurance means
- A. owning stock in an insurance company.
 - B. owning an insurance company.
 - C. having coverage on the owner of a business.
 - D. saving money to cover possible future losses.

54. A major purpose of employee orientation programs is to
- A. test new employees to determine where they should be assigned.
 - B. introduce new employees to the organization, their fellow employees, and their immediate supervisors.
 - C. give experienced employees a chance to learn new skills.
 - D. help workers who have been laid off find new jobs.
55. Which one of the following is a way the United States government gets involved in business activities?
- A. It attempts to prevent unfair business practices
 - B. It owns almost all of the factors of production.
 - C. It tells all businesses what they should produce and what they can charge their customers.
 - D. It orders certain people to take specific jobs.
56. _____ is the continuing process by which an employee begins to understand and accept the values, norms, and beliefs held by others in the organization.
- A. Evolution
 - B. Motorization
 - C. Socialization
 - D. Randomization
57. Over the past several decades the percentage of females in the labor force has
- A. fallen slightly.
 - B. increased significantly.
 - C. remained remarkably stable.
 - D. risen slightly.
58. Diversity does not involve differences in:
- A. degree earned
 - B. ethnicity
 - C. lifestyle
 - D. race
59. What is the term for advertising a low-priced item to lure customers into the store and then pressuring them into buying a higher priced item?
- A. false advertising
 - B. bait and switch
 - C. boycotting
 - D. unfair selling tactics

60. An employer usually pays taxes that do not affect the employee's pay such as unemployment taxes to compensate workers who lose their job. These taxes are known as:

- A. FUTA and SUTA
- B. FICA and SICA
- C. FDIC
- D. social security

61. Following the interview, when should the job applicant send a thank you letter to the interviewing employer?

- A. within two weeks
- B. within a week
- C. within one day
- D. within five business days

62. Which of the following is not a feasible way to evaluate applicants for a position?

- A. Hire a private investigator to follow the applicant.
- B. Have them fill out an application form.
- C. Conduct an interview.
- D. Check references.

63. Begin your career development journey by completing one or more _____ to gather information about yourself to assist you in your decision-making process.

- A. self-assessments
- B. enrichments
- C. enhancements
- D. self-beliefs

64. The sector of the U.S. workforce with the largest projected growth is the

- A. farming industry.
- B. service industry.
- C. manufacturing industry.
- D. engineering industry.

65. When planning an international career, which of the following would be your least helpful source of information?

- A. World Trade Center Association
- B. International Court of Justice
- C. Foreign embassies
- D. Department of State

66. The _____ that accompanies a resume should show why you are the right person for the job.

- A. thank you letter
- B. credit letter
- C. reference letter
- D. cover letter

67. When posting your resume online or sending it by e-mail:

- A. be sure to attach several files that prove the information in the resume is accurate
- B. write in all caps
- C. use a very simple format
- D. underline or italicize important points

68. The owner of a small motorcycle garage uses an application form in evaluating applicants. This is useful in discovering

- A. general background information.
- B. physical disabilities.
- C. religious orientation.
- D. arrest records.

69. Which of the activities listed below cannot be evaluated during an online interview?

- A. testing a person's abilities
- B. quality of facial expressions
- C. preliminary interview responses
- D. scanning for key words

70. Which one of the following questions should not be asked in an informational interview?

- A. Will you send my resume to human resources?
- B. What are the trends in your field?
- C. How do you deal with stress on the job?
- D. Describe a typical work day.

71. Business interruption insurance covers

- A. debts to suppliers.
- B. defective products.
- C. lost income.
- D. shoplifting.

72. A pure risk:

- A. is uncontrollable
- B. is speculative
- C. offers no opportunity for gain
- D. is uninsurable

73. Two desirable features of _____ are that members do not receive bills and do not have to fill out claim forms.

- A. health care accommodation companies (HCACs)
- B. traditional health insurance organizations
- C. preferred provider organizations (PPOs)
- D. health maintenance organizations (HMOs)

74. Insurance companies know that autos decrease in value with age usually. The value of a particular car is published for car dealers and insurance companies. This is called the book value and if the damages exceed this value in an accident, the insurance company will only pay the book value. When this happens, the car is said to be _____ by the insurance company.

- A. repaired
- B. compensated
- C. claimed
- D. totaled

75. Firestone and Ford recalled thousands of tires when several people died in traffic accidents blamed on faulty tires. This is an example of which of the following?

- A. Avoiding the risk
- B. A loss-prevention program
- C. Self-insuring against the risk
- D. Reducing the risk

76. What is the tax called on goods and services that is collected by the seller and is imposed by the state or local government?

- A. excise tax
- B. sales tax
- C. income tax
- D. property tax

77. What is considered the largest source of revenue for the federal government?

- A. estate and inheritance tax
- B. individual income tax
- C. excise tax
- D. corporate income tax

78. The ____ would protect a musician's latest musical hit.

- A. copyright
- B. trademark
- C. contract
- D. patent

79. Social responsibility for a business does not include:
- A. diversity in the workplace
 - B. safety on the job
 - C. making a large profit to share with employees
 - D. protecting the environment
80. The rivalry among businesses to sell their goods and services is known as:
- A. capitalism
 - B. competition
 - C. entrepreneurship
 - D. free enterprise
81. Which one of the following is an example of the "opportunity cost" concept?
- A. Seth earning 3 percent on his money market account last month
 - B. Sally deciding to join the basketball team instead of babysitting after school
 - C. Sean deciding to apply to Yale University
 - D. Steven and Molly working at McDonald's last summer
82. When the market price of a good is below the equilibrium price:
- A. the government will regulate the price of the good to ensure equilibrium is attained
 - B. the quantity demanded will exceed the quantity supplied
 - C. the supply curve will be to the right of the demand curve
 - D. a surplus will exist in the market
83. Jerome lives in a capitalist country. He owns his own home, car, business and building. Jerome is able to maintain ownership of these items under the right to:
- A. private property
 - B. eminent domain
 - C. freedom of competition
 - D. freedom of choice
84. To be successful in today's markets, business must
- A. delight customers with a quality product at a good price and outstanding service.
 - B. focus their resources on achieving the goal of zero defects.
 - C. spend more money on marketing and less on production.
 - D. provide the greatest variety of products to consumers.
85. This term is used to describe one firm selling all or practically all of a product to the public.
- A. market
 - B. enterprise
 - C. competition
 - D. monopoly

86. Which of the following is an economic system in which the method for determining what, how, and for whom goods and services are produced is decided by a central authority?

- A. Privatized economy
- B. Mixed economy
- C. Command economy
- D. Market economy

87. Being able to do something using fewer resources than other producers require would give you a(n):

- A. comparative advantage
- B. absolute advantage
- C. disadvantage
- D. monopoly

88. The only direct channel of distribution is

- A. retailer to consumer.
- B. producer to retailer to consumer.
- C. producer to wholesaler to retailer to consumer.
- D. producer to consumer.

89. General Motors buys steel because consumers buy cars. If consumer demand for cars drops, so will General Motors' demand for steel. This is an example of the relationships found in

- A. derived demand.
- B. kinked demand.
- C. inelastic demand.
- D. cyclical demand.

90. Which one of the following is the largest producer of goods and services in the world?

- A. United States
- B. Russia
- C. China
- D. Japan

91. Which of the following is the most important step to help improve business ethics in America?

- A. training
- B. Identification of the organizational ethics coach
- C. enforcement
- D. middle management support

92. The legal right of someone, usually the author or artist, to use or reproduce a work is called:

- A. plagiarism
- B. copyright

- C. ethics
- D. trademark

93. A _____ group consists of a small group of people who meet under the direction of a discussion leader to discuss their opinions about an organization, its products, or other issues.

- A. focus
- B. prototype
- C. consumer interest
- D. concept

94. The name of a popular soft drink is protected by a:

- A. copyright
- B. royalty
- C. trademark
- D. patent

95. If a company has a code of ethics:

- A. employees will always know how to behave under all circumstances
- B. they will stifle creativity
- C. the company will more easily be able to identify proper employee behavior
- D. it should be worded in such a way as to stress forbidden actions rather than acceptable behavior

96. Business activities that occur within one country are called:

- A. international business
- B. free trade
- C. foreign trade
- D. domestic business

97. Which of the following terms describes the set of values, beliefs, rules, language, and institutions held by a specific group of people?

- A. ethnocentricity
- B. institutional society
- C. social myopia
- D. culture

98. Patty's Products has a manufacturing plant near Portland. The plant specializes in compact washers and dryers for countries in which consumers have less living space. Patty's Products participates in the global market through:

- A. dumping
- B. balancing trade
- C. exporting
- D. importing

99. Which one of the statements is true about international business and individual citizens?

- A. Individual shopping habits have no effect on international business.
- B. International business usually decreases career opportunities.
- C. Individual decisions may affect people in other parts of the world.
- D. International competition usually results in fewer product choices for individuals.

100. The ____ promotes trade around the world by encouraging lower tariffs and elimination of import quotas.

- A. IMF
- B. WB
- C. WTO
- D. UN

Answers

- | | | |
|-------|-------|--------|
| 1. C | 41. B | 81. B |
| 2. D | 42. B | 82. B |
| 3. B | 43. D | 83. A |
| 4. A | 44. D | 84. A |
| 5. D | 45. A | 85. D |
| 6. A | 46. A | 86. C |
| 7. B | 47. D | 87. B |
| 8. C | 48. B | 88. D |
| 9. B | 49. D | 89. A |
| 10. C | 50. D | 90. A |
| 11. B | 51. A | 91. C |
| 12. A | 52. C | 92. B |
| 13. D | 53. D | 93. A |
| 14. C | 54. B | 94. C |
| 15. A | 55. A | 95. C |
| 16. A | 56. D | 96. D |
| 17. B | 57. B | 97. D |
| 18. D | 58. A | 98. C |
| 19. D | 59. B | 99. B |
| 20. C | 60. A | 100. C |
| 21. C | 61. C | |
| 22. C | 62. A | |
| 23. D | 63. A | |
| 24. D | 64. B | |
| 25. C | 65. B | |
| 26. B | 66. D | |
| 27. A | 67. C | |
| 28. A | 68. A | |
| 29. C | 69. B | |
| 30. C | 70. A | |
| 31. C | 71. C | |
| 32. A | 72. C | |
| 33. D | 73. D | |
| 34. D | 74. D | |
| 35. D | 75. D | |
| 36. A | 76. B | |
| 37. C | 77. B | |
| 38. D | 78. A | |
| 39. D | 79. C | |
| 40. B | 80. B | |