
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