
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/docs/ct/FBLA/INTRODUCTIONTOBUSINESS.pdf>

Web Site Resources

- Introduction to Business
<http://glencoe.mcgraw-hill.com/sites/0078747686/>

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

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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

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14. Doctors obtain _____ insurance to cover claims from patients who have been injured as a result of the doctor's carelessness.
 - a. malpractice
 - b. disability
 - c. workers' compensation
 - d. product liability

 15. The banking panic of 1907 and the resulting cash shortage led to the formation of the:
 - a. gold standard for currency, and the establishment of a gold repository at Fort Knox
 - b. FDIC
 - c. Comptroller of the Currency
 - d. Federal Reserve System

 16. The American banking system serves two major types of customers:
 - a. commercial clients and residential clients
 - b. short-term borrowers and long-term borrowers
 - c. secured creditors and unsecured creditors
 - d. depositors and borrowers

 17. The *Occupational Outlook Handbook* is a good source of:
 - a. local businesses
 - b. job description
 - c. jargon
 - d. employment agencies

 18. Which one of the following would be used by a manager who wanted to fill a position using an internal source?
 - a. help wanted ads
 - b. private employment agencies
 - c. public employment agencies
 - d. promotion of a current employee

 19. Communism is an economic system in which:
 - a. all or most of the productive resources are owned by private businesses
 - b. individual consumers make all economic decisions
 - c. the government makes most of the major economic decisions
 - d. the government and private citizens own equal shares of the economic resources

 20. A compilation of samples of your work is called a:
 - a. portfolio
 - b. cover letter
 - c. journal
 - d. 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:
 - a. relationship marketing
 - b. a production orientation
 - c. personalized promotion
 - d. niche marketing

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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