

Business Management and Administration Cluster Exam

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. In a contract, what one party gives or receives in exchange for something else is an example of
 - A. agreement.
 - B. consideration.
 - C. compensation.
 - D. acceptance.
2. Acting on the behalf of The Jones Company, Jenna has the authority to establish business contracts with other companies. What is Jenna's role in the relationship?
 - A. Employer
 - B. Principal
 - C. Agent
 - D. Controller
3. An important guideline for effective listening is to
 - A. think about what you are going to say next.
 - B. focus on details, not key points.
 - C. concentrate on the speaker's personality.
 - D. practice active listening.
4. Communication is best defined as
 - A. the transfer of feelings.
 - B. the exchange of ideas and information.
 - C. signals and gestures.
 - D. printed material.
5. Samantha has been chosen by her boss to participate in a group discussion on a topic she knows very little about. Her lack of knowledge in the subject makes her feel like she has little to contribute to the group. Which of the following should she do to become a valuable participant:
 - A. Ask to be excused from the group
 - B. Resist the urge to comment on the subject until she becomes an expert
 - C. Ask questions to clarify other participants' comments
 - D. Take the leadership role to give the group an open mind about the topic
6. A group's physical and social characteristics (such as interests, ages, political views, incomes, and ethnic backgrounds) are called
 - A. nationalities.
 - B. profiles.
 - C. demographics.
 - D. statistics.
7. When organizing information to present in a business report, it is effective to
 - A. develop an outline.
 - B. interpret the data.
 - C. remain objective.
 - D. determine the purpose.
8. Which of the following is an important step in preparing a simple written report:
 - A. Organizing visual aids
 - B. Scheduling a meeting date
 - C. Arranging an interview
 - D. Developing a rough draft
9. With what type of audience is it best to use a direct approach to structure an analytical report?
 - A. Argumentative
 - B. Indecisive
 - C. Receptive
 - D. Intellectual
10. In what section of a research report would a writer place the following statement:

"A study conducted by York University indicated that many U.S. pharmaceutical companies are spending twice the money on their promotional efforts as they are on product research and development."

 - A. Introduction
 - B. Methodology
 - C. Background
 - D. Conclusion
11. At work, you have access to confidential information about other employees' salaries. Some employees have asked you about others' salaries. What should you do?
 - A. Report the employees who ask.
 - B. Offer to provide salary information.
 - C. Explain that you can't discuss it.
 - D. Answer their questions.
12. When participating in staff meetings with employees, the role of the department manager is to
 - A. expand the agenda.
 - B. record the minutes.
 - C. dominate the discussion.
 - D. be the leader.

13. The best way for businesses to communicate with customers is to
- A. give as much information as possible.
 - B. rent billboards on major highways.
 - C. send direct mail.
 - D. listen respectfully.
14. When management establishes policies that help employees to deal with customers in the same way, under the same circumstances, the main purpose of these policies is the
- A. reduction of expenses.
 - B. fair treatment of customers.
 - C. satisfaction of customers' wants.
 - D. smooth operation of the business.
15. Businesses must act quickly toward customer complaints in order to
- A. foster goodwill.
 - B. comply with the law.
 - C. train employees.
 - D. prevent future complaints.
16. Unique products for which buyers are willing to pay more are called _____ goods.
- A. specialty
 - B. convenience
 - C. shopping
 - D. industrial
17. Which type of utility does marketing not affect directly?
- A. Possession
 - B. Place
 - C. Time
 - D. Form
18. Which business activity provides the connecting link between the business and its customers?
- A. Financial analysis
 - B. Marketing
 - C. Operations management
 - D. Strategic management
19. Which of the following is a true statement about breaking the law:
- A. It may have different consequences than breaching ethics.
 - B. It will make a company more popular.
 - C. It is necessary for business success.
 - D. It is acceptable in most industries.
20. Which of the following is one of the main principles of the private enterprise system:
- A. Exclusive agreements
 - B. Monopolies
 - C. Price fixing
 - D. Competition
21. Which of the following statements does **not** describe how the U.S. government is involved in business:
- A. Enforcing business contracts
 - B. Protecting business property
 - C. Ensuring a business's profitability
 - D. Settling business disagreements
22. When a nation's inflation rate is low, prices tend to
- A. fluctuate daily.
 - B. increase dramatically.
 - C. remain stable.
 - D. reduce currency values.
23. The gross domestic product (GDP) refers to the total dollar value of all goods and services produced within a country's geographic boundaries in
- A. one year.
 - B. one month.
 - C. two years.
 - D. six months.
24. Which of the following statements is true about conducting business in the United States:
- A. Because Americans have a strong work ethic, social conversations with business partners are discouraged.
 - B. U.S. businesspeople tend to make decisions slowly and usually depend on a lot of group input.
 - C. The U.S. culture and the geographic region of the country affect the formality of business meetings.
 - D. American businesspeople tend to value their time more than money, so business meetings start promptly and end quickly.

25. While American businessperson Carolyn Alexander is traveling on business in Dresden, Germany, she plans to meet with a potential client named Rudolph Schmidt, who is a purchasing manager with Rhine Industries. How should Carolyn greet the client?
- A. Good day, Sir Rudolph.
 - B. Hello, Herr Schmidt.
 - C. It is a pleasure to meet you, Rudolph Schmidt.
 - D. How do you do, Senor Schmidt.
26. When French businesswoman Marie DePaul attended a Tokyo business meeting wearing a short-sleeve blouse, dress pants, and high-heel shoes, her Japanese hosts looked appalled. If Marie had done some research, she would have learned that a conservative skirt, jacket, and low-heel shoes would have been a better choice. This is an example of a cultural difference associated with
- A. appearance.
 - B. translation.
 - C. cleanliness.
 - D. qualifications.
27. Which of the following is a common and acceptable greeting in Middle-Eastern countries:
- A. Cheek kiss
 - B. Deep waist bow
 - C. Head nod
 - D. Handshake
28. One gesture that is offensive to Indian businesspeople is
- A. listening.
 - B. yelling.
 - C. winking.
 - D. mumbling.
29. Because most of us like to see ourselves in the best possible light, it is
- A. impossible to change undesirable traits.
 - B. easy to recognize our weaknesses.
 - C. best not to admit our faults.
 - D. difficult to see ourselves objectively.
30. The manager left 15 minutes early, and Jake decided on his own to do some extra cleaning work. Jake was
- A. acting irresponsibly.
 - B. imitating the boss.
 - C. following the rules.
 - D. showing initiative.
31. After Porter realized that he processed an order incorrectly, he waited too long to correct the problem. As a result, an incorrect item was shipped to the customer. Now, the customer will need to ship the item back to the warehouse, and Porter's company will need to pay extra charges to have the product returned. This situation illustrates that
- A. employees should tell their supervisors about all problems as soon as they occur.
 - B. an employee's decisions and actions can negatively impact others.
 - C. the company has unrealistic expectations about Porter's ability to perform his job.
 - D. customers are likely to be very angry when employees make mistakes.
32. Dillon wants to advance quickly in his career with the Orton Company. To impress his boss, Dillon volunteered to take on several extra assignments. Unfortunately, Dillon did not realize how much time was involved to complete all of the work that he had taken on. He rushed to get the Simpson assignment done so he could start work on a complex report. On Tuesday, Dillon's boss called him into his office and told him that the Simpson assignment lacked detail and that more research needed to be done. Now, Dillon is worried that he will not meet the deadlines for the report and other upcoming assignments. What lesson can Dillon learn from this experience?
- A. It is important to volunteer for projects to obtain a promotion.
 - B. Dillon should have delegated some of the work to his coworkers.
 - C. Over-commitment can lead to a lower quality of work.
 - D. Dillon should have started on the report before he finished the Simpson assignment.
33. An example of a desirable goal that an individual could attain by using self-control techniques would be to
- A. increase perseverance.
 - B. maximize faults.
 - C. eliminate feelings of anger.
 - D. change the behavior of others.

34. Eric was denied admission to Yale on the basis of his high school grade-point average, and his college entrance exam. Which of the following types of feedback did Eric receive:
- A. Destructive
 - B. Internal
 - C. Positive
 - D. External
35. The ability to identify with or experience the feelings, thoughts, attitudes or actions of others is
- A. objectivity.
 - B. values.
 - C. behavior.
 - D. empathy.
36. Which of the following characteristics is a primary dimension of diversity:
- A. Age
 - B. Income
 - C. Language
 - D. Religion
37. A group of employees doing research and preparing a report to recommend that the business change certain policies is an example of using
- A. persuasion.
 - B. leadership.
 - C. management.
 - D. enthusiasm.
38. To be effective change leaders, individuals must know how to
- A. enforce rules.
 - B. coach others.
 - C. dominate the group.
 - D. ignore objections.
39. What is one of a coach's most important tasks?
- A. Caring for others
 - B. Giving feedback
 - C. Accepting change
 - D. Being honest
40. Coins and paper money are types of
- A. stock.
 - B. checks.
 - C. currency.
 - D. endorsements.
41. What source of credit buys borrowers' contracts from sellers?
- A. Savings and loan associations
 - B. Commercial banks
 - C. Credit unions
 - D. Sales finance companies
42. On Samantha's first pay stub, she sees that her gross pay is \$150.00, and her net pay is \$125.00. When she cashes her check, she will have _____ that she could deposit into the bank account.
- A. \$125.00
 - B. \$150.00
 - C. \$275.00
 - D. \$25.00
43. What is an important step to take when selecting a financial-services provider?
- A. Verify credentials.
 - B. Make an appointment.
 - C. Organize records.
 - D. Plan an investment.
44. Buying insurance is one way that businesses manage
- A. risk.
 - B. coverage.
 - C. injury.
 - D. damage.
45. Which of the following is a way that businesses often use the information provided by the accounting department:
- A. To organize inventory
 - B. To prepare work orders
 - C. To hire additional staff
 - D. To monitor procedures
46. Businesses that buy products in order to resell them must take into consideration the flow of cash needed to purchase
- A. adequate inventories.
 - B. manufacturing tools.
 - C. raw materials.
 - D. production supplies.

47. How can a business determine whether it is more profitable this year than last year?
- A. By comparing the income statement's net profit figures for those two years
 - B. By comparing the income statement's operating expenses for those two years
 - C. By determining whether assets minus liabilities equals owner's equity
 - D. By determining whether owner's equity is positive or negative
48. Making sure a company follows laws and regulations describes the HR management activity of
- A. compliance.
 - B. staffing.
 - C. compensation and benefits.
 - D. employee relations.
49. Which of the following is an example of tacit knowledge:
- A. Riding a bicycle
 - B. Calculating statistics
 - C. Documenting facts
 - D. Inventing a product
50. What is a Web-based tool that a business can use that provides its employees with the ability to share tacit knowledge from remote locations?
- A. Codification
 - B. Wiki
 - C. Spreadsheet
 - D. Intranet
51. Keith Carson is a member of a research and development team for MED Pharmaceutical Company. Under the supervision of his team manager, Rita Woods, Keith and his coworkers, Margo Luft and Leo Martelli, invented a new drug to treat a degenerative eye disorder. Because the drug is intellectual property, it will be patented. Who will own the patent?
- A. Keith Carson
 - B. MED Pharmaceutical Company
 - C. MED's research and development team
 - D. Rita Woods
52. Sophia gathered members of the department together to discuss the ways in which they perform their work and what they do to overcome pitfalls and challenges while performing their day-to-day tasks. While the members of the group shared their experiences and ideas, Sophia took notes and asked follow-up questions. What technique is Sophia using to capture tacit knowledge?
- A. Channeling discussion
 - B. Parliamentary procedure
 - C. Repetitious feedback
 - D. Critical interaction
53. Businesses should keep promises to customers in both personal interactions with employees and
- A. advertising.
 - B. newspaper articles.
 - C. coworker interactions.
 - D. future products.
54. Managing information for business continuity is important in case of
- A. low sales volume.
 - B. high employee turnover.
 - C. a disaster.
 - D. a drop in stock price.
55. Monitors, keyboards, and hard drives are examples of computer
- A. networks.
 - B. hardware.
 - C. language.
 - D. standards.
56. What type of software program do businesses use to create text documents?
- A. Communications
 - B. Web-page editor
 - C. Word processing
 - D. Presentation
57. Which of the following is a standard capability of spreadsheet software:
- A. To create slides
 - B. To graph data
 - C. To prepare text
 - D. To manage files
58. When posting a new page to an existing web site, the new page should be linked to the
- A. home page.
 - B. pop-up ads.
 - C. personal computer.
 - D. online catalog.

59. A project-management software program that includes functions that store and calculate accounting information, such as amortization and expenses, has _____ capabilities.
- A. task delegation and charting
 - B. resource scheduling and leveling
 - C. cost assignment and tracking
 - D. comprehensive operating and scheduling
60. What is one reason that a local business would keep records of all its customer-sales transactions?
- A. To issue rebates
 - B. To handle returns
 - C. To cancel orders
 - D. To budget expenses
61. A firm's environmental scan reveals that a country is on the brink of civil war, which would affect the firm's ability to do business in the country. This is an example of a(n) _____ consideration.
- A. economic
 - B. political
 - C. cultural
 - D. technical
62. The primary reason that governments develop workplace health and safety regulations is to
- A. reduce the risk of employment discrimination.
 - B. protect employees from injury and illness.
 - C. ensure that employees have access to insurance.
 - D. prevent the breach of business information systems.
63. Which of the following is a true statement about the benefit of having a safe workplace:
- A. Financial expense is increased.
 - B. Bodily injuries are decreased.
 - C. Insurance claims are increased.
 - D. Productivity is decreased.
64. Jeanette decided that she should start working on her status report before she finishes the department's marketing budget, because the report is due in two days, and the budget is due next week. What activity is Jeanette performing?
- A. Organizing her workspace
 - B. Marking her schedule on a calendar
 - C. Reprioritizing her workload
 - D. Implementing her personal goals
65. Because Kendra must finish a task and submit her work to Joshua so he can complete his part of the project by next Thursday, these two team members' jobs are
- A. innovative.
 - B. interdependent.
 - C. autonomous.
 - D. adaptable.
66. One part of a project often needs to be completed before another part can begin, which makes it important for a project manager to
- A. track deadlines.
 - B. ask questions.
 - C. reward employees.
 - D. develop options.
67. When executing a project, the project manager must often
- A. develop a project charter.
 - B. update the project plan.
 - C. form a steering committee.
 - D. establish project milestones.
68. Which of the following might a business use to effectively maintain an inventory of supplies:
- A. Automatic reorder system
 - B. Surveillance device
 - C. Emergency response plan
 - D. Stock handling method
69. Why do businesses often evaluate vendor performance after orders have been delivered?
- A. To negotiate future discounts
 - B. To establish product specifications
 - C. To identify the most capable suppliers
 - D. To organize the receiving areas
70. What is required to maintain favorable relationships with vendors?
- A. Occasional interaction
 - B. Limited communication
 - C. Ongoing cooperation
 - D. Full disclosure

71. The information that a regular purchase order should include are product specifications, quantities, prices, and
- A. the invoice date.
 - B. location of buyer's customer.
 - C. shipping requirements.
 - D. usage rates.
72. Which of the following are examples of inventory that consists of finished goods:
- A. Boots, minerals, and shampoo
 - B. Automobiles, coal, and bottled water
 - C. Mops, candy bars, and ore
 - D. Computers, sweaters, and bath towels
73. What is the key to effective use of concessions during a negotiation with a vendor?
- A. Obtain leverage by conceding on a major point first.
 - B. Concede on minor points before major points.
 - C. Allow minimal room for concessions before negotiations begin.
 - D. Portray important concessions as more valuable than they really are.
74. Production is the process that involves _____ goods or services.
- A. pricing
 - B. creating
 - C. selling
 - D. distributing
75. Payroll, rent, utilities, and supplies are all classified as _____ expenses.
- A. variable
 - B. operating
 - C. fixed
 - D. contractual
76. A businessperson conducted an analysis which indicated that the company's productivity increased 15% last quarter after implementing a new production process. The purpose of the analysis was to
- A. formulate a plan.
 - B. solve a problem.
 - C. reduce organizational waste.
 - D. validate an action.
77. The style and appearance of your clothing should maximize your
- A. self-concept.
 - B. personal image.
 - C. weaknesses.
 - D. personal habits.
78. A major purpose of establishing personal goals is to
- A. identify your wants.
 - B. decrease personal needs.
 - C. achieve success in life.
 - D. get help from others.
79. A high degree of self-understanding will help an individual to
- A. satisfy unmet needs.
 - B. ensure success on the job.
 - C. control others' behavior.
 - D. select an appropriate career.
80. Which of the following skills are at the core of most business activities:
- A. Computer/Technology skills
 - B. Creativity
 - C. Math skills
 - D. Communication skills
81. Which of the following is appropriate to include in a letter of application:
- A. Your work experiences that relate to the job opening
 - B. The ages of your children
 - C. The reasons for frequent job changes
 - D. Your list of references
82. Which of the following is a trade association which primarily operates on a local level:
- A. Small Business Administration
 - B. American Marketing Association
 - C. Chamber of Commerce
 - D. Service Corps of Retired Executives

83. What tends to increase when all employees follow the company's rules of conduct?
- A. Laissez-faire leadership
 - B. Organizational cohesiveness
 - C. Subculture power conflicts
 - D. Inflexible attitudes
84. Angela Randall is the chief benefits administrator for the HiTech Telecommunications Company's human-resources department. If HiTech uses a hierarchical organizational structure, who is Angela's immediate supervisor?
- A. Cynthia Ambrogi, Vice President of Human Resources
 - B. Bob Murray, Human Resources Director
 - C. Wilma Mitchell, Benefits Assistant
 - D. Rich Armstrong, Senior Recruiter
85. What are a business's organizational goals based on?
- A. The industry's needs
 - B. The customers' opinions
 - C. The employees' input
 - D. The business's purpose
86. So that a business can achieve its organizational goals, the business's employees must have
- A. comprehensive analytical skills.
 - B. adequate training.
 - C. detailed reports.
 - D. unlimited resources.
87. When Deidra was developing the statement of work (SOW) for a complex construction project, she included a statement that describes the things that the project will and won't include. This statement is defining the project
- A. risks.
 - B. outcome.
 - C. scope.
 - D. constraints.
88. A primary purpose of preparing a work breakdown structure for a project is to
- A. evaluate the quality of resources.
 - B. set the project goals.
 - C. identify the project deliverables.
 - D. streamline the workload.
89. During a weekly status meeting, Tom said, "We've worked extremely hard and have made some tremendous progress on this stage of the project, so I am taking the team out to lunch next Wednesday." What project-management activity is Tom performing?
- A. Assessing
 - B. Coaching
 - C. Rewarding
 - D. Organizing
90. Which of the following is a question that should be answered when developing the "lessons learned" document:
- A. Who are our stakeholders?
 - B. What equipment should we use?
 - C. How can we improve?
 - D. What are the risks?
91. A furniture manufacturer has been receiving complaints about the safety of its Model BA2X baby crib. What is the first thing the manufacturer should do?
- A. Make style improvements to the crib.
 - B. Initiate a product recall.
 - C. Offer refunds to the customers.
 - D. Ship the customers another crib.
92. Which of the following is a true statement about the Capability Maturity Model Integration (CMMI) framework for quality improvement:
- A. CMMI helps a business improve quality by linking specific activities with organizational goals.
 - B. It is used primarily to continuously improve a business's product-development processes.
 - C. CMMI improves efficiency by dividing the company into separate organizational functions.
 - D. It focuses improvement at the highest organizational level rather than by division or project.
93. To continuously improve their quality processes, businesses need to
- A. solicit customers.
 - B. implement flexible policies.
 - C. promote change.
 - D. establish benchmarks.

94. How can a business reduce risks that are associated with a poor public image:
- A. Offer credit to few customers
 - B. Maintain minimal inventory levels
 - C. Encourage fraudulent behavior
 - D. Implement an ethics program
95. Many computer software programs help businesses determine their levels of business risk, which is helpful when they develop
- A. endorsement records.
 - B. content theories.
 - C. contingency plans.
 - D. monetary regulations.
96. Which of the following is an ethical issue related to public safety that may increase a business's risk levels:
- A. Taking shortcuts to complete a bridge construction project on time
 - B. Monitoring smokestack emissions on an occasional basis
 - C. Implementing changes to increase production-line security levels
 - D. Exaggerating the capabilities of a commercial vacuum cleaner
97. What function of management establishes a company's levels of authority?
- A. Organizing
 - B. Staffing
 - C. Controlling
 - D. Evaluating
98. An important activity of the staffing function of management involves
- A. establishing standards.
 - B. evaluating performance.
 - C. delegating tasks.
 - D. compensating employees.
99. What management function involves motivating and encouraging an employee?
- A. Directing
 - B. Planning
 - C. Organizing
 - D. Recruiting
100. Which of the following is the first step in the control process:
- A. Take corrective action
 - B. Set performance standards
 - C. Measure performance
 - D. Compare performance to standards