

## AM I READY TO CHALLENGE BUS 101?

This document is intended for student self-assessment purposes only. Please review it carefully to help you determine if you believe you are ready for the Challenge Exam for the course indicated above. Your self-assessment is not a guarantee that you will pass the Challenge Exam. Faculty with expertise in the subject matter/course outcomes evaluate whether your exam provides sufficient evidence that you have demonstrated appropriate college-level mastery of the course content. Enrolling in the course may be your best option.

### COURSE OBJECTIVES:

This exam will test your knowledge and skills for the following course objectives:

This is an introductory course in the basics of understanding business and business principles and practices. Major topic areas include business trends, business ownership, business management, management of human resources, marketing, decision-making, information technology, and managing financial resources. Included in these topical areas, you will learn what it means to own your own business, compete globally, act responsibly and ethically, manage and lead human resources, market your product(s)/service(s), use information technology, and manage finances.

- Identify current trends affecting business
- Understand how economics affects business
- Compare and contrast legal business structures
- List the steps in forming a business
- Discuss the importance and characteristics of entrepreneurialism
- Describe the functions of management and leadership and compare and contrast the two.
- Understand the basic components of marketing
- Identify and discuss the challenges of human resource management
- Identify, compare and contrast major financial statements
- Be familiar with basic accounting ratios
- Compare and contrast debt and equity financing

- Understand the role of securities markets and the federal reserve in the U.S. economy

### CHALLENGE EXAM DESCRIPTION:

You will be asked to demonstrate your knowledge and skill related to the Challenge Course through these types of questions:

#### **Multiple-Choice**

#### EXAMPLE EXAM ITEMS:

1. Which of the following statements about factors of production is the most accurate?
  - A. The five factors of production are energy, capital, labor, leadership and money.
  - B. Wealth creation in poor nations is slowed by chronic shortages of labor.
  - C. Each of the factors of production is equally important in creating wealth.
  - D. Entrepreneurship and knowledge are the most important in creating wealth.
2. To compete in today's economy businesses find they need to be more \_\_\_\_\_.
  - A. customer-driven
  - B. cash-driven
  - C. management-driven
  - D. production-driven
3. Which of the following would be a topic emphasized in a macroeconomics course?
  - A. Factors that determine how fast a nation's economy is growing.
  - B. How a firm decides the amount it will charge for one of its products.
  - C. How a consumer chooses which goods to buy.
  - D. The determinants of the wage rate for labor in the auto industry.

4. During the recent recession, the administrations of Presidents George W. Bush and Barack Obama flooded several banking, financial services, and insurance firms with government funds in exchange (at least temporarily) for government ownership rights. The unprecedented move signaled the government's concern that the global banking system might collapse if these firms ended up in bankruptcy. The decision for active government involvement in the operations of these firms demonstrates:
  - A. The unforgiving nature of capitalism.
  - B. The desire for more individuals in the U.S. to live under a socialist system.
  - C. The trend toward mostly capitalist nations to move toward socialism.
  - D. The freedoms the U.S. government has under capitalism.
  
5. Which of the following statements best describes the theory of comparative advantage?
  - A. The best way for a nation to ensure full employment is to be totally self-sufficient rather than relying on other nations to obtain goods and services.
  - B. Each nation should produce those goods that it can produce more efficiently and effectively than other nations, and buy the goods it cannot produce efficiently from other nations.
  - C. The nation that has the largest reserves of gold and other natural resources will enjoy a position of comparative advantage in trade relationships.
  - D. A nation should produce those goods for which domestic demand is comparatively strong, and should import those goods for which domestic demand is comparatively weak

6. The \_\_\_\_\_ is a firm that has made sizeable investments and has a physical presence in several foreign countries as a manufacturer and marketer of products and services.
- A. trade cartel
  - B. multinational corporation
  - C. host company
  - D. import trading company
7. The benefits of protective tariffs are:
- A. they increase the revenues of the government that has implemented them.
  - B. they decrease the cost of the product to the consumer (end-user).
  - C. they help develop friendlier trade relations with loyal trading partners. Both parties are protected.
  - D. they protect domestic jobs by encouraging cost sensitive consumers to purchase domestic products.
8. International issues of social responsibility and ethical behavior are:
- A. the result of greed found in capitalist countries.
  - B. found primarily in countries with a low standard of living.
  - C. a concern only of business professors.
  - D. difficult and not as clear-cut as U.S. firms would like them to be.

9. A merger involving a commercial bakery and a grocery retailer would be an example of a:
- A. Vertical merger.
  - B. Horizontal merger.
  - C. Linear merger.
  - D. Conglomerate merger.
10. Historically entrepreneurs in the U.S.
- A. created wealth for themselves, but have had a minor impact on the economy as a whole.
  - B. started many small firms that later became major corporations employing thousands of workers.
  - C. experienced success only when they worked in partnership with the federal government.
  - D. played an important role, but are less important now in creating jobs and wealth.
11. Small businesses often have advantages in international markets. One advantage is:
- A. a greater expertise in managing the paperwork required to sell goods in international markets.
  - B. a better understanding of the cultural differences involved.
  - C. individualized customer service as opposed to impersonal corporate bureaucracies.
  - D. the ability to obtain financing through the International Monetary Fund.
12. In a company in which an effective vision has been provided:
- A. there is no need for tactical planning.
  - B. the economic and competitive environments tend to be much more predictable.
  - C. employees are likely to have a sense of purpose and a common set of values.
  - D. goals and objectives are no longer needed.

13. The proven success of *job specialization* lies in the fact that:
- A. it leads to groupthink.
  - B. it avoids the pitfalls of division of labor, where workers become removed from thinking conceptually about the business.
  - C. it is a detractor to others who are thinking about entering your industry because it successfully creates barriers to entry.
  - D. it adds efficiency to the business's operation by identifying tasks that some do better than others.
14. For most service businesses the quality standard has become:
- A. providing prompt and predictable service.
  - B. providing a competitive level of service at the lowest cost.
  - C. delighting customers by anticipating their needs.
  - D. less important than it is for manufacturing businesses.
15. The purpose of determining the critical path on a PERT network is to:
- A. identify the sequence of tasks that takes the longest to complete.
  - B. estimate a payment schedule so that a budget can be established.
  - C. find the sequence of events that is the most expensive to complete.
  - D. establish a delivery schedule for a just-in-time inventory control program.
16. Herzberg found that good pay:
- A. was the strongest motivator.
  - B. was a significant motivator, but not as important as job security.
  - C. was a hygiene factor rather than a motivator.
  - D. had no effect on worker attitudes

17. The Labor-Management Relations Act (or Taft-Hartley Act) can be best described as a law which:

- A. gave unions much more power and led to a rapid rise in union membership.
- B. gave employees the right to serve on the board of directors of their company, thus encouraging a more equitable treatment of workers.
- C. eliminated the need for unions in many industries by providing workers with widespread rights and protection against unfair labor practices by employers.
- D. placed limitations on union activities and gave more power to management in dealing with unions.

18. Which of the following comprise a firm's marketing mix?

- A. the mix of goods the firm offers to different market segments.
- B. the mix of advertising methods the firm utilizes to promote its products.
- C. strategies regarding product, price, place, and promotion.
- D. mix of markets targeted

19. The number of buyers in business-to-business markets is:

- A. roughly the same as the number of buyers in the consumer market.
- B. much larger than the number in the consumer market.
- C. relatively small compared to the consumer market.
- D. controlled by government regulation.

20. A(n) \_\_\_\_\_ consists of the marketing intermediaries that transport and store goods as they move through their path from producer to final user.

- A. channel of distribution
- B. marketing network
- C. input-output matrix
- D. mode of distribution

21. At a recent sporting event, a local beer distributor gave free beverage mugs to all adults with a paid admission. This is an example of:

A. market segmentation.

B. sampling.

C. publicity.

D. sales promotion.

22. An important difference between accounting and other business functions, such as marketing and management, is that:

A. Accounting functions must be performed by an "outsider" (rather than by an employee of the business) in order to avoid conflicts of interest.

B. Accounting offers us insight into whether the business is financially sound.

C. Accounting involves mainly clerical activities and thus requires very little analysis.

D. Accounting deals exclusively with numbers.

23. Which financial statement shows the assets, liabilities, and owners' equity, at a specific point in time?

A. income statement

B. balance sheet

C. statement of cash flows

D. trial balance

24. \_\_\_\_\_ ratios measure how fast assets can be converted into cash.

A. liquidity

B. cash flow

C. diluted current asset

D. required reserve



25. Which of the following have voting rights within a corporation?

- A. Creditors
- B. Bond holders
- C. Common Shareholders
- D. Preferred shareholders

**DETERMINATION OF CHALLENGE EXAM OUTCOME:**

You will need to earn the following to be awarded credit through Challenge Exam for this course:

*72% or above on the challenge exam*