**NEW YORK STATE FBLA**

**INTRODUCTION TO BUSINESS**

**2013**

**PLEASE DO NOT OPEN THIS TEST UNTIL DIRECTED TO DO SO**

Test Directions

1. Complete the information requested on the answer sheet.

**PRINT YOUR NAME** on the “Name” line.

**PRINT** the name of the event, **INTRODUCTION TO BUSINESS** on the “Subject” line.

**PRINT** the name of your **CHAPTER** on the “DATE” line.

1. All answers will be recorded on the answer sheet.

Please do not write on the test booklet.

Scrap paper will be provided.

1. Read each question completely before answering. With a **NO. 2 pencil**, blacken in your choices completely on the answer sheet. Do not make any other marks on the answer sheet, or the scoring machine will reject it.
2. You will be given 60 minutes for the test. You will be given a starting signal and a signal after 50 minutes have elapsed.

**Tie will be broken using the last 10 questions of the test.**

1. What drives the economy?
   1. Goods and services
   2. Wants and needs
   3. Resources
   4. Consumers
2. Which is NOT true of public wants?
   1. They are widely shared by many.
   2. Resources are insured.
   3. They are often considered private.
   4. Examples include highways and parks.
3. Which is true of resources?
   1. Resources are unlimited.
   2. Businesses and governments lack resources.
   3. Insurance and tourism are examples of resources.
   4. Resources are limited.
4. Which is a name for items people can use to make or obtain what they need or want?
   1. Resources
   2. Goods
   3. Services
   4. Products
5. What should you do before making a decision?
   1. Make the best use of limited resources.
   2. Think of another decision you have made.
   3. Satisfy your needs and wants.
   4. Determine the pros and cons of alternatives.
6. Which question would best help you evaluate a decision after you put it into effect?
   1. What resources are available to me?
   2. What are my needs and wants?
   3. Would I make the same choice again?
   4. What is the problem and what are my options?
7. Which is true of both personal and business decisions?
   1. They should be made independently.
   2. They should be made without regard for consequences.
   3. They should consume the most resources available.
   4. They should be consistent with values and goals.
8. What is a commercial activity that seeks profit by providing goods in exchange for money?
   1. Profit
   2. Market research
   3. Competition
   4. A business
9. What is profit?
   1. Commercial activity
   2. Motivation and wealth
   3. Money remaining after costs have been paid
   4. An opportunity to earn a better living
10. Which is NOT true of businesses?
    1. They pay taxes and provide jobs.
    2. The wealth they create benefits the entire community.
    3. They are rewarded with profits by satisfying consumers.
    4. They can survive without profits.
11. What is competition?
    1. A contest to win customers
    2. The freedom to produce new products
    3. Voluntary exchange
    4. Inexpensive goods and services
12. Which is NOT something a competitive business needs to offer?
    1. Quality products
    2. Discontinued goods
    3. Outstanding service
    4. Good prices
13. What must a business do when developing new products or services?
    1. Evaluate demand
    2. Lend money
    3. Pay taxes
    4. Focus on customer service
14. What is one result of effective mark research?
    1. Immediate access to global markets
    2. Immediate access to start-up capital
    3. Information that helps a business identify opportunities
    4. Improved production management
15. What might a business do if its products don’t meet consumer’s needs?
    1. Consider bankruptcy
    2. Start a new business
    3. Try new selling techniques
    4. Modify its products to satisfy consumers
16. What is scarcity?
    1. Unlimited wants and needs
    2. A shortage of resources
    3. A lack of goods and services
    4. Limited expenses
17. Which is NOT a factor of production?
    1. Natural resources
    2. Labor
    3. Capital
    4. The marketplace
18. Which statement about natural resources is true?
    1. Water is renewable because it can be reproduced.
    2. Lumber is not renewable because it takes a long time to grow new trees.
    3. Coal is renewable because there is so much of it still in the ground.
    4. Agricultural products are renewable because new crops can be grown each season.
19. Which statement about natural resources is NOT true?
    1. Natural resources can be processed to make goods
    2. The amount of natural resources available to a society has little effect on its economy.
    3. Synthetic materials such as nylon can be made from natural resources.
    4. Countries that have scarce natural resources must get them from somewhere else.
20. Which means the same as *human resources*?
    1. Capital resources
    2. Service providers
    3. Labor resources
    4. Unskilled workers
21. Which is an example of a capital resource?
    1. A machine used to make molded plastic toys
    2. A customer service representative
    3. Money borrowed from a bank
    4. The president of a company
22. Which is most likely to profit from society’s changing wants and needs?
    1. A business with existing capital resources
    2. A producer of goods
    3. An entrepreneur
    4. A business with substantial labor resources
23. Which refers to how people satisfy their needs and wants by making choices?
    1. Entrepreneurship
    2. Economics
    3. Equilibrium
    4. Opportunity
24. What is *opportunity cost?*
    1. The income people receive by taking risks
    2. Giving up the chance to use a resource for one thing instead of another
    3. The methods and labor used to produce a good
    4. The income people have to purchase goods and services
25. What are two basic types of economic systems?
    1. Supply and demand
    2. Competition and profit
    3. Private enterprise and the free enterprise
    4. Market economy and command economy
26. Which is a characteristic of capitalism?
    1. Resources are privately owned.
    2. Resources are shared equally.
    3. There is an even distribution of income
    4. Prices are determined by government planners.
27. Which is true about people working in a market economy who have labor skills that are in demand?
    1. Their earnings are the same as other workers their age.
    2. Their incomes tend to be lower than others whose skills are not in demand.
    3. Their incomes tend to be higher than others whose skills are not in demand.
    4. Their earnings are not related to demand.
28. Which is most important in determining the price of a product or service?
    1. Profit and competition
    2. Business owners’ preferences
    3. Equilibrium pricing
    4. Supply and demand
29. Which is most likely to happen when the price for a good or service is high?
    1. Demand falls
    2. Profits rise
    3. Supply increases
    4. Competition decreases
30. Which is a characteristic of socialism?
    1. Individuals own all major resources.
    2. Major industries are government owned.
    3. There is little choice for consumers.
    4. There is no incentive to create better products.
31. Which is the current emphasis in the U.S. economy?
    1. Agriculture
    2. Service
    3. Industry
    4. Information
32. When did the Industrial Revolution lead to the industry-based economy?
    1. 1600s
    2. 1700s
    3. 1800s
    4. 1900s
33. Which is NOT an indicator of a country’s economic health?
    1. GDP
    2. Standard of living
    3. Environmental awareness
    4. Inflation
34. Which is NOT considered an indicator of a higher standard of living?
    1. Increasing availability of goods
    2. Decreasing availability of goods
    3. Increasing purchase of luxury goods
    4. Increasing availability of services
35. What should happen to unemployment if the economy is picking up?
    1. It increases.
    2. It decreases.
    3. It reverts to previous levels.
    4. It remains the same.
36. Which is NOT a cause of inflation?
    1. Increased defense spending for a war
    2. Increased supply of goods in excess of demand
    3. Increased taxation
    4. Increased production costs
37. What is the main source of income for governments?
    1. Taxes
    2. Education
    3. Budget surplus
    4. Social security
38. Which term applies when a government makes more money than it spends in a year?
    1. Budget deficit
    2. National debt
    3. Budget surplus
    4. Revenue
39. Which is NOT a job that the Federal Reserve does?
    1. Passes laws about tax policies
    2. Controls the circulation of money
    3. Sets interest rates
    4. Controls the amount of money loaned
40. In the business cycle, what generally comes after a period of depression?
    1. Prosperity
    2. Recession
    3. Recovery
    4. Another depression
41. What is another tern for a period of economic prosperity?
    1. Downturn
    2. Demand
    3. Decline
    4. Peak
42. Which is true of a recession?
    1. Businesses produce less
    2. Wages are higher
    3. New businesses open
    4. More people buy houses
43. What is another term for depression?
    1. Decline
    2. Black Tuesday
    3. Bank holiday
    4. Deep recession
44. Which would NOT characterize a depression?
    1. High unemployment
    2. Low wages
    3. Less goods and services produced
    4. Decreased capacity in manufacturing plants
45. Which would NOT help during a period of recovery?
    1. War
    2. Renewed recession
    3. Business innovation
    4. Increased consumer purchasing

**Write the letter of the missing word for each sentence below.**

1. Depression is a \_\_\_\_\_\_\_ that lasts for several years.
   1. National debt
   2. Recession
   3. Prosperity
   4. Inflation
2. A \_\_\_\_\_\_\_\_\_ is a slowdown in economic activity.
   1. National debt
   2. Recession
   3. Prosperity
   4. Inflation
3. A peak of economic activity is called \_\_\_\_\_\_\_\_\_\_.
   1. National debt
   2. Recession
   3. Prosperity
   4. Inflation
4. \_\_\_\_\_\_\_\_\_is the total amount of money a government owes.
   1. National debt
   2. Recession
   3. Prosperity
   4. Inflation
5. \_\_\_\_\_\_\_\_\_\_\_\_are rules based on moral principles.
   1. Code of ethics
   2. Business ethics
   3. Social responsibility
   4. Conflict of interest
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_is to do what is best for the good of society.
   1. Code of ethics
   2. Business ethics
   3. Social responsibility
   4. Conflict of interest
7. Businesses need a \_\_\_\_\_\_\_\_\_\_\_to maintain a workplace.
   1. Code of ethics
   2. Business ethics
   3. Social responsibility
   4. Conflict of interest
8. A \_\_\_\_\_\_\_may exist between self-interest and professional obligation.
   1. Code of ethics
   2. Business ethics
   3. Social responsibility
   4. Conflict of interest
9. Which is NOT another word for *ethics?*
   1. Principles
   2. Honor
   3. Recycling
   4. Integrity
10. Which might indicate that a company is run according to ethical standards?
    1. Employees are treated fairly.
    2. The cost of making products increases.
    3. The government investigates the company’s accounting practices.
    4. Environmental problems related to manufacturing are not addressed.
11. Which is true of ethics in business?
    1. Everyone is ethical nowadays.
    2. Everyone agrees to the same code of ethics.
    3. Companies are not interested in ethics training.
    4. Sometimes laws are needed to uphold ethics.
12. Which is NOT necessarily characteristic of a sweatshop?
    1. Long hours
    2. Low wages
    3. Production of clothes
    4. Unhealthy or unsafe conditions
13. What is one result of the Triangle Shirtwaist fire?
    1. Overcrowded conditions
    2. A famous tragedy
    3. Recycling
    4. New laws making sweatshops safer
14. Which is NOT a consequence of unethical business practices?
    1. Losing repeat business
    2. Having a well-trained employee
    3. Being fined by the government
    4. Losing employees
15. How might an employer treat an employee fairly?
    1. Provide good training
    2. Offer less than average pay for the job
    3. Encourage the employee to leave
    4. Ask the employee to do another’s work
16. Which is NOT a good way for an employer to handle a decision that leads to conflict of interest?
    1. Consider the decision carefully and not make it in the first place.
    2. Fix the problem as soon as the employer realizes the mistake.
    3. Apologize to any employees involved.
    4. Ignore or cover up the problem and look out for himself.
17. Which is NOT an example of how you can be socially responsible?
    1. Promote recycling in the workplace
    2. Consider ethics only when necessary
    3. Volunteer for a cause that interest you
    4. Treat others well
18. Who protects consumers from dangerous or falsely advertised goods?
    1. Businesses
    2. Earth-friendly products
    3. Other consumers
    4. Federal Trade Commission
19. How are consumers affected when companies restrict competition?
    1. They have fewer choices in products and pricing.
    2. They pay less.
    3. They can determine the price.
    4. They can buy out the company.
20. What group of workers are NOT necessarily protected by American law?
    1. Workers who volunteer
    2. Children
    3. Women
    4. Those with disabilities
21. What kind of responsibility does a business have to its owners and creditors?
    1. Ethical, but not financial
    2. Financial, but not ethical
    3. Financial and ethical
    4. Creditors have a responsibility to a business
22. Why was the EPA formed?
    1. To enforce laws in society
    2. To protect the environment
    3. So that big businesses would be more truthful about finances
    4. To help corporations with their accounting
23. What are human resources?
    1. Food
    2. Money
    3. Employees
    4. Management
24. Which is NOT an aspect of human resources management?
    1. Finding employees
    2. Selecting employees
    3. Evaluating employees
    4. Firing employees
25. Which is usually NOT included in a job description?
    1. Salary
    2. Job duties
    3. Qualifications
    4. Conditions
26. Which is NOT considered compensation?
    1. Salary
    2. Company car
    3. Wage
    4. Benefits
27. What is the definition of a wage?
    1. A fixed amount of pay for each week, month or year
    2. Extra compensation
    3. A profit sharing plan
    4. An amount of money paid on an hourly basis
28. Which term refers to actively looking for qualified people to fill a job?
    1. Resources management
    2. Hiring
    3. Recruitment
    4. Application
29. Which is a form potential employees must complete?
    1. Application
    2. Resume
    3. Job description
    4. Job listing
30. Which is a person who can comment on a job applicant’s qualifications?
    1. Resume writer
    2. Recruiter
    3. Job coach
    4. Reference
31. Which is the process of helping new employees adjust to a company?
    1. Training
    2. Recruitment
    3. Human resources management
    4. Orientation
32. Which term refers to learning a new job by doing it?
    1. Orientation
    2. Job shadowing
    3. Reference
    4. On-the-job training
33. Which term refers to the teaching of several employees in a classroom setting?
    1. On-the-job training
    2. Job rotation
    3. Group training
    4. Orientation
34. Which is NOT considered a soft skill?
    1. Computer knowledge
    2. Friendliness
    3. Language skills
    4. Proper dress
35. Which is an evaluation of how well an employee is doing a job?
    1. Job description
    2. Performance appraisal
    3. Reference
    4. Orientation
36. Which of the following is based on rank or length of service?
    1. Seniority
    2. Promotion
    3. Evaluation
    4. Performance appraisal
37. Which of the following is NOT a reason for employee separation?
    1. Getting fired
    2. Transferring to a new position
    3. Resigning
    4. Retiring
38. Which is a job that you would most likely find at a hospital?
    1. Retail buyer
    2. Graphic designer
    3. Sales associate
    4. Operations administrator
39. Which term refers to basic skills you need to get a job, keep it and do well at it?
    1. Employability skills
    2. High school diploma
    3. Work experience
    4. Work-related skills
40. Which is true of experienced workers?
    1. They usually make a good first impression
    2. They need less training to do a new job.
    3. They usually lack computer skills.
    4. They have extensive formal education.
41. Which term is a synonym for body language?
    1. Verbal communication
    2. Nonverbal communication
    3. Gestures and fidgeting
    4. Eye contact
42. Which is probably NOT a way a potential employer might learn about your personality?
    1. Your body language during an interview
    2. Your history of work experience
    3. Your performance in school and extracurricular activities
    4. Your ability to make a good first impression.
43. Which is probably the least effective way you can make a good first impression during an interview?
    1. By dressing appropriately
    2. By being well-groomed
    3. By using only standard English
    4. By apologizing politely for being late
44. Which statement about beginning a job search is true?
    1. You should limit your search to one type of job.
    2. It is wise to apply for jobs which require no experience.
    3. You should have a sense of which jobs you might like and be able to do well.
    4. Potential employers will pay little attention to your resume.
45. Which is the way most people organize the work experience section of a resume?
    1. A job that is most like the one you are applying for is listed first.
    2. Jobs are listed in order of increasing responsibility.
    3. Jobs are listed in chronological order.
    4. The job you held for the longest period of time is listed first.
46. Which usually comes at the end of a resume?
    1. Job objective
    2. Education section
    3. Skills summary
    4. Work experience
47. Which type of job might require drug and lie-detector testing?
    1. Government and law enforcement jobs
    2. Sales and sales support jobs
    3. Truck driver and delivery jobs
    4. Public relations and advertising jobs
48. What might an interviewer think of you if you show up late for the interview?
    1. You are unreliable and perhaps even disrespectful
    2. You are a very busy person with lots of responsibilities.
    3. Your personality is better suited to another type of job.
    4. You had another interview that went longer than expected.
49. Which term refers to things you want to accomplish?
    1. Budgets
    2. Risks
    3. Expenses
    4. Goals
50. Which is NOT one of the six steps of financial planning?
    1. Develop your financial goals.
    2. Apply for credit.
    3. Evaluate alternatives.
    4. Implement a financial plan of action.
51. Which term refers to the risk that you may have to withdraw your savings or investments?
    1. Inflation risk
    2. Interest rate risk
    3. Liquidity risk
    4. Income risk
52. Which term refers to giving up something by making one choice instead of another?
    1. Income risk
    2. Personal risk
    3. Liquidity risk
    4. Opportunity cost
53. Which term refers to a plan of using your income in a way that best meets your wants and needs?
    1. Opportunity cost
    2. A variable expense
    3. A budget
    4. A budget variance
54. Which term refers to the actual amount of money you earn or receive during a given period of time?
    1. Income
    2. Deductions
    3. Gross pay
    4. Expenses
55. Which term refers to expenses that occur regularly and are regularly paid?
    1. Net expenses
    2. Fixed expenses
    3. Variable expenses
    4. Gross expenses

**ANSWER KEY**

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