



## BUSINESS ADMINISTRATION CORE SAMPLE EXAM QUESTIONS

The Business Administration Core Sample Exam will assist in preparing participants in the following events:

1. Principles of Business Management and Administration Event
2. Principles of Finance Event
3. Principles of Hospitality and Tourism Event
4. Principles of Marketing Event

These test questions were developed by the MBA Research Center. Items have been randomly selected from the MBA Research Center's Test-Item Bank and represent a variety of instructional areas. Performance indicators for these test questions are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided.

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1. When filing a tort against a business, the plaintiff must establish that the defendant
  - A. damaged property intentionally.
  - B. breached the duty of care.
  - C. conspired with a competitor.
  - D. violated the doctrine of sovereign immunity.
2. Is it a legitimate response to a customer's inquiry for an employee to say that s/he doesn't know the answer to a customer's question?
  - A. No. It is the employee's responsibility to learn every aspect of the business and to be able to answer every question.
  - B. Yes, if the employee doesn't know the answer to the customer's question, then the customer will find another employee to provide the information.
  - C. No. Customers do not respect employees who cannot answer simple questions, so it is better to provide them with an educated guess.
  - D. Yes, if the employee advises the customer that s/he will get the information and will respond to the customer as soon as possible.
3. What types of behaviors and traits should employees exhibit to reinforce a company's image and to build repeat business?
  - A. Helpful, aggressive, and friendly
  - B. Consistent, knowledgeable, and helpful
  - C. Friendly, consistent, and passive
  - D. Knowledgeable, consistent, and aggressive
4. When Angela spent her birthday money on a designer handbag, the opportunity cost was
  - A. reading a book.
  - B. hanging out with friends.
  - C. buying concert tickets.
  - D. working out at the gym.
5. An effective way for a company to reduce the number of distorted or false rumors that circulate the company grapevine is by
  - A. limiting the employees' contact with one another.
  - B. improving its formal communication with employees.
  - C. meeting with employees to review their performance.
  - D. developing ethical policies to guide the employees' behavior.
6. Which of the following is a disadvantage of a checking account:
  - A. Online transaction options
  - B. Direct payroll deposit
  - C. Overdraft protection
  - D. Account balance requirement
7. A well-prepared new employee orientation program should
  - A. verify the new employees' job qualifications.
  - B. outline the employer's specific financial goals.
  - C. communicate the employer's philosophy and expectations.
  - D. set aside time to negotiate the employees' salary requirements.
8. What type of buying behavior involves low customer involvement, significant brand awareness, and a desire for change?
  - A. Variety-seeking
  - B. Risk-taking
  - C. Status-oriented
  - D. Brand-insisted

9. Eric is viewing the results for an online search about the current economic situation in North America. Which of the following is going to provide Eric with the most reliable information:
- A. A six-page report written in 2009 by a Canadore College student for an economics class
  - B. An article written by a Harvard economics professor that was published in a business magazine last month
  - C. An excerpt from a second-edition high-school economics textbook that was published in the fall of 2005
  - D. A two-day-old video clip of a CNN interview with a 16-year-old entrepreneur from Sheboygan, Wisconsin
10. WTZ Manufacturing acquired new equipment that performs production activities that were previously carried out by employees. This is an example of
- A. ergonomics.
  - B. customization.
  - C. outsourcing.
  - D. automation.

**KEY**

1. B

Breached the duty of care. The duty of care is the basic principle that expects all individuals and businesses to exhibit socially responsible behavior by using caution to prevent harm and by watching out for one another. A tort is a private wrongdoing that potentially harms another person or entity. If a business or one of its employees breaches the duty of care, the business may be held liable for the tort. However, the plaintiff must have grounds or proof that establishes that the business or its employee (defendant) has committed a wrongful act, thereby breaching the duty of care. Intentional damage and conspiring with a competitor (collusion) are types of torts. The doctrine of sovereign immunity is the universally accepted principle that each nation has the right to manage its own government and develop its own laws.

SOURCE: BL:069

SOURCE: McAdams, T., Neslund, N., & Neslund, K. (2007). *Law, business, and society* (8<sup>th</sup> ed.) [pp. 259-260]. Boston: McGraw-Hill/Irwin.

2. D

Yes, if the employee advises the customer that s/he will get the information and will respond to the customer as soon as possible. If an employee doesn't know the answer to a question, s/he should be honest with the customer. However, it is important for the employee to go a step further. This step might involve letting the customer know where s/he can find the information or for employee to obtain the information and provide the customer with an answer in a timely manner. Customers are more likely to respect an employee who is honest with them and is willing to do what s/he can to help them. Employees should not guess because the information they provide may be incorrect or misleading. Employees do not need to know every aspect of the business; however, they should learn enough about the business to know from where or from whom the customer can obtain the desired information.

SOURCE: CO:060

SOURCE: Lesikar, R.V., & Flatley, M.E. (2005). *Basic business communication: Skills for empowering the Internet generation* (10th ed.) [pp. 119-121]. Boston: McGraw-Hill/Irwin.

3. B

Consistent, knowledgeable, and helpful. Employees are one of many touch points for the business. Customers often base their impressions of a business-positive and negative-on the interactions they have with the business's employees. Employees who are consistently friendly, helpful, and knowledgeable each time they interact with customers are building favorable relationships. These favorable relationships encourage customer loyalty and repeat sales. Employees who are too aggressive or too passive are more likely to offend customers.

SOURCE: CR:002

SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12th ed.) [pp. 222, 244-245]. Upper Saddle River, NJ: Prentice-Hall.

4. C

Buying concert tickets. Opportunity cost is the benefit that is lost when you decide to use scarce resources for one purpose rather than another. In Angela's situation, her scarce resource was money. Because she decided to purchase a handbag, she didn't have enough money to buy concert tickets. Hanging out with friends, reading a book, and working out at the gym are activities that involve time rather than money.

SOURCE: EC:001

SOURCE: EC LAP 6—Are You Satisfied? (Concept of Economics)

5. B

Improving its formal communication with employees. The grapevine is an informal method of communication. It often provides accurate, positive information, but it can also communicate negative, distorted, or incorrect information or rumors. For example, employees who hear and spread rumors about layoffs or salary cuts may not have sent or received accurate or complete information. If management does not address the rumors, they can cause friction and anxiety in the workplace. To combat rumors, management can take steps by communicating regularly with its employees through e-mail, newsletters, memos, and meetings. By addressing rumors and responding honestly before the rumors get out of hand, employees are more likely to trust and respect management, and listen less to the negative communication that travels through the grapevine. In some situations, managers may not legally be able to talk about issues, but it is important that they acknowledge the situation and explain why they cannot comment. Successful businesses depend on employees who collaborate, so limiting their contact is a detrimental and unrealistic option. The purpose of conducting employee performance reviews is to evaluate an employee's work. Conducting performance reviews will not eliminate grapevine communication. Developing ethics policies is important; however, unless the policies are communicated to employees, the policies are pointless.

SOURCE: EI:038

SOURCE: DuBrin, A. (2009). *Essentials of management: Instructor's edition* (8th ed.) [pp. 416-417]. Mason, OH: South-Western Cengage Learning.

6. D

Account balance requirement. Financial institutions often require customers to maintain a certain amount of money in their bank accounts. The account holder may be charged fees, if the minimal account balance requirements are not met. Direct payroll deposit, overdraft protection, and online banking service are benefits or services that many types of checking-account products offer that customers may need to pay fees to obtain.

SOURCE: FI:058

SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2009). *Personal finance* (9th ed.) [pp. 155-156. 158]. New York: McGraw-Hill Irwin.

7. C

Communicate the employer's philosophy and expectations. A good orientation program sets the tone for the new hire's experience with the company. It answers basic questions for new employees and helps them to feel welcome and comfortable in their new surroundings. It often involves giving tours to familiarize the employees with the facilities, completing the required paperwork, distributing employee handbooks, and introducing them to their new colleagues. A very important aspect of orientation is to communicate the employer's philosophy and behavioral expectations so the employee can adapt accordingly. The purpose of the orientation session is not to go over specific financial goals. Job qualifications are verified during the interview process. Salaries are negotiated after the employer extends the job offer and before the candidate (new employee) accepts the offer.

SOURCE: HR:360

SOURCE: Hewitt, D. (n.d.). *About employee orientation programs*. Retrieved February 23, 2011, from [http://www.ehow.com/about\\_4680954\\_employee-orientation-programs.html](http://www.ehow.com/about_4680954_employee-orientation-programs.html)

8. A

Variety-seeking. This type of buying behavior usually involves the purchase of routine items such as cookies, shampoo, and socks. The buyer might be very aware of the differences among brands, but feels a desire to try something different. Because the items are relatively inexpensive, there is no great risk in trying something new. Brand insistence occurs when a buyer will not buy anything other than a specific brand or product. People who purchase status-oriented items are motivated by a desire to have the best quality, most expensive, or trendiest goods and services.

SOURCE: MK:014

SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12th ed.) [pp. 146-147]. Upper Saddle River, NJ: Prentice-Hall.

9. B

An article written by a Harvard economics professor that was published in a business magazine last month. When evaluating the quality of online information, it is important to consider factors such as the source type, the author's expertise, and the publication date. The Harvard professor has extensive knowledge about the topic of economics. The article was published last month, so it likely reflects current events and is up-to-date. A college student and a 16-year-old entrepreneur do not have the level of expertise that the professor has. The 2009 report and a 2005 textbook are not as up-to-date as an article written last month.

SOURCE: NF:079

SOURCE: Rogier, M. (1999-2011). *How to determine the validity of a research article*. Retrieved February 28, 2011, from [http://www.ehow.com/how\\_5035804\\_determine-validity-research-article.html](http://www.ehow.com/how_5035804_determine-validity-research-article.html)

10. D

Automation. Technological advancements have lead to production automation, which involves the use of machines to carry out production tasks. Automated production activities increase efficiency, reduce costs, and provide consistent products. The downside of automation is displaced workers. Customization is the process of making unique goods or services according to a customer's specific needs or wants. Outsourcing is acquiring assistance from outside organizations/consultants to obtain goods or services to accomplish the business's objectives. Ergonomics is the study of the use of equipment or technology and its effects on workers' physical well-being.

SOURCE: OP:191

SOURCE: Raturi, A.S., & Evans, J.R. (2005). *Principles of operations management* (pp. 15-16). Mason, OH: South-Western.