



BUSINESS MANAGEMENT AND ADMINISTRATION CLUSTER CORE SAMPLE EXAM QUESTIONS

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

1. Business Law and Ethics Team Decision Making Event
2. Human Resources Management Series 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. A primary use of flow charts in business documents or presentations is to
 - A. compare and contrast data.
 - B. identify trends.
 - C. explain relationships.
 - D. summarize numerical data.

2. Which of the following is NOT a characteristic of private enterprise:
 - A. The market is regulated by the government.
 - B. Supply and demand determine the exchange of goods.
 - C. A person's income depends mainly on the income their parents made.
 - D. Businesses use marketing and advertising to influence consumers.

3. After Caroline told her manager about the pricing mistake she made on a purchase order, her manager said, "This does present a problem, but we can work it out. Thanks for letting me know right away." Because Caroline accepted responsibility for her mistake, her supervisor is likely to
 - A. recommend Caroline for a promotion.
 - B. reprimand Caroline for having a bad attitude.
 - C. respect Caroline for her honesty.
 - D. require Caroline to pay the company for the mistake.

4. Why do some governments require businesses to use specific accounting methods?
 - A. To ensure that the businesses are complying with intellectual property laws
 - B. To provide external sources with accurate financial information
 - C. To control the ways in which businesses develop credit policies
 - D. To monitor how businesses establish their sales goals and budgets

5. Colleen doesn't like Reggie's political views, so she gives him a three percent pay increase instead of a five percent increase. This is an example of unethical behavior in relation to _____ management.
 - A. business-information
 - B. human-resources
 - C. capital-assets
 - D. financial-services

6. Katrina is using a special software program to develop a business chart that shows the employees' expertise and skills and how they access different types of information throughout the organization. What type of software is Katrina using to document the information?
 - A. Intranet
 - B. Knowledge mapping
 - C. Tactical production
 - D. Accounting

7. Which of the following is an example of employees using groupware computer applications:
 - A. Craig, Tessa, and Lily use presentation software to guide a group discussion about their research project.
 - B. Kelli, Juan, and Phil can access and make changes to the company production schedule from their home computers.
 - C. Dan, Kara, and Simon review their departments' budgets, which are saved as different computer-spreadsheets files.
 - D. Michelle, Jeff, and Aubrey use the same desktop-publishing program to create advertisements and brochures for their companies.

8. The Halifax Retail chain uses computer applications to track its inventory and order goods from its vendors. What form of technology is the company using to streamline its purchasing processes?
 - A. Electronic data interchange (EDI)
 - B. Global positioning system (GPS)
 - C. Customer relationship management (CRM)
 - D. Territorial routing application (TRA)

9. To perform his job, Andrew works a complex database program. Recently, a new version of the database program that he uses was released. The new program is more powerful, efficient, and user friendly. To learn how to use the program effectively, Andrew signed up to take a class at the community college. In this situation, Andrew is continuing his education so that he can
 - A. update his technical skills.
 - B. change his career path.
 - C. ensure his employability.
 - D. obtain professional licensure.

10. In which section of the statement of work (SOW) document would you find the following information:

"AJB International will be responsible for collecting the research for the project, but will not interpret the results."

- A. Scope statement
- B. Communication plan

- C. Purpose statement
- D. Goals and objectives

KEY

1. C

Explain relationships. Graphic aids help to clarify, reinforce, and summarize information. Flow charts help explain relationships. For example, an organizational chart illustrates a business's chain of command. Flow charts may also show the ways in which sequential processes work, such as project management. Line graphs are often used to illustrate timelines and to identify trends. Bar charts are effective graphic aids to compare and contrast data. Tables are often used to summarize complex numerical data.

SOURCE: CO:087

SOURCE: Young, D.J. (2006). *Foundations of business communication: An integrative approach* (pp. 506-509). New York: McGraw-Hill/Irwin.

2. C

A person's income depends mainly on the income their parents made. In a private enterprise economy, a person's skills are the main determinant of his/her income. Supply and demand determine the exchange of goods. For example, the higher the number of people who want to purchase Super Bowl tickets, the higher the price the NFL can charge for each ticket. Private enterprise is regulated by the government, but it is not controlled by the government. Regulated means that companies must adhere to guidelines and laws, such as the U.S. Department of Agriculture inspecting meat packing plants to ensure that products are safe for consumption. In private enterprise, businesses may use marketing to increase sales and cause consumers to become aware of product and services.

SOURCE: EC:009

SOURCE: Holmes, C. (1999-2010). *The five characteristics of free enterprise*. Retrieved January 20, 2011, from http://www.ehow.com/list_5991303_five-characteristics-enterprise.html

3. C

Respect Caroline for her honesty. Everyone makes mistakes from time to time, and the way that a person handles a mistake can affect the outcome. Caroline accepted responsibility for her mistake. Taking responsibility means admitting the wrongdoing and accepting the consequences for the mistake. When a person admits making a mistake, s/he is likely to gain the respect of others and gain trust. This is apparent in Caroline's situation. Caroline's manager acknowledged the problem and thanked Caroline for bringing it to his/her attention. In many situations, the sooner a mistake is acknowledged, the less severe the consequences. If Caroline had hidden the mistake, her manager may have been angry. Caroline is not exhibiting a bad attitude. There is not enough information provided to determine if her manager would consider recommending Caroline for a promotion. The manager is unlikely to ask Caroline to pay the company for making a mistake that can be worked out.

SOURCE: EI:075

SOURCE: Ford, J. (2010, May 19). *How to take responsibility for your actions*. Retrieved January 28, 2011, from http://www.ehow.com/how_4802685_responsibility-actions.html

4. B

To provide external sources with accurate financial information. The accounting function collects and records the financial information in the appropriate format. Governments require businesses to provide certain types of financial information to regulatory agencies and shareholders in specific ways. For example, some governments require large businesses to use a specific accounting method, such as the accrual method. The accrual accounting method records transactions at the time they occur even if no money changes hands at that time. An advantage of using the accrual method is that it provides investors, creditors, and customers with a more accurate picture of a business's cash flows over time. Governments do not require businesses to use a specific accounting method to ensure that they are complying with intellectual property laws, to control the ways in which businesses develop credit policies, or to monitor how businesses establish sales goals and budgets.

SOURCE: FI:353

SOURCE: Fishman, S. (n.d.). *Cash vs. accrual accounting*. Retrieved February 18, 2011, from <http://www.nolo.com/legal-encyclopedia/cash-vs-accrual-accounting-29513.html>

5. B
 Human-resources. Compensation is a human-resources activity. In human resources management, ethics involve treating all employees fairly. To treat employees fairly, decisions should be based on performance rather than personal feelings, such as disliking an employee's political views. The example does not relate to business-information, capital-assets, or financial-services management.
 SOURCE: HR:411
 SOURCE: Gomez-Mejia, L.R., Balkin, D.B., & Cardy, R.L. (2004). *Managing human resources* (4th ed.) [pp. 231-234]. Upper Saddle River, NJ: Pearson Prentice Hall.
6. B
 Knowledge mapping. Knowledge mapping software provides the ability to capture a business's information sources and information flow in a graphic format. Knowledge maps help businesses determine if there are underused sources of knowledge, as well as areas in which there is a breakdown or gap in knowledge sharing. An Intranet is a business's internal computer network. Knowledge management software can capture information stored on a company's Intranet, which is one of many sources of a company's knowledge. Production and accounting software are different types of software used in specific functions of business. Businesses do not use these software programs to capture and track an entire organization's tacit and explicit knowledge.
 SOURCE: KM:003
 SOURCE: Tandukar, D. (2005, January 13). *Knowledge mapping*. Retrieved February 10, 2011 from <http://ezinearticles.com/?Knowledge-Mapping&id=9077>
7. B
 Kelli, Juan, and Phil can access and make changes to the company production schedule from their home computers. Groupware applications allow employees to access the same information from different locations. Because Kelli, Juan, and Phil can access the company's production schedule from their home computers, they are using groupware. There is not enough information provided to determine if the other groups can access presentation software programs, spreadsheet reports, and desktop publishing software through groupware applications, such as company intranets.
 SOURCE: NF:011
 SOURCE: White, D., & Foster, N. (n.d.). *What is groupware?* Retrieved February 17, 2011, from <http://www.wisageek.com/what-is-groupware.htm>
8. A
 Electronic data interchange (EDI). EDI systems allow businesses to transmit information to and from their suppliers. EDI applications can track a business's inventory and determine when the business should reorder, which increases the purchasing function's efficiency. GPS technology involves guiding and tracking vehicles en route to a destination. CRM technology is used to monitor customer data and build ongoing customer relationships. Sales departments use territorial routing software to develop efficient sales-call patterns.
 SOURCE: OP:191
 SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 510). Woodland Hills, CA: Glencoe/McGraw-Hill.
9. A
 Update his technical skills. Because technology is constantly changing, workers must keep up with the changes to enhance their employability. Taking short- or long-term computer classes helps workers to learn skills they need to perform their work. There is not enough information to determine if Andrew is changing his career path or obtaining a licensure.
 SOURCE: PD:033
 SOURCE: Jacowski, T. (2008, February 29). *The importance of continuing education*. Retrieved February 16, 2011, from <http://ezinearticles.com/?The-Importance-of-Continuing-Education&id=1017765>

10. A

Scope statement. The statement of work (SOW) is a document that outlines the terms, commitments, and conditions of the project. The scope statement is a component of the SOW that clearly defines the things that the project team will do, as well as the things it won't do. The purpose statement defines the purpose of or reason for carrying out the project. The communication plan provides details about the types of reports and other forms of communication that the project team will provide stakeholders. The goals and objectives section of the SOW outlines the desired outcomes of the project.

SOURCE: PJ:005

SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 74-77]. New York: Penguin Group.