

**Overview**

This event provides recognition for FBLA members who demonstrate an understanding of the American business enterprise system and its effect on consumers, employees, and entrepreneurs.

***This event is only for grades 9 and 10.***

**Competencies**

The topics listed below are prioritized, listing the most important content areas of the tests.

- Characteristics and organization of business
- Consumerism
- Money management and banking
- Career awareness
- Rights and responsibilities of employees, managers, owners, and government
- Insurance
- Economic systems

**Procedures/Tips**

- Review the Competitive Events Tips in the front of the book.

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## Introduction to Business Sample Questions

1. During an interview, an employer
  - a. should do most of the talking.
  - b. should find out whether a young woman plans to stay home with her children when they are born.
  - c. can judge an applicant without any further research.
  - d. can evaluate the appearance, job knowledge, and personality of the applicant.
2. Which of the following U.S. federal regulatory agencies handles consumer complaints?
  - a. Environmental Protection Agency
  - b. Office of Consumer Affairs
  - c. Consumer Product Safety Commission
  - d. Office of Consumer Protection
3. Consumerism is one aspect of the \_\_\_\_\_ environment.
  - a. social
  - b. economic
  - c. political/legal
  - d. technological
4. \_\_\_\_\_, as President of the United States, in 1962 addressed Congress and defined the basic rights of consumers.
  - a. Gerald Ford
  - b. Richard Nixon
  - c. John F. Kennedy
  - d. Lyndon Johnson
5. \_\_\_\_\_ are a division in society with different levels of social prestige.
  - a. Reference groups
  - b. Cultures
  - c. Cognitive categories
  - d. Social classes
6. A computer company developed a printer that would wear itself out within two years of purchase, forcing consumers to buy a replacement. One might criticize this computer company because
  - a. they planned to make their printer obsolete.
  - b. of the poor service they offered to customers.
  - c. of the high price they charged for the printer.
  - d. their product was unsafe.
7. High prices are often caused by
  - a. excessive markups.
  - b. free publicity.
  - c. inexpensive labor.
  - d. lowering the promotion costs.
8. Which of the following can reduce competition?
  - a. an increased number of competitors
  - b. marketing prices eliminate barriers to entry
  - c. balanced marketing practices
  - d. acquisition of competitors

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9. Some companies attempt to determine a customer's worth before doing business with that person. This practice is known as
    - a. webbing.
    - b. exception.
    - c. weblining.
    - d. price gouging.
  10. Toyota recently sent a letter to everyone who purchased a 1999 Tacoma. The letter states that there is a problem with the suspension and provides information about getting it fixed at local dealerships for free. This is an example of
    - a. a product recall.
    - b. a product recoil.
    - c. an automatic reliability.
    - d. a product reinforcement.
  11. Which of the following is not a feasible way to evaluate applicants for a position?
    - a. have them fill out an application form
    - b. hire a private investigator to follow the applicant
    - c. check references
    - d. conduct an interview
  12. An advantage of a sole proprietorship is
    - a. profits are spread evenly amongst employees.
    - b. ease of filing taxes and reporting earned income.
    - c. unlimited liability.
    - d. unlimited life of business.
  13. Which of the following legal forms of organization allows owners to contribute no capital but still play a part in managing the business and sharing the profits?
    - a. sole proprietorship
    - b. corporation
    - c. S corporation
    - d. partnership
  14. A corporate charter should
    - a. be very similar to a prospectus.
    - b. include an organizational chart.
    - c. follow state guidelines.
    - d. be over 100 pages in length.
  15. A key characteristic of a partnership is that each partner
    - a. must contribute capital to the business.
    - b. shares in company assets when the business dissolves.
    - c. must manage the business.
    - d. is capable of legally contracting.
  16. All of the following are stages of consumer decision making **except**
    - a. perceptual categorization.
    - b. purchase decision.
    - c. post-purchase evaluation.
    - d. problem recognition.
  17. Which of the following types of interviewing has the applicant perform a small sample of his or her potential duties?
    - a. traditional interviewing
    - b. behavioral interviewing
    - c. differential interviewing
    - d. reactive interviewing

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18. The current hourly minimum wage set by the U.S. Department of Labor is
    - a. \$4.75.
    - b. \$5.00.
    - c. \$5.25.
    - d. \$5.15.
  19. When someone enters into a mortgage agreement, the house serves as which one of the five "C's" of credit?
    - a. collateral
    - b. capacity
    - c. character
    - d. critique
  20. Where is the headquarters for the Federal Reserve Bank?
    - a. Los Angeles
    - b. Chicago
    - c. New York City
    - d. Washington D.C.
  21. What is the central banking system of the United States?
    - a. the Bank of the U.S.
    - b. the Federal Reserve
    - c. the Unionized Central Banking System
    - d. the Federal Union
  22. Many customer service problems are identified by
    - a. personal evaluation.
    - b. entries in a suggestion box.
    - c. outside consultants.
    - d. customer complaints.
  23. The tension that occurs immediately following a purchase is referred to as
    - a. post-purchase satisfaction.
    - b. cognitive assessment.
    - c. cognitive dissonance.
    - d. post-decision distress.
  24. Grace is developing a business plan and wants to show the cost of fringe benefits as a percentage of payroll costs. She should use the following percentage
    - a. 50%
    - b. 40%
    - c. 30%
    - d. 25%
  25. Mac is worried about the increase in the number of subordinates he supervises; therefore, he is concerned about his
    - a. informal organization.
    - b. span of control.
    - c. chain of command.
    - d. organizational structure.
  26. Tracy, who runs a carpet cleaning business, has a group of employees who work in production and in installation. If she decides to use work teams as part of her leadership approach, she must increase
    - a. compensation.
    - b. independence.
    - c. quality.
    - d. supervision.

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27. Business interruption insurance covers
- a. lost income.
  - b. defective products.
  - c. shoplifting.
  - d. debts to suppliers.
28. Tara Cannon is the CEO of a large corporation. Last week the company decided to take out a life insurance policy in case of her death. This is also known as
- a. life or death annuity.
  - b. vital member policy.
  - c. risky health assurance.
  - d. a key-person policy.
29. Competition is thought to encourage businesses to
- a. keep prices extremely high.
  - b. produce new products.
  - c. sell products of low quality.
  - d. offer services of low quality.
30. In a mixed economic system most decisions are left to \_\_\_\_\_, but some decisions are left to \_\_\_\_\_.
- a. monopolies; government
  - b. government; business
  - c. government; individuals
  - d. individuals; government

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**FBLA Principles & Procedure Answer Key**

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|-------|-------|-------|
| 1) A  | 11) D | 21) D |
| 2) C  | 12) D | 22) A |
| 3) D  | 13) C | 23) B |
| 4) B  | 14) A | 24) A |
| 5) C  | 15) B | 25) B |
| 6) B  | 16) D | 26) D |
| 7) B  | 17) B | 27) D |
| 8) C  | 18) C | 28) D |
| 9) B  | 19) D | 29) D |
| 10) D | 20) B | 30) B |

**Future Business Leader Answer Key**

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|-------|-------|-------|
| 1) A  | 11) A | 21) D |
| 2) A  | 12) B | 22) C |
| 3) B  | 13) A | 23) B |
| 4) A  | 14) C | 24) D |
| 5) A  | 15) D | 25) B |
| 6) A  | 16) D | 26) C |
| 7) B  | 17) D | 27) B |
| 8) D  | 18) B | 28) B |
| 9) C  | 19) C | 29) B |
| 10) A | 20) D | 30) C |

**Global Business Answer Key**

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|-------|-------|-------|
| 1) A  | 11) D | 21) B |
| 2) C  | 12) C | 22) A |
| 3) C  | 13) A | 23) A |
| 4) D  | 14) D | 24) A |
| 5) B  | 15) A | 25) D |
| 6) D  | 16) B | 26) C |
| 7) D  | 17) A | 27) B |
| 8) B  | 18) A | 28) B |
| 9) B  | 19) C | 29) B |
| 10) C | 20) C | 30) D |

**Help Desk Answer Key**

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|-------|-------|-------|
| 1) D  | 11) D | 21) C |
| 2) A  | 12) B | 22) C |
| 3) D  | 13) C | 23) C |
| 4) C  | 14) A | 24) C |
| 5) D  | 15) A | 25) A |
| 6) A  | 16) B | 26) A |
| 7) D  | 17) B | 27) A |
| 8) C  | 18) D | 28) B |
| 9) B  | 19) A | 29) C |
| 10) A | 20) A | 30) C |

**Introduction to Business Answer Key**

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|-------|-------|-------|
| 1) D  | 11) B | 21) B |
| 2) B  | 12) B | 22) D |
| 3) C  | 13) D | 23) C |
| 4) C  | 14) C | 24) B |
| 5) D  | 15) D | 25) B |
| 6) A  | 16) A | 26) B |
| 7) A  | 17) B | 27) A |
| 8) D  | 18) D | 28) D |
| 9) C  | 19) A | 29) B |
| 10) B | 20) D | 30) D |