INTRODUCTION TO BUSINESS  BUS-101-TE

This TECEP® exam assesses knowledge of the essential foundations and functions of business. It examines the role of business in U.S. society, specifically economic systems and cycles, government involvement, risk, profit and loss, business ownership, entrepreneurship, global business issues and ethics and social responsibility. Business functions examined include management, accounting and finance, and marketing and management information systems. (3 s.h.)

- Test format: 90 multiple choice questions (1 point each); 5 short answer questions (2 points each)
- Passing score: 70% (70/100 points). Your grade will be reported as CR (Credit) or NC (No Credit).
- Time limit: 2 hours

Topics on the test and their approximate distribution

Below are the topics covered by this exam. The percentages indicate how much of the test is made up of questions on that topic. Following each line are links to free and openly-licensed review materials that could help augment your prior knowledge on that topic. These materials have been selected by our subject matter experts and should supplement your understanding of the topics covered in this exam. Make sure, though, to compare what is covered in these materials to what will be covered on the exam—what is important is that you are knowledgeable on the exam topics described below.

1. The Role of Business in United States Society  (50%)

   1.1 Economic systems: capitalism, communism, socialism
       Economics
   1.2 The capitalist context for business: risk, profit, value
       Risk & Profit
       Value
   1.3 Government and business
       Government’s Role
   1.4 Economic cycles
       Economics
   1.5 Forms of business ownership
       Selecting a Form of Business Ownership
   1.6 The role of entrepreneurship
       Defining Entrepreneurship
   1.7 Global business issues
       Global Problems
   1.8 The role of business ethics and social responsibility
       Ethics & Social Responsibility

2. Key Business Functions  (50%)

   2.1 Management  (15%)
      a. Functions of management: planning, organizing, controlling and communication
         Managing for Business Success
      b. Organizational theories
         Organizational Theories
      c. Organizational culture
         Organizations and Behavior
      d. Operations and supply chain management
         Operations Management
e. Human resource management  
   Human Resource Management
f. Mission and vision statements  
   Mission Statement - p. 249
g. Strategic management  
   Strategic Management

2.2 Accounting, finance, and banking (15%)
a. The accounting cycle  
   Role of Accounting
b. Major financial concepts  
   Role of Finance
c. The financial planning process and budgets in the financial plan  
   Financial Planning Process
d. Short-term and long-term financing sources  
   Short-term financing  
   Long-term financing
e. The securities market  
   Investments and Markets
f. The role of the Federal Reserve System  
   Federal Reserve System

2.3 Marketing (10%)
a. The four P’s of marketing  
   4p’s of Marketing
b. Market research and market segmentation  
   Market Research  
   Target Market: Module 3 p. 183
c. Branding  
   Distinctive Image p. 20
d. Relationship marketing and consumer behavior  
   Customers: Module 3 p. 191
e. Public relations  
   Public Relations
f. Marketing channels  
   Marketing Principles: Chapter 8
g. Internet and social media strategies  
   Technology and Social Media  
   Facebook

2.4 Technology in Business (10%)
a. Management information systems  
   Information Systems (Part 2)
b. Technology trends in business  
   Technology Trends  
   ERP Systems, Business, Processes, and IT Unit 2
c. Technology platforms and supporting software  
   Information Systems (Part 1)
d. Impact of the cloud in business  
   Cloud Computing
e. Disaster planning, recovery and security  
   IT Disaster Recovery Plan: Strategies, Continuity &Data Security
Outcomes assessed on the test

- Identify economic systems and cycles
- Recognize the role of entrepreneurship and business ownership alternatives
- Recall business-related ethical behavior and social responsibility
- Cite the functions of business management
- Identify cultural influences and impacts on business organizations
- Select the principles and practices of supply chain management
- Classify the elements of the financial planning process
- Review the role and importance of the Federal Reserve System
- Recall the essential elements of the marketing mix
- Interpret the application of Internet and Social Media in marketing efforts
- Categorize methods and practices associated with effective public relations
- Explain the role of technology and information management systems in strategic business
- Describe an organization’s strategic disaster recovery and data security plans

Resource Licensing Guide

This is a comprehensive list of the materials used in this test description. We encourage you to explore these resources to make sure that you are familiar with multiple perspectives on the topics above. All of these resources are openly licensed, which means that they are free to be revised, remixed, reused, redistributed, and retained, so long as their unique terms are followed. You can learn more about open licensing here.

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Sample questions

**Multiple choice questions:** Select the best answer. (1 point each)

1. What are the primary functions of business management?
   
   a. Planning, organizing, controlling
   b. Strategizing, communicating, planning
   c. Finance, operations, management
   d. Marketing, accounting, human resource management
2. The standard of living for a nation’s people depends mainly on
   a. the quality of the natural environment
   b. how much political freedom they have
   c. their incomes and the prices of the good and services they buy
   d. the amount of labor and capital available employed in the manufacturing sector

3. The total value of final goods and services produced within a nation’s borders in a given year is known as that nation’s
   a. aggregate production quota
   b. aggregate domestic output
   c. index of aggregate economic output
   d. gross domestic product

4. The nation of Tryland has seen the total value of the goods and services it produces increase rapidly over the past year. What is the most likely result of this change?
   a. A rise in Tryland’s GDP
   b. A rise in Tryland’s CPI
   c. A rise in Tryland’s unemployment rate
   d. A decline in the number of workers who are structurally unemployed

5. Which of the following statements about government deficit spending is most accurate?
   a. Although the government used to run big deficits, it has consistently run surpluses since the late 1980s.
   b. One reason the government has a hard time reducing deficits is that there is a great deal of pressure on the government to increase its spending each year.
   c. The federal government violates the law by running deficits because the Constitution requires the government to balance its budget each year.
   d. The government has used deficit spending to lower the national debt.

6. What measure is used to report price changes at the wholesale level?
   a. Gross domestic product (GDP)
   b. Consumer price index (CPI)
   c. Wholesale price index (WPI)
   d. Producer price index (PPI)

7. Jack is the sole proprietor of a gift shop in a small shopping center. Any profit Jack’s business earns is
   a. totally tax-free
   b. taxed only as Jack’s personal income
   c. taxed only if and when it is distributed to investors
   d. taxed twice, once as business income, then again as Jack’s personal income
8. What is the easiest form of business to start and to end?
   a. Sole proprietorship
   b. Limited partnership
   c. Corporation
   d. Cooperative

9. A(n) ________ is a person who assumes the risk of starting a business.
   a. manager
   b. stakeholder
   c. entrepreneur
   d. private investor

10. Which theory states that a nation should produce and sell goods that it produces most efficiently to other countries, and buy goods that are produced more efficiently by other countries?
    a. Comparative advantage
    b. Absolute advantage
    c. Bilateral advantage
    d. Mercantilism

11. Which of the following would be a unique focus of an integrity-based ethics code?
    a. Shared accountability among employees
    b. Improved awareness of the relevant laws
    c. Increased penalties for code violators
    d. Increased control over employee actions

12. When managers work to create conditions and systems to ensure that everything and everyone works together to achieve the organization's goals, they are involved in the ________ function of management.
    a. controlling
    b. leading
    c. planning
    d. organizing

13. A national chain of hotels utilizes a centralized authority structure. What is the most likely reason why top management favors centralized authority?
    a. They want to maintain a uniform image and high quality service.
    b. They want to improve customer service response time.
    c. They intend to empower its first-line employees.
    d. They want to utilize a cross-functional organization.
14. Which of the following terms describes the set of values, beliefs, rules, language, and institutions held by a specific group of people?

a. Culture  
b. Ethnocentricity  
c. Social beliefs  
d. Institutional society

15. To implement a policy of empowerment, sometimes an organization has to restructure itself so that

a. workers agree to work overtime without extra pay  
b. an entire level of management is removed from the organization  
c. managers have more responsibility and employees learn to follow directions  
d. managers have less authority and employees have more responsibility

16. What is the purpose of the double-entry procedure in accounting?

a. To create the financials  
b. To record debits and credits  
c. To prepare the journals  
d. To keep the accounting equation in balance

17. Which of the following instruments has the longest duration?

a. Bridge loan  
b. Treasury bill  
c. Treasury note  
d. Treasury bond

18. What term is used to describe the core characteristics that define a brand?

a. Brand essence  
b. Brand quality  
c. Brand element  
d. Brand nature

19. What type of marketing channel consists of the producer and the consumer?

a. Direct channel marketing  
b. Indirect channel marketing  
c. Traditional marketing  
d. Mono-channel marketing
Short answer questions: Answer in two to four complete sentences. ((2 points each)

20. Discuss a critical function of the information technology that is used in business.

21. Explain a major difference between hardware and software.

Answers to sample questions


20. The role of information systems in organizations is to take data and transform it into information and then transform that into organizational knowledge. This is done by using information technology to link people, processes, and products to meet the needs and demands of consumers.

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21. Hardware is the components of the information system such as the computer, printer, and storage devices. Software is the programs and applications that allow the end user to interact with the information system.

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