



INTRODUCTION TO BUSINESS

TEST INFORMATION

This test was developed to enable schools to award credit to students for knowledge equivalent to that learned by students taking the course. The school may choose to award college credit to the student based on the achievement of a passing score. The ultimate passing score for each examination is determined by the school. The school is provided with a recommended passing score established by a national committee of college faculty who teach these courses. The DSST program is approved by the American Council on Education (ACE), and the ACE provides both a recommended passing score and a recommended number of credits that could be awarded to successful students. Some schools set their own standards for awarding credit and may require a higher score than the ACE recommendation. Students should obtain this information from the institution from which they expect to receive credit.

CONTENT OUTLINE

The following is an outline of the content areas covered in the examination. The approximate percentage of the examination devoted to each content area is also noted.

I. Foundations of Business – 25%

- a. Forms of business ownership
- b. Government and business
- c. Entrepreneurship
- d. Economics of business

II. Functions of Business – 60%

- a. Management
- b. Marketing
- c. Finance
- d. Accounting
- e. Production and Operations
- f. Management Information Systems
- g. Human Resources

III. Contemporary Issues – 15%

- a. Role of e-commerce
- b. Business ethics and social responsibility
- c. Global business environment

REFERENCES

The following references were used to create exam questions and may be useful as study materials. You are not allowed to use these references in the testing center.

1. *Understanding Business*, 8th Edition, 2007, Nickels, McHugh, & McHugh, McGraw-Hill, ISBN: 978-0073105970, Two Penn Plaza, New York, NY 10121, (www.books.mcgraw-hill.com).
2. **New Reference!** *Business Essentials*, 8th Edition, 2010, Ronald J. Ebert and Ricky W. Griffin, Prentice Hall/Pearson Education, ISBN: 0137053495, One Lake Street, Upper Saddle River, NJ 07458 (vig.prenhall.com).

SAMPLE QUESTIONS

All test questions are in a multiple-choice format, with one correct answer and three incorrect options. You may want to review these samples for the type of questions that may appear on the exam.

1. Assets are defined as
 - a. everything a company owns
 - b. everything a company owes
 - c. a company's profits
 - d. the total of a company's equity capital
2. All of the following are necessary features of capitalism EXCEPT
 - a. profit
 - b. corporations
 - c. private ownership
 - d. competition

(Over)



3. Business people who support involvement in social problems for humanitarian reasons usually believe that business
 - a. is responsible for most of society's problems
 - b. fulfills its social obligation by supplying jobs to millions of people
 - c. must follow the example of Andrew Carnegie
 - d. must put something back into the society from which it profits
4. All of the following are functions of management EXCEPT
 - a. controlling
 - b. selling
 - c. planning
 - d. organizing
5. Which of the following is a true statement about a job specification?
 - a. It describes the qualifications required of a worker.
 - b. It details the job's objectives.
 - c. It sets forth the relationship of the job to other jobs being performed within the firm.
 - d. It describes the working environment of the job.
6. All employees are required to join the union and pay dues in which of the following types of shop?
 - a. An open shop
 - b. A union shop
 - c. An agency shop
 - d. A closed shop
7. Since both drive up the cost of imported goods, there is little difference between import quotas and
 - a. embargoes
 - b. sanctions
 - c. tariffs
 - d. dumping
8. Which of the following are considered part of the marketing mix?
 - i. Price
 - ii. Promotion
 - iii. Labor
 - iv. Product
 - a. i and ii only
 - b. iii and iv only
 - c. i, ii, and iv only
 - d. i, ii, iii, and iv
9. In order to cover risk, an insurance company must have a sufficient number of policyholders to do which of the following?
 - a. Examine the risk
 - b. Estimate probable loss
 - c. Construct actuarial tables
 - d. Average out the risk
10. Demand deposits are also known as
 - a. credit cards
 - b. charge accounts
 - c. savings accounts
 - d. checking accounts
11. The interest rate that banks charge their best corporate customers is the
 - a. prime rate
 - b. discount rate
 - c. credit rate
 - d. commercial rate

Answers to sample questions: 1-A; 2-B; 3-D; 4-B; 5-A; 6-B; 7-C; 8-C; 9-D; 10-D; 11-A.

(Over)

CREDIT RECOMMENDATIONS

The Center for Adult Learning and Educational Credentials of the American Council on Education (ACE) has reviewed and evaluated the DSST test development process for and content of this exam. It has made the following recommendations:

Area or Course Equivalent	Introduction to Business
Level	Lower level baccalaureate
Amount of Credit	Three (3) semester hours
Source	ACE Commission on Education Credit and Credentials

It is advisable that schools develop a consistent policy about awarding credit based on scores from this test and that the policy be reviewed periodically. Prometric will be happy to help schools in this effort.

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