

TECEP® Test Description for BUS-101-TE

INTRODUCTION TO BUSINESS

This exam assesses students' knowledge of the world of business. The exam assesses students' knowledge and understanding of economics and economic systems, ownership, risk, production, finance and the financial system, marketing, human resources, how to form a union, and the effect of government in business. Students will demonstrate their knowledge of the world of business and define and apply the language of business to various endeavors. (3 credits)

- **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
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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

TOPICS ON THE TEST AND THEIR APPROXIMATE DISTRIBUTION

The table below indicates the main topics covered by this exam and the approximate percentage of the exam devoted to each main topic. Under the main topic heading is a list of related—but more specific—topics. It is important to review these topics to determine how much prior knowledge you have and/or how much additional study is necessary. To assist with refreshing and enhancing your knowledge of the ideas, concepts, and theories for this subject, links to free and openly licensed review materials are included for each topic.

The Role of Business in United States Society (50%)	
Topic	Resource
Economic systems: capitalism, communism, socialism	Section 1.3: What is Economics?
The capitalist context for business: risk, profit, value	Profit (accounting) Section 1.2: The Notion and Definition of Risk
Government and business	Section 1.7: Government's Role in Managing the Economy
Economic cycles	Section 1.3: What is Economics?
Forms of business ownership	Chapter 4: Selecting a Form of Business Ownership
The role of entrepreneurship	Section 5.1: What is an Entrepreneur?
Global business issues	Section 3.7: Cases and Problems
The role of business ethics and social responsibility	Chapter 13: Ethics in Business <ul style="list-style-type: none"> • Ethics, an Overview • Business Stakeholders • Maintaining Ethical Standards • Corporate Social Responsibility • Ethical Responsibilities of Management
Key Business Functions (50%)	
Management (15%)	



Topic	Resource
Functions of management: planning, organizing, controlling and communication	Chapter 6: Managing for Business Success
Organizational theories	Chapter 3: Organizational Theory <ul style="list-style-type: none"> • Why Study Organizational Theory • Classical Perspectives • Behavioral Perspectives • Modern Thinking • Evolving Organizations
Organizational culture	Chapter 5: Organizational Behavior <ul style="list-style-type: none"> • Individual Perceptions and Behavior • Personality • Stress in Organizations • Drivers of Behavior • Motivating an Organization • Employee Needs and Motivation • Process and Motivation • Reinforcement and Motivation • Job Design and Motivation • Compensation and Motivation
Operations and supply chain management	Chapter 10: Operations Management <ul style="list-style-type: none"> • Introduction to Operations Management • Quality Management • Productivity • Controlling the Supply Chain • Planning for Operations
Human resource management	Section 7.1: Human Resource Management
Mission and vision statements	Mission Statement
Strategic management	Chapter 12: Strategic Management <ul style="list-style-type: none"> • Strategic Management • External Inputs to Strategy • Internal Analysis Inputs to Strategy • Creating Strategy: Common Approaches • Common Types of Corporate Strategies • The Planning Process • Types of Plans • Planning Tools • The Planning Cycle
Accounting, finance, and banking (15%)	
Topic	Resource
The accounting cycle	Section 12.1: The Role of Accounting



Major financial concepts	Introduction to Financial Management
The financial planning process and budgets in the financial plan	Section 14.3: The Financial Planning Process
Short-term and long-term financing sources	Short-Term Financing Long-Term Financing
The securities market	Reading: Investments and Markets: A Brief Overview
The role of the Federal Reserve System	Role of Banks
Marketing (10%)	
Topic	Resource
The four P's of marketing	3.2: Marketing Mix
Market research and market segmentation	What is a Business? <ul style="list-style-type: none"> • Read: Addressing Market Needs Target Market
Branding	Branding
Relationship marketing and consumer behavior	Customers
Public relations	Public Relations
Marketing channels	Chapter 8: Using Marketing Channels to Create Value for Customers
Internet and social media strategies	Chapter 7: Social Media, Peer Production, and Web 2.0 Chapter 8: Facebook: Building a Business from the Social Graph
Technology in Business (10%)	
Topic	Resource
Management information systems	Unit 4: Information Systems and Organization Strategy
Technology trends in business	Information Technology Trends Unit 2: ERP Systems, Business Processes, and IT
Technology platforms and supporting software	Part 1: What Is an Information System?



Impact of the cloud in business	What is Cloud Computing?
Disaster planning, recovery and security	Ready.gov's IT Disaster Recovery Plan Security

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](#).

Title	License
BUS-101: Introduction to Business [Saylor Course]. Washington, D.C.: Saylor Academy.	See License
Collins, K. (2012). An Introduction to Business (2nd ed). 2012 Book Archive.	CC BY-NC-SA 3.0
Boundless Business [Lumen Course]. Portland, OR: Lumen Learning.	CC BY-SA 4.0
Boundless Management [Lumen Course]. Portland, OR: Lumen Learning.	CC BY-SA 4.0
Williams, L., et al. Introduction to Business [Lumen Course]. Portland, OR: Lumen Learning.	Various
Gitman, L. J., et al. (2018). Introduction to Business . Houston, TX: OpenStax.	CC BY 4.0
McCubbrey, D. J. (2009). Business Fundamentals . Global Text Project.	CC BY 3.0

SAMPLE QUESTIONS

The questions below are designed to help you study for your TECEP. Answering these questions does not guarantee a passing score on your exam.

Please note that the questions below **will not** appear on your exam.



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
- totally tax-free
 - taxed only as Jack's personal income
 - taxed only if and when it is distributed to investors
 - 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?
- Sole proprietorship
 - Limited partnership
 - Corporation
 - Cooperative
9. A(n) _____ is a person who assumes the risk of starting a business.
- manager
 - stakeholder
 - entrepreneur
 - 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?
- Comparative advantage
 - Absolute advantage
 - Bilateral advantage
 - Mercantilism
11. Which of the following would be a unique focus of an integrity-based ethics code?
- Shared accountability among employees
 - Improved awareness of the relevant laws
 - Increased penalties for code violators
 - 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.
- controlling
 - leading
 - planning
 - 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

Multiple-Choice Questions

- | | | |
|--------|---------|---------|
| 1. (a) | 8. (a) | 15. (d) |
| 2. (c) | 9. (c) | 16. (b) |
| 3. (d) | 10. (a) | 17. (d) |
| 4. (a) | 11. (a) | 18. (a) |
| 5. (b) | 12. (a) | 19. (a) |
| 6. (d) | 13. (a) | |
| 7. (b) | 14. (a) | |

Short Answer 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.

Scoring Rubric	
Score	Response Features
Meets Expectations (2 pts)	<ul style="list-style-type: none">Clearly discusses a critical function of information technology in businessesUses complete sentences with correct spelling and grammarErrors do not impact readability
Partially Meets Expectations (1 pt)	<ul style="list-style-type: none">Partially discusses a critical function of information technology in businessesUses complete sentences with some minor errors in spelling and grammarErrors do not impact readability
Needs Improvement (0 pts)	<ul style="list-style-type: none">Fails to discuss a critical function of information technology in businessesUses incomplete sentences with some significant errors in spelling and grammarErrors impact readability

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.



Scoring Rubric	
Score	Response Features
Meets Expectations (2 pts)	<ul style="list-style-type: none"> Clearly explains a difference in hardware and software Uses complete sentences with correct spelling and grammar Errors do not impact readability
Partially Meets Expectations (1 pt)	<ul style="list-style-type: none"> Partially explains a difference in hardware and software Uses complete sentences with some minor errors in spelling and grammar Errors do not impact readability
Needs Improvement (0 pts)	<ul style="list-style-type: none"> Fails to explain a difference in hardware and software Uses incomplete sentences with some significant errors in spelling and grammar Errors impact readability

