

# DANTES

## Subject Standardized Tests

## Fact Sheet Study Guide

### INTRODUCTION TO BUSINESS

#### TEST INFORMATION

This test was developed to enable schools to award credit to students for knowledge equivalent to that which is 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 passing score for each examination is determined by the school based on recommendations from the American Council on Education (ACE). This minimum credit-awarding score is equal to the mean score of students in the norming sample who received a grade of C in the course. 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 where they expect to receive credit.

#### CONTENT

The following topics, which are commonly taught in courses on this subject, are covered by this examination.

	<u>Approximate Percent</u>
<b>I. Economic Issues Affecting Business</b>	<b>14%</b>
A. Private enterprise	
B. Socialistic societies	
C. Today's business and its challenges	
<b>II. International Business</b>	<b>7%</b>
<b>III. Government and Business</b>	<b>5%</b>
<b>IV. Forms of Business Ownership</b>	<b>7%</b>
<b>V. Small Business, Entrepreneurship, and Franchise</b>	<b>5%</b>
<b>VI. Management Process</b>	<b>12%</b>
A. Management functions and decision making	
B. Organizational strategies	
C. Human relations	
D. Business ethics, social responsibility, and the legal system	
<b>VII. Human Resource Management</b>	<b>10%</b>
A. Human resource strategies	
B. Labor relations	
<b>VIII. Production and Operations</b>	<b>2%</b>
<b>IX. Marketing Management</b>	<b>16%</b>
A. Marketing strategies	
B. Marketing mix	
1. Product	
2. Price	
3. Promotion	
4. Placement/distribution	
<b>X. Financial Management</b>	<b>14%</b>
A. Money, banking, and financial institutions	
B. Financial strategies	
C. Securities market	
<b>XI. Risk Management and Insurance</b>	<b>3%</b>
<b>XII. Management and Information Systems</b>	<b>5%</b>
A. Accounting	
B. Computers	



Questions on the test require candidates to demonstrate the following abilities. Some questions may require more than one of the abilities.

- Knowledge of basic facts and terms (about 25-30% of the examination)
- Understanding of concepts and principles (about 30-35% of the examination)
- Ability to apply knowledge to specific case problems (about 35-40% of the examination)

### SAMPLE QUESTIONS

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
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

Pride, William M., Robert J. Hughes, and Jack R. Kapoor. *Business*. Boston, MA: Houghton Mifflin, current edition.

Rachman, David J. *Business Today*. New York, NY: McGraw Hill, current edition.

Reinecke, John A., Gary Dessler, and William F. Schoell. *Introduction to Business*. Boston, MA: Allyn and Bacon, current edition.

Current textbook used by a local college or university for a course on the subject.

## STUDYING FOR THE EXAMINATION

The following is a list of reference publications that were being used as textbooks in college courses of the same or similar title at the time the test was developed. Appropriate textbooks for study are not limited to those listed below. If you wish to obtain study resources to prepare for the examination, you may reference either the current edition of the following titles **or** textbooks currently used at a local college or university for the same class title. It is recommended that you reference **more than one textbook** on the topics outlined in this fact sheet. You should **begin by checking textbook content against the content outline** included on the front page of this Fact Sheet/Study Guide **before** selecting textbooks that cover the test content from which to study. Textbooks may be found at the campus bookstore of a local college or university offering a course on the subject.

Sources for study material suggested but not limited to the following:

Boone, Louis E., and David L. Kurtz. *Contemporary Business*. Fort Worth, TX: The Dryden Press, current edition.

Jackson, John H., and Vernon A. Musselman. *Business – Contemporary Concepts and Practices*. Englewood Cliffs, NJ: Prentice-Hall, Inc., current edition.

Nickels, William G., James McHugh, and Susan M. McHugh. *Understanding Business*. Chicago, IL: Irwin, current edition.

## CREDIT RECOMMENDATIONS

The Center for Adult Learning and Educational Credentials of the American Council on Education (ACE) has reviewed and evaluated the DANTES examination development process and has made the following recommendations:

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

## INFORMATION

Colleges and universities that would like to have review copies of tests, additional information about the national norming, or assistance in local norming or score validation studies should write to: DANTES Program, Mail Stop 11-P, The Chauncey Group International, 664 Rosedale Road, Princeton, New Jersey 08540.

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. The Chauncey Group will be happy to help schools in this effort.

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