

## IBO 2021 Objective Test

1. Mike's Roadside Market buys produce from area farmers, marks the merchandise at a price that includes some profit, and sells the fruits and vegetables to the people in and around Centerville. Mike's would be classified as part of a \_\_\_\_\_ market.
  - A. government
  - B. producer
  - C. consumer
  - D. reseller
2. For what is the shipping term FOB (free on board) used?
  - A. To indicate when liability is transferred from the seller to the buyer.
  - B. To indicate that the item(s) are insured.
  - C. To indicate the cost of the freight.
  - D. To indicate the type of transportation.
3. The leading cause of new-product failure is
  - A. an ineffective advertising campaign.
  - B. a lack of top management support for the new product.
  - C. too little money spent on product development.
  - D. a lack of market research.
4. Which of the following would be a disadvantage of a partnership, but not of a corporation?
  - A. There are only two owners.
  - B. Each partner is responsible for all financial risks.
  - C. There is more government regulation.
  - D. All decisions must be made by the CEO.
5. The act of trying to gain sensitive data from a user by sending the individual an e-mail that requests an update to an account of a legitimate website is called:
  - A. phishing
  - B. cookies
  - C. pop-up advertising
  - D. opt-in
6. If a price increase of good A increases the quantity demanded of good B, then good B is a(n):
  - A. unreplaceable good
  - B. complementary good
  - C. inferior good
  - D. substitute good
7. The marketing mix does NOT include:
  - A. product
  - B. planning
  - C. distribution
  - D. price
8. The most reasonable mode of transportation cost to transport large items internationally is a(n):
  - A. ship
  - B. truck
  - C. train
  - D. airplane
9. \_\_\_\_\_ is always the first stage of the research process.
  - A. Selecting target market
  - B. Defining the problem
  - C. Planning the distribution schedule
  - D. Analyzing other products

10. Psychographics refers to \_\_\_\_\_.
  - A. geographic location
  - B. census data
  - C. people's lifestyles
  - D. variable demographics
  
11. Which best describes the term "product line"?
  - A. all the products a company makes
  - B. all the products a company sells
  - C. brands that are closely related in terms of their function and benefits provided
  - D. the development of a single product over time
  
12. An aging company might want to be featured in a magazine if they were concerned about this element of the marketing mix:
  - A. promotion
  - B. product
  - C. price
  - D. production
  
13. The management function responsible for arranging resources to complete work is
  - A. planning.
  - B. controlling.
  - C. organizing.
  - D. implementing.
  
14. When two organizations become one company this is called a:
  - A. acquisition
  - B. leveraged buyout
  - C. franchise
  - D. merger
  
15. In one year, a company with 3,000 employees had 300 workers terminate employment. What was the company's employee turnover rate?
  - A. 30%
  - B. 1,000%
  - C. 10%
  - D. 300%
  
16. \_\_\_\_\_ are financial compensations added to salaries and wages to all.
  - A. A cafeteria plan
  - B. A bonus
  - C. Expense reimbursement
  - D. Fringe benefits
  
17. A \_\_\_ is a blueprint specifying the resource allocations, schedules, and actions necessary for attaining the goals of a project or organization.
  - A. vision
  - B. mission
  - C. plan
  - D. goal
  
18. A \_\_\_ is an legally binding and enforceable agreement between two or more parties.
  - A. patent
  - B. consideration
  - C. contract
  - D. consolidation
  
19. Which one of the following is **not** an advantage for a franchise?
  - A. advertising

- B. individual freedom
  - C. branding
  - D. name recognition
20. The ABC Corporation's net worth is \$48,000,000 and there are 3,000,000 shares of stock outstanding. The book value of each share is:
- A. \$8
  - B. \$144
  - C. \$12
  - D. \$16
21. Which of the following is **not** an example of virtual marketing?
- A. buying furniture on e-Bay
  - B. distribution of electronic tickets to a concert
  - C. processes for making electronic payment for purchases
  - D. fliers for a local pizza parlor left in potential customers' mailboxes
22. The company's mission reflects the organization's \_\_\_\_\_.
- A. challenges
  - B. values
  - C. marketing strategy
  - D. finances
23. A situational leader does not:
- A. make use of individual employees' strengths
  - B. understand the importance of flexibility
  - C. use the autocratic style in all situations
  - D. adjust leadership to different circumstances
24. Your business's public relations representative gives an interview to a local newspaper with the understanding that the interview is "on the record". The PR representative has consented to:
- A. full use of his comments and name in publication
  - B. full use of his comments in publication, but not his name
  - C. limited use of his comments with editorial rights, but no use of his name
  - D. limited use of his comments with editorial rights and full use of his name
25. An organization that bonds countries together to allow a free flow of products is called:
- A. a monopoly.
  - B. an industry.
  - C. a balance of trade agreement.
  - D. an economic community.
26. There are four possible modes of foreign market entry:
- A. exporting, licensing, joint venture, foreign direct investment.
  - B. exporting, importing, joint venture, franchising importing.
  - C. joint venture, foreign direct investment, franchising, importing.
  - D. importing, licensing, franchising, foreign direct investment.
27. An example of a cultural factor that can affect international business is:
- A. consumer protection laws require expensive packaging.
  - B. laws about selling strategies are very strict.
  - C. the major religion prohibits the use of alcohol in any food products.
  - D. the weather is too hot for selling ice cream products without refrigeration units.
28. Which economic system will be influenced the most by the government?
- A. mixed economy
  - B. socialism
  - C. capitalism

- D. communism
29. The ISO 9000 standard is **not** based on
- local government regulation.
  - implication of top management.
  - process of continual improvement.
  - strong customer focus.
30. Which of the following is **not** a function of the International Monetary Fund?
- Provide technical assistance in its areas of expertise.
  - Lend to countries with balance of payment difficulties.
  - Regulate international stock markets.
  - Monitor the economy.
31. The unemployment rate is an indicator of a country's economic situation because:
- fewer goods and services are produced when there is low unemployment
  - more goods and services are produced when there is high unemployment
  - a high unemployment rate can cause other people to lose their jobs
  - a low unemployment rate can cause frictions among citizens
32. The purpose of international reserves is to finance:
- short-term surpluses in the balance of payments
  - short-term deficits in the balance of payments
  - long-term deficits in the balance of payments
  - long-term surpluses in the balance of payments
33. \_\_\_\_\_ allows international businesses to trade without the use of hard currency.
- A letter of credit
  - Lateral trade
  - Free trade
  - Countertrade
34. Direct foreign investment:
- acts as an economic driver for a local economy.
  - diminishes domestic business activity in the local economy.
  - always has a favorable financial impact on a local economy.
  - takes financial resources from a local economy.
35. Which is **not** an advantage of operating a business as a sole proprietorship?
- ease of starting
  - limited risks
  - freedom to make business decisions
  - owner is the boss
36. The \_\_\_\_\_ faces double taxation.
- sole proprietorship
  - corporation
  - partnership
  - cooperative
37. A business plan does **not**:
- describe what the business will produce.
  - guarantee the success of a new business.
  - state what the business will do to gain and keep customers.
  - explain who will run the business.
38. What is the purpose of the company's vision statement?
- To describe what services a company offers
  - To explain the personnel needed

- C. To explain the history of a company
  - D. To outline what a company wants to be
39. If a customer does **not** pay you when you deliver a product that has been purchased from you, the amount of money owed to you by your customers after you have delivered the product is called
- A. accounts payable.
  - B. inventory.
  - C. cash.
  - D. accounts receivable.
40. The primary purpose of a business plan is to
- A. attract lenders and investors.
  - B. meet securities exchange and supervision commission and other legal requirements designed to protect lenders and investors.
  - C. guide a company by plotting a strategy for its success.
  - D. enable an entrepreneur to take his or her company public.
41. Job sharing
- A. allows several employees to fill one full-time position.
  - B. limits work flexibility.
  - C. usually results in lower productivity.
  - D. provides unfair personal evaluations.
42. Companies that move their operations to countries where labor is less expensive are
- A. poaching.
  - B. importing.
  - C. exporting.
  - D. outsourcing.
43. Which financial form gives information about the projected profit or loss status of the business for a specified period of time?
- A. balance sheet
  - B. cash flow statement
  - C. equity statement
  - D. income statement
44. A high debt ratio means:
- A. Creditors provide a large percentage of the company's total financing.
  - B. Employers provide a large percentage of the company's total financing.
  - C. Creditors do not provide a large percentage of the company's total financing.
  - D. Employers do not provide a large percentage of the company's total financing.
45. Two kinds of funds potentially available to entrepreneurs are:
- A. liability and revenue
  - B. financing and borrowing
  - C. debit and credit
  - D. debt and equity
46. The process where representatives for a labor union meet with management to negotiate salaries and benefits is called \_\_\_\_\_.
- A. plea bargaining
  - B. collective bargaining
  - C. stalemate
  - D. strike
47. Individuals who are willing to invest in your business in hopes of financial return are called \_\_\_\_\_.
- A. brokers
  - B. venture capitalists

- C. sole proprietors
  - D. franchisees
48. Loans backed by collateral are \_\_\_\_\_.
- A. unsecured loans
  - B. lines of credit
  - C. revolving credit
  - D. secured loans
49. What is a line of credit?
- A. money a bank invests in a business in return for a share of the profits
  - B. a grant provided by the HUD to encourage business development in needy areas
  - C. a short-term loan offered to new entrepreneurs that must be repaid within a year
  - D. an agreement by a bank to lend up to a certain amount of money whenever the borrower needs it
50. Taylor Swift writes many of the songs she sings. What does she do to protect the songs she writes?
- A. Applies for a trademark
  - B. Applies for a copyright
  - C. Applies for a patent
  - D. Applies for a service mark
51. The first step in making decisions about starting a business is:
- A. to define the problem/opportunity
  - B. to evaluate the pros and cons of alternatives
  - C. to gather information
  - D. to take action
52. Of the following characteristics, a less-developed country is least likely to have:
- A. poor housing and health care
  - B. a high unemployment rate
  - C. an emphasis on agriculture and mining
  - D. a highly educated population
53. Which one of the following is not a tactic to reduce stress at the workplace?
- A. Leave home earlier in the morning.
  - B. Always maintain a serious state of mind.
  - C. Don't over commit yourself.
  - D. Balance your schedule.
54. Which one of the following is not a part of the business plan?
- A. personal goal statement
  - B. plan summary
  - C. rules for employees
  - D. profit and loss forecast
55. Which one of the following would not be a role of a marketer in the product development process?
- A. selling the product
  - B. conducting marketing tests
  - C. designing marketing strategies
  - D. gathering information
56. Per capita GDP is a better measure of a nation's economic development than total GDP because:
- A. it gives a better comparison between countries of different population sizes
  - B. it takes into consideration the socio-economic aspects of the countries
  - C. it shows how the unemployment rate affects GDP
  - D. it shows how the unemployment rate affects the relationship between two countries

57. A country has a trade deficit when:
- A. its GDP is lower than the GDP of its trade partners
  - B. its imports exceed its exports
  - C. its exports equal its imports
  - D. its exports exceed its imports
58. During the \_\_\_\_\_ stage of the product life cycle, the product's market share reaches its limit and the new market niche is filled.
- A. decline
  - B. introduction
  - C. maturity
  - D. growth
59. Employees prefer the \_\_\_\_\_ style of leadership the most.
- A. situational
  - B. open
  - C. democratic
  - D. autocratic
60. One of the following would be a disadvantage of a partnership, but not of a corporation.
- A. There is more government regulation.
  - B. Each partner is responsible for all financial risks.
  - C. All decisions must be made by the CEO.
  - D. There are only two owners.
61. Of the following business transactions, the only one that describes an importing activity is:
- A. computer manufacturer in one state ships computers to numerous other states
  - B. retailer in Sweden receives goods from Mexico to sell in a chain of stores
  - C. restaurant food supplier in Japan ships sushi ingredients to a restaurant in Turkey
  - D. wholesaler in Brazil packs goods for shipment to Liberia
62. What does the "S" in SWOT stand for?
- A. Strength
  - B. Strategy
  - C. Synergy
  - D. Selling
63. To protect the unauthorized use of the slogan "Built Ford Tough," Ford has been issued a(n):
- A. license
  - B. trademark
  - C. patent
  - D. brand
64. When a country needs to purchase food from other countries, there is:
- A. domestic business
  - B. a trade barrier
  - C. global dependency
  - D. exporting
65. Which part of the business plan describes why you are asking for a loan and what you plan to do with the money?
- A. Cover Letter
  - B. Title page
  - C. Executive Summary
  - D. Statement of Purpose
66. One good strategy to keep an audience of co-workers engaged during a presentation is to:
- A. avoid the use of visuals such as charts or pictures that will distract from the presentation
  - B. speak quickly to end the session early
  - C. provide handouts to guide the audience through the presentation

- D. avoid contact with specific members of the audience, focusing on a point at the rear of the room
67. Pepsi desires to be in as many retail outlets as possible. Which type of distribution density will be suited for this goal?
- A. exclusive distribution
  - B. intensive distribution
  - C. selective distribution
  - D. channel distribution
68. One business controlling an entire market for a particular product is an example of a(n)\_\_\_\_\_.
- A. monopoly
  - B. economic superiority
  - C. oligopoly
  - D. free enterprise
69. What are the two dimensions of the BCG Matrix?
- A. Market Growth and Relative Market Share
  - B. Market Growth and Market Concentration
  - C. Market Penetration and Relative Market Share
  - D. Market Penetration and Market Concentration
70. A store that uses recycled bags is showing \_\_\_\_\_.
- A. social intelligence
  - B. social responsibility
  - C. profit motive
  - D. code of ethics
71. A sports apparel store that is trying to draw the customer's attention by offering a very low, very special bargain price on an extremely popular brand of reflective running socks that are usually quite expensive is using:
- A. bait pricing
  - B. prestige pricing
  - C. loss leader pricing
  - D. price lining
72. In order to convince an audience to support your proposed changes to the organization's structure, you should use a(n) \_\_\_\_\_ speech.
- A. entertaining
  - B. informative
  - C. persuasive
  - D. impromptu
73. The most basic need in Maslow's Hierarchy of human needs is:
- A. food and shelter
  - B. self esteem
  - C. self actualization
  - D. safety
74. One advantage of recruiting outside the company is that:
- A. it is cheaper than internal recruitment
  - B. there is no need to advertise the vacancy
  - C. it avoids jealousy within the firm
  - D. it brings in new experience and skills to the firm
75. Which one of the following describes the surplus a business achieves after total costs are deducted from total revenue for a fixed period of time?
- A. profit



- B. net worth
  - C. liabilities
  - D. assets
76. Which one of the following describes customer-oriented pricing strategies?
- A. focused on target markets and demand
  - B. focused on the emotional ties of the stakeholders
  - C. focused on discouraging competitors from entering the market
  - D. focused on selling to potential investors and partners
77. Selling items at exceptionally low prices and causing unfair conditions for another market that produces the same product is called:
- A. skimming
  - B. psychological pricing
  - C. dumping
  - D. penetrating
78. A detailed list of a shipment of goods in the form of a receipt given by the carrier to the person consigning the goods is the \_\_\_\_\_.
- A. commercial invoice
  - B. bill of lading
  - C. warranty of title
  - D. letter of credit
79. The chances of employee failure on an overseas assignment can be reduced by all of the following practices except:
- A. providing training before, during, and after the assignment.
  - B. providing a job that uses the employee's international experience when the employee returns from the assignment.
  - C. providing extra compensation for taking an international assignment.
  - D. making international assignments part of the long-term employee development process.
80. What are the profits kept by the owners for use within the business called?
- A. internal earnings
  - B. projected earnings
  - C. current earnings
  - D. retained earnings
81. Which of the following is not a source of income for a bank?
- A. investments
  - B. fees for services
  - C. the interest earned by depositors
  - D. loan income
82. This process is used to break a given market into smaller groups.
- A. demographics
  - B. market segmentation
  - C. geographics
  - D. psychographics
83. Which one of the following is the accounting equation?
- A.  $\text{Assets} + \text{Investments} = \text{Net Worth}$
  - B.  $\text{Revenue} - \text{Expenses} = \text{Net Worth}$
  - C.  $\text{Assets} + \text{Liabilities} = \text{Net Worth}$
  - D.  $\text{Assets} - \text{Liabilities} = \text{Net Worth}$
84. XYZ Corporation is evaluating the sales potential of a new product release and have analyzed

past sales records. They are using:

- A. nominal data
  - B. external data
  - C. primary data
  - D. secondary data
85. What is the most important power that a union has?
- A. striking
  - B. closed shop
  - C. negotiating
  - D. collective bargaining
86. Using natives of the host country to manage operations within their country and parent-country natives to manage at headquarters is which human resources approach?
- A. Geocentric approach
  - B. Polycentric approach
  - C. Regiocentric approach
  - D. Ethnocentric approach
87. An affluent individual who provides capital for a business start-up is called a(n) \_\_\_\_
- A. Angel investor
  - B. Bond manager
  - C. Vendor
  - D. Stock broker
88. Which best describes when a product is considered to be elastic?
- A. price decreases by \$1.00 and the demand doesn't change
  - B. price decreases by \$2.00 and the demand decreases by 3%
  - C. price increases by \$2.00 and the demand doesn't change
  - D. price increases by \$1.00 and demand decreases by 20%
89. \_\_\_\_\_ is the dispute resolution method that makes use of a neutral third party to reconcile the viewpoints of the disputing parties.
- A. Mediation
  - B. Due process
  - C. Litigation
  - D. Arbitration
90. Many Japanese companies own hotels in Hawaii. This is an example of:
- A. foreign direct investment (FDI)
  - B. joint venture
  - C. franchise
  - D. wholly-owned subsidiary
91. Which of the following refers to studying a job in order to understand what knowledge, skills, and abilities are needed as a foundation for the behaviors that would help the job holder perform that job successfully?
- A. job theorization
  - B. job analysis
  - C. job breakdown
  - D. job planning
92. A situation in which a few large companies control an industry is called:
- A. a competitive market
  - B. a free-trade zone
  - C. a duty-free market
  - D. an oligopoly
93. What is the term used to describe the amount of difference in the conversion of one nation's currency to another country's currency?

- A. market rate
  - B. flat rate
  - C. countertrade
  - D. exchange rate
94. The \_\_\_\_\_ industry involves helping businesses and individuals anticipate potential risks and protect themselves from losses.
- A. insurance
  - B. accounting
  - C. hedge fund
  - D. financial analyst
95. \_\_\_\_\_ refers to a type of corporate action taken when significantly modifying the debt, operations or structure of a company as a means of potentially eliminating financial harm and improving the business.
- A. Launch
  - B. Bankruptcy
  - C. Restructuring
  - D. Buyout
96. Which of the following is NOT a communication barrier?
- A. different language
  - B. texting
  - C. eye contact
  - D. noise
97. Special words or expressions that are used by a particular profession or group and are difficult for others to understand are:
- A. body language.
  - B. linguistics.
  - C. foreign exchange.
  - D. jargon.
98. In a SWOT analysis, which of the following is considered a threat to businesses?
- A. Lack of credibility in the market
  - B. Limited consumer base
  - C. Lack of adequate financial resources
  - D. New entrants into the industry or market
99. A(n) \_\_\_\_\_ is a set of unwritten rules according to which people in a particular group, class, or situation are supposed to behave.
- A. objective
  - B. mission
  - C. code of ethics
  - D. vision
100. A good rule when preparing budgets is to \_\_\_\_\_.
- A. overestimate income and underestimate expenses
  - B. not make decisions based on past financial performance
  - C. overestimate expenses and underestimate income
  - D. count on constantly growing income

Answer:

1	D	26	A	51	A	76	A
2	A	27	C	52	D	77	C
3	D	28	D	53	B	78	B
4	B	29	A	54	C	79	C
5	A	30	C	55	A	80	D
6	D	31	C	56	A	81	C
7	B	32	B	57	B	82	B
8	A	33	D	58	C	83	D
9	B	34	A	59	C	84	D
10	C	35	B	60	B	85	A
11	C	36	B	61	B	86	B
12	A	37	B	62	A	87	A
13	C	38	D	63	B	88	D
14	D	39	D	64	C	89	A
15	C	40	C	65	D	90	A
16	D	41	A	66	C	91	B
17	C	42	D	67	B	92	D
18	C	43	D	68	A	93	D
19	B	44	A	69	A	94	A
20	D	45	D	70	B	95	C
21	D	46	B	71	C	96	C
22	B	47	B	72	C	97	D
23	C	48	D	73	A	98	D
24	A	49	D	74	D	99	C
25	D	50	B	75	A	100	C