

## **MAJOR FIELD TEST IN BUSINESS**

### **SAMPLE QUESTIONS**

The following questions illustrate the range of the test in terms of the abilities measured, the disciplines covered, and the difficulty of the questions posed. They should not, however, be considered representative of the entire scope of the test in either content or difficulty. An answer key follows the questions.

1. In marketing research, a firm might consider using secondary data over primary data because
  - (A) secondary data are usually cheaper
  - (B) secondary data are usually more accurate
  - (C) primary data are usually nonspecific
  - (D) primary data are likely to be outdated
  
2. In organizational decision-making, managers are able to exercise the greatest degree of discretion in the
  - (A) promulgation of internal policies
  - (B) settlement of legal disputes
  - (C) restructuring of outstanding loans
  - (D) compliance with federal regulations
  
3. The term "net working capital" refers to
  - (A) inventories, receivables, and short-term notes and investments
  - (B) assets divided by liabilities
  - (C) short-term assets less short-term liabilities
  - (D) net assets left over after subtracting cost of goods sold
  
4. How many pillows must Dreamland produce and sell each month to earn a monthly gross profit of \$1,000 ?
  - (A) 300
  - (B) 350
  - (C) 600
  - (D) 700
  
5. Another firm has offered to produce "Old Softy" pillows and sell them to Dreamland for \$12 each. Dreamland cannot avoid the factory lease payments, but can avoid all labor costs if it does not produce these pillows. Under these conditions, how many "Old Softy" pillows must Dreamland sell to earn monthly gross profits of \$1,000 ?
  - (A) 417
  - (B) 500
  - (C) 625
  - (D) 875
  
6. All of the following are true of the Federal Reserve system in the United States EXCEPT:
  - (A) It is divided into twelve Federal Reserve districts.
  - (B) It holds deposits (or reserves) of member banks.
  - (C) It provides facilities for check clearance.
  - (D) It includes all commercial banks as members.

**Questions 4-5 are based on the following information.**

Dreamland Pillow Company sells the "Old Softy" model for \$20 each. One pillow requires two pounds of raw material and one hour of direct labor for manufacture. Raw material costs \$3 per pound and direct production labor is paid \$4 per hour. Fixed supervisory costs are \$2,000 per month and Dreamland rents its factory on a five-year lease for \$4,000 per month. All costs are considered costs of production.

7. Goods such as magazines and candy that are purchased with a minimum of shopping effort by consumers are defined as
- (A) durable goods
  - (B) shopping goods
  - (C) convenience goods
  - (D) specialty goods
8. Which of the following statements about the tort of negligence is true?
- (A) It cannot be used as a basis for liability for defective products.
  - (B) It is a strict liability tort with no defenses.
  - (C) It requires proof of some intentional conduct.
  - (D) It requires proof of breach of a statutory or common-law duty.
9. In the process of interpersonal communication, the sender's translation of ideas to words is known as
- (A) encoding
  - (B) decoding
  - (C) feedback
  - (D) empathy
10. The long-run trend in international trade as formalized in the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT) agreements is the
- (A) reduction of trade barriers of all types
  - (B) movement of trade barriers from tariffs to quotas
  - (C) development of trade barriers for countries and firms outside the agreements
  - (D) reduction of trade between trading blocs and improvement of trade within trading blocs

11. Which of the following statements about a systems flowchart is true?
- (A) It is used in systems design to define and describe each piece of data.
  - (B) It is a method of writing programs using only three basic constructs: sequence, selection, and repetition.
  - (C) It documents the sequence of processing steps that take place in an information system.
  - (D) It documents the logical design of an information system.
12. On May 31, Company O's general ledger shows a cash balance of \$5,123. The May 31 bank statement shows a balance of \$4,905. Other information is available as follows.
1. A May 31 deposit of \$300 does not appear on the bank statement; but a \$3 service charge does.
  2. A customer's \$40 insufficient funds (nsf) check has been returned with the bank statement.
  3. Outstanding checks of \$10, \$15, and \$100 are identified on May 31.
- What is the correct cash balance on May 31 ?
- (A) \$4,905
  - (B) \$5,080
  - (C) \$5,166
  - (D) \$5,205
13. In marketing, postpurchase evaluation of the alternatives in order to support the buyer's choice is often used to reduce
- (A) perceived risk
  - (B) cognitive dissonance
  - (C) consumer anxiety
  - (D) brand stereotyping

14. Within the context of the Capital Asset Pricing Model (CAPM), the risk measure known as beta is often computed by regressing the return of the company's stock against the

- (A) return on the company's bonds
- (B) return on the stock market
- (C) change in the gross domestic product
- (D) change in the consumer price index

15. A project consists of 150 jobs. The expected completion time for each job is given in days. The project has three critical paths with two jobs in common, *J* and *K*. In order to finish the project one day early, the completion time should be reduced one day for

- (A) each of the 150 jobs
- (B) each of the jobs on the three critical paths
- (C) either Job *J* or Job *K*
- (D) both Job *J* and Job *K*

**Answer Key**

- |      |      |       |       |
|------|------|-------|-------|
| 1. A | 5. C | 9. A  | 13. B |
| 2. A | 6. D | 10. A | 14. B |
| 3. C | 7. C | 11. C | 15. C |
| 4. D | 8. D | 12. B |       |



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