

PEREGRINE MASTER OF BUSINESS ADMINISTRATION (MBA) PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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1. What does "brand equity" refer to?

- A. The cost associated with developing a brand name
- B. The market share held by a brand in a particular industry
- C. The value added to a product based on brand recognition and reputation
- D. The average price for a product's branding efforts

2. What is the formula for calculating Return on Investment (ROI)?

- A. $\text{Net Income} \div \text{Shareholder Equity} \times 100$
- B. $\text{Net Profit} \div \text{Investment Cost} \times 100$
- C. $(\text{Net Income} - \text{Preferred Dividends}) \div \text{Shares}$
- D. $\text{Net Profit} \div \text{Total Assets}$

3. What key aspect is required for effective cross-cultural communication?

- A. Using technical jargon
- B. Adequate language fluency
- C. Awareness of cultural differences
- D. Utilizing humor and sarcasm

4. What happens to GDP when industry exports increase?

- A. Exports decrease GDP
- B. Exports have no effect on GDP
- C. Exports add to GDP
- D. Exports lead to an economic recession

5. What aspect does employee engagement significantly influence within an organization?

- A. Brand recognition
- B. Employee retention
- C. Financial performance
- D. Market share

6. In accounting, what must always equal for the accounts to be balanced?

- A. Total debits and total expenses
- B. Total debits and total revenue
- C. Total debits and total credits
- D. Total assets and liabilities

7. What is the primary function of a business plan?

- A. To provide a detailed financial forecast
- B. To outline a company's goals and strategies
- C. To serve as a legal document for business registration
- D. To list all employees and their roles

8. Which statement best defines "variable costs"?

- A. Costs that remain the same regardless of business activity
- B. Costs that increase as production increases
- C. Costs directly linked to marketing efforts
- D. Costs that only apply to fixed assets

9. What is the function of customer relationship management (CRM)?

- A. To increase sales through promotions
- B. To manage a company's interactions with customers
- C. To conduct market research
- D. To lower operational costs

10. What does the Internal Rate of Return (IRR) represent?

- A. The discount rate that makes NPV zero
- B. The average cost of capital
- C. The total profit over the lifespan of the investment
- D. The return on equity for shareholders

Answers

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1. C
2. B
3. C
4. C
5. B
6. C
7. B
8. B
9. B
10. A

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Explanations

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1. What does "brand equity" refer to?

- A. The cost associated with developing a brand name
- B. The market share held by a brand in a particular industry
- C. The value added to a product based on brand recognition and reputation**
- D. The average price for a product's branding efforts

"Brand equity" refers to the value that a brand adds to a product or service based on its recognition, reputation, and the perceived quality associated with it. This concept encompasses elements such as customer loyalty, awareness, and overall perceptions that consumers have towards the brand. When a brand is well-regarded and trusted, it can lead to higher sales, the ability to charge a premium price, and greater market share. This value arises from the cumulative effects of marketing and branding efforts over time and is connected to emotional and psychological factors for consumers. A strong brand equity can give companies a competitive advantage by fostering customer attachment and preference, thus influencing purchasing decisions even in a crowded market. This highlights the impact of brand equity not just as a measure of financial worth but also as a crucial intangible asset that affects consumer behavior and company performance.

2. What is the formula for calculating Return on Investment (ROI)?

- A. $\text{Net Income} \div \text{Shareholder Equity} \times 100$
- B. $\text{Net Profit} \div \text{Investment Cost} \times 100$**
- C. $(\text{Net Income} - \text{Preferred Dividends}) \div \text{Shares}$
- D. $\text{Net Profit} \div \text{Total Assets}$

The formula for calculating Return on Investment (ROI) is indeed expressed as Net Profit divided by Investment Cost, multiplied by 100 to convert it to a percentage. This calculation provides a clear measure of the profitability of an investment relative to its cost, allowing investors and business managers to assess the effectiveness of their investments and make informed decisions. ROI is a critical metric in finance and investment analysis because it helps individuals and organizations determine how much profit they have made or expect to make from their investments compared to the amount they invested. By expressing ROI as a percentage, it becomes easier to compare the returns on various investments, regardless of their scale or nature. The calculation is straightforward: if an investment generates a net profit of \$20,000 and the initial investment cost was \$100,000, the ROI would be $(20,000 \div 100,000) \times 100 = 20\%$. This means that the investment yielded a 20% return on the initial amount invested. Understanding this formula helps businesses and investors gauge their financial success and strategically allocate resources for maximum returns.

3. What key aspect is required for effective cross-cultural communication?

- A. Using technical jargon
- B. Adequate language fluency
- C. Awareness of cultural differences**
- D. Utilizing humor and sarcasm

Effective cross-cultural communication primarily hinges on an awareness of cultural differences. This awareness encompasses understanding how various cultural backgrounds influence communication styles, interpersonal relationships, values, and social norms. Recognizing these differences is crucial because it allows individuals to navigate potential misunderstandings and barriers that might arise due to cultural nuances. When individuals are cognizant of cultural differences, they can tailor their communication approach to be more inclusive and respectful, fostering better relationships and collaboration between diverse groups. This understanding also helps in avoiding assumptions based on one's own cultural perspectives, thereby facilitating clearer and more effective exchanges of ideas and information across cultures. The other options, while they may contribute to communication, do not capture the foundational role that cultural awareness plays in ensuring that the interaction is not only effective but also sensitive to the needs and expectations of other cultures.

4. What happens to GDP when industry exports increase?

- A. Exports decrease GDP
- B. Exports have no effect on GDP
- C. Exports add to GDP**
- D. Exports lead to an economic recession

When industry exports increase, it positively impacts GDP because exports are one of the critical components of economic activity measured by the Gross Domestic Product calculation. GDP is calculated using the formula: $GDP = C + I + G + (X - M)$, where C represents consumption, I is investment, G stands for government spending, X is exports, and M is imports. When exports rise, it directly adds to the overall production and income generated within the economy, as goods and services produced domestically and sold overseas contribute to the nation's total economic output. This increase in exports can stimulate local production, lead to job creation, and enhance overall economic growth, which is measured through an increase in GDP. Understanding the relationship between exports and GDP is crucial since a growing export sector often signifies a competitive economy and can lead to further investments and development opportunities within the nation.

5. What aspect does employee engagement significantly influence within an organization?

- A. Brand recognition
- B. Employee retention**
- C. Financial performance
- D. Market share

Employee engagement significantly influences employee retention within an organization. When employees are actively engaged, they tend to feel more connected to their work and the organization as a whole. This connection often translates into higher job satisfaction, loyalty, and a lower likelihood of employees leaving the organization for other opportunities. Engaged employees are typically more committed to their roles and the company's mission, which fosters a positive workplace culture and encourages individuals to stay with the organization longer. This reduced turnover not only helps maintain a stable workforce but also saves organizations the costs associated with recruiting, hiring, and training new employees. In contrast, while aspects like brand recognition, financial performance, and market share are indeed important for organizational success, they are more indirectly affected by employee engagement. High levels of engagement can enhance performance and productivity, thus potentially improving financial performance, but the direct, measurable influence on employee retention makes it the most significant aspect among the choices given.

6. In accounting, what must always equal for the accounts to be balanced?

- A. Total debits and total expenses
- B. Total debits and total revenue
- C. Total debits and total credits**
- D. Total assets and liabilities

In accounting, the principle of double-entry bookkeeping dictates that for the accounts to be balanced, total debits must equal total credits. This foundational concept ensures that every financial transaction is accurately recorded in a way that maintains the accounting equation, which states that assets equal liabilities plus equity. When a transaction occurs, it typically affects at least two accounts: one account is debited, and another account is credited. The total amounts of these debits and credits must always be equal to ensure that the financial statements reflect an accurate view of the financial position of the business. If the debits do not equal the credits, it indicates that there is an error in the recording process. While other choices involve important components of financial statements, they do not relate directly to the fundamental balancing requirement inherent to the double-entry system. Total expenses and total revenue, and total assets and liabilities can be critical for analysis but do not address the basic balancing mechanism within the accounting framework itself.

7. What is the primary function of a business plan?

- A. To provide a detailed financial forecast
- B. To outline a company's goals and strategies**
- C. To serve as a legal document for business registration
- D. To list all employees and their roles

A business plan serves many purposes, but its primary function is to outline a company's goals and strategies. This document acts as a roadmap for the business, detailing what the organization aims to achieve and how it plans to accomplish these objectives. It provides a clear direction for the company and assists in communicating the vision to various stakeholders, such as investors, employees, and partners. While financial forecasts are essential components of a business plan, they serve to support the overarching goals and strategies rather than being the main focus. Legal documentation related to business registration is also not the primary purpose of a business plan; that function is better fulfilled by specific legal forms and filings. Furthermore, listing employees and their roles, while important for operational clarity, is not a central purpose of the business plan itself; it is more of an internal operational document. Overall, the emphasis on goals and strategies encapsulates the essence of what a business plan is intended to convey.

8. Which statement best defines "variable costs"?

- A. Costs that remain the same regardless of business activity
- B. Costs that increase as production increases**
- C. Costs directly linked to marketing efforts
- D. Costs that only apply to fixed assets

The statement that "variable costs are costs that increase as production increases" accurately captures the essence of what variable costs are in the context of business expenses. Variable costs are expenses that fluctuate in direct proportion to the volume of goods or services produced. This means that as a company scales its production upwards, the variable costs associated with producing those additional units increase correspondingly. For instance, if a business produces more products, it will likely incur higher costs for materials, labor, and utilities that are directly tied to that production process. This characteristic distinguishes variable costs from fixed costs, which remain constant regardless of production levels. Understanding this distinction is crucial for budgeting, forecasting, and pricing strategies, as businesses need to account for how these costs will impact profitability as they change their levels of production.

9. What is the function of customer relationship management (CRM)?

- A. To increase sales through promotions
- B. To manage a company's interactions with customers**
- C. To conduct market research
- D. To lower operational costs

The function of customer relationship management (CRM) is fundamentally centered around managing a company's interactions with its customers. This involves utilizing data analysis about customers' history with the company to enhance business relationships, streamline processes, and improve customer retention and satisfaction. By implementing a CRM system, organizations can collect and analyze customer information, such as purchasing habits and preferences, which aids in personalizing communication, predicting customer needs, and providing a tailored experience. The ultimate goal is to maintain long-term relationships with customers, which is vital for driving loyalty and ensuring sustained revenue growth. While increasing sales through promotions, conducting market research, and lowering operational costs are important aspects of business strategy, they do not encapsulate the essence of what CRM specifically aims to achieve. CRM focuses primarily on fostering engagement and communication between a business and its customers.

10. What does the Internal Rate of Return (IRR) represent?

- A. The discount rate that makes NPV zero**
- B. The average cost of capital
- C. The total profit over the lifespan of the investment
- D. The return on equity for shareholders

The Internal Rate of Return (IRR) is defined as the discount rate that makes the Net Present Value (NPV) of a series of cash flows equal to zero. This metric is crucial in evaluating the profitability of an investment or project. When the cash inflows generated by the project equal the cash outflows when discounted at the IRR, it indicates that the project will break even in terms of NPV. Thus, IRR is often used by investors and analysts to compare the relative attractiveness of different investment opportunities; if the IRR exceeds the required rate of return, the project may be considered a good investment. In contrast, the other options describe different financial concepts. The average cost of capital pertains to the overall cost of financing a firm, which usually includes both debt and equity components. The total profit over the lifespan of the investment provides a measure of absolute profit but does not take the timing of cash flows into account, which is essential in discounted cash flow analysis. The return on equity refers specifically to the profitability for equity shareholders and is distinct from the broader concept of IRR, which encompasses all cash flows related to the investment.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://peregrinemba.examzify.com>

We wish you the very best on your exam journey. You've got this!

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