

Texas PACT Business and Finance 776 Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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 aspect of economics does microeconomics primarily analyze?

- A. National and global economic trends**
- B. Behavior of individuals and small organizations in decision-making**
- C. Government fiscal policies and their impact**
- D. International trade agreements**

2. What is a major goal of Management by Objectives?

- A. To simplify financial reporting for stakeholders**
- B. To align individual performance with organizational goals**
- C. To create competition among employees**
- D. To minimize employee involvement in decision-making**

3. What does the planning function of management involve?

- A. Creating incentives for top performers**
- B. Managing day-to-day operations**
- C. Evaluating employee performance regularly**
- D. Implementing external communication strategies**

4. What does a production budget inform management about?

- A. The desired sales target**
- B. The quantity of goods to be produced**
- C. The financial status of the company**
- D. The hiring needs for the upcoming period**

5. Which of the following is NOT covered by the Family and Medical Leave Act?

- A. Birth of a child**
- B. Family emergency leave**
- C. Maintaining job security during leave**
- D. Employment-related training**

6. What is the primary function of a Just-In-Time (JIT) inventory system?

- A. To maintain large quantities of stock at all times**
- B. To reduce storage costs by ordering materials in advance**
- C. To ensure materials arrive just as they are needed for production**
- D. To increase the speed of production through unscheduled deliveries**

7. Who is credited with the creation of modern macroeconomics?

- A. Adam Smith**
- B. Milton Friedman**
- C. John Maynard Keynes**
- D. Friedrich Hayek**

8. Which of the following best describes the role of planning in management?

- A. Saving resources effectively**
- B. Assessing organizational performance**
- C. Setting goals and outlining steps to achieve them**
- D. Motivating employees to reach their targets**

9. What was the significance of the Financial Services Modernization Act of 1999?

- A. Restricted banks from selling insurance**
- B. Allowed financial institutions to offer similar products**
- C. Completely eliminated investment companies**
- D. Standardized banking regulations across states**

10. What is the primary focus of a cash budget?

- A. Tracking inventory turnover**
- B. Forecasting sales revenue**
- C. Detailing cash inflows and outflows**
- D. Calculating production costs**

Answers

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

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Explanations

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1. What aspect of economics does microeconomics primarily analyze?

- A. National and global economic trends
- B. Behavior of individuals and small organizations in decision-making**
- C. Government fiscal policies and their impact
- D. International trade agreements

Microeconomics primarily analyzes the behavior of individuals and small organizations in decision-making. This branch of economics focuses on the choices made by consumers, households, and firms, examining how they allocate their limited resources among various goods and services. It digs into concepts such as supply and demand, price determination, and consumer behavior. By studying these smaller units, microeconomics provides insights into how individual actions can affect overall market dynamics and resource allocation. The emphasis on individual and small organizational behavior sets microeconomics apart from other economic disciplines that may consider broader economic conditions, such as national fiscal policies or international trade agreements. While these broader aspects are vital to understanding the overall economy, microeconomics remains centered on the intricate details of decision-making processes at a smaller scale, which can ultimately influence larger economic trends.

2. What is a major goal of Management by Objectives?

- A. To simplify financial reporting for stakeholders
- B. To align individual performance with organizational goals**
- C. To create competition among employees
- D. To minimize employee involvement in decision-making

A major goal of Management by Objectives (MBO) is to align individual performance with organizational goals. This approach emphasizes setting specific, measurable objectives at all levels of the organization, ensuring that each employee's efforts contribute directly to the larger goals of the business. By involving employees in the goal-setting process, MBO fosters a sense of ownership and accountability, motivating individuals to perform better in their roles. This alignment is crucial for enhancing productivity, as it clarifies expectations and creates a shared focus across the organization. Employees understand how their work impacts the company's success, which can lead to increased engagement and commitment to achieving both individual and organizational objectives. The collaborative nature of MBO promotes teamwork and ensures that all efforts are synchronized towards common goals.

3. What does the planning function of management involve?

- A. Creating incentives for top performers**
- B. Managing day-to-day operations**
- C. Evaluating employee performance regularly**
- D. Implementing external communication strategies**

The planning function of management primarily involves setting objectives and determining a course of action for achieving those objectives. This includes analyzing the current situation, forecasting future conditions, and identifying the resources needed to achieve the goals. Creating incentives for top performers can be part of a broader planning strategy aimed at enhancing productivity and motivation within the workforce. It reflects a proactive approach to aligning employees' efforts with the organization's strategic direction. While managing day-to-day operations, evaluating employee performance, and implementing communication strategies are crucial aspects of organizational management, they typically fall under other management functions such as organizing, leading, and controlling rather than the planning function specifically. Therefore, the focus on creating incentives as a part of a comprehensive planning strategy encapsulates how management anticipates challenges and prepares for future needs.

4. What does a production budget inform management about?

- A. The desired sales target**
- B. The quantity of goods to be produced**
- C. The financial status of the company**
- D. The hiring needs for the upcoming period**

A production budget is a critical financial tool that provides management with insights specifically related to the quantity of goods that need to be produced during a certain period. It estimates how many units must be manufactured to meet the expected sales forecasts while also accounting for the inventory levels at the beginning and end of the period. By understanding these production requirements, management can effectively plan and allocate resources, such as raw materials and labor, ensuring that production aligns with sales goals without overproducing or underproducing. The production budget does not set the desired sales target, which is typically outlined in a sales budget, nor does it directly assess the financial status of the company as a whole, which requires a broader analysis involving income statements and balance sheets. Additionally, while it may indirectly suggest hiring needs based on production requirements, it is specifically focused on production quantity rather than workforce planning or hiring considerations.

5. Which of the following is NOT covered by the Family and Medical Leave Act?

- A. Birth of a child**
- B. Family emergency leave**
- C. Maintaining job security during leave**
- D. Employment-related training**

The Family and Medical Leave Act (FMLA) is designed to protect employees' job security while they take leave for certain family and medical reasons. This includes provisions for the birth of a child, taking care of a sick family member, or dealing with a severe health condition of the employee themselves. The primary aim of the FMLA is to allow employees to take necessary time off while ensuring that their job or a similar position is secured for when they return. Therefore, the options relating to the birth of a child, family emergency leave, and job security during leave are all key provisions covered under the FMLA. In contrast, employment-related training does not fall under the scope of the FMLA. The act does not cover time taken off for training related to the employee's job or professional development. The focus of the FMLA is strictly on medical and family leave, meaning training is not included as a reason for leave under this legislation. Therefore, employment-related training is the correct choice as it is not covered by the FMLA.

6. What is the primary function of a Just-In-Time (JIT) inventory system?

- A. To maintain large quantities of stock at all times**
- B. To reduce storage costs by ordering materials in advance**
- C. To ensure materials arrive just as they are needed for production**
- D. To increase the speed of production through unscheduled deliveries**

The primary function of a Just-In-Time (JIT) inventory system is to ensure that materials arrive just as they are needed for production. This approach minimizes the time that inventory is held and reduces storage costs, as it aims to reduce waste by aligning production schedules closely with demand. In a JIT system, goods are produced and delivered at the moment they are required in the manufacturing process, rather than being stored for long periods. This helps improve efficiency and response times, allowing for a more streamlined production process that can adapt quickly to changes in consumer demand. The benefits of this system also include reducing excess inventory, minimizing carrying costs, and improving cash flow since capital is not tied up in unsold goods. Overall, the JIT philosophy emphasizes production efficiency, reducing lead times, and focusing on waste elimination.

7. Who is credited with the creation of modern macroeconomics?

- A. Adam Smith**
- B. Milton Friedman**
- C. John Maynard Keynes**
- D. Friedrich Hayek**

John Maynard Keynes is credited with the creation of modern macroeconomics primarily due to his groundbreaking work during the Great Depression in the 1930s. His ideas were revolutionary because they challenged the classical economic theories that dominated the time, which assumed that economies are self-correcting and that full employment would naturally occur. Keynes proposed that during periods of economic downturns, such as recessions, it was necessary for governments to intervene in the economy through fiscal policy, including increased government spending and lower taxes, to stimulate demand and boost economic activity. His seminal work, "The General Theory of Employment, Interest, and Money," introduced key concepts such as aggregate demand, which have become foundational in understanding economic fluctuations and the role of government in stabilizing the economy. The influence of Keynesian economics has been extensive, affecting not only economic theory but also influencing policymakers around the world in their approach to managing economies. His work laid the groundwork for modern macroeconomic theory, making him a central figure in the field.

8. Which of the following best describes the role of planning in management?

- A. Saving resources effectively**
- B. Assessing organizational performance**
- C. Setting goals and outlining steps to achieve them**
- D. Motivating employees to reach their targets**

The role of planning in management is fundamentally about setting goals and outlining the necessary steps to achieve them. Planning involves determining what the organization aims to achieve and devising a structured approach to reach those objectives. This incorporates defining clear, measurable goals, identifying required resources, and establishing a timeline for execution. Planning is crucial because it provides direction and a framework for decision-making. By establishing goals, the organization can align its resources and activities towards achieving those targets. It also enables managers to anticipate potential challenges and adapt their strategies accordingly, ensuring that the organization remains on course toward its objectives. In contrast, saving resources effectively, assessing organizational performance, and motivating employees are all important functions in management, but they fall under different aspects of the management process. While resource management, performance assessment, and employee motivation are certainly essential components of effective management, planning serves as the foundational step that drives these functions. Without a strategic plan in place, organizations may struggle to effectively manage resources, assess performance accurately, or boost employee motivation towards a common goal.

9. What was the significance of the Financial Services Modernization Act of 1999?

- A. Restricted banks from selling insurance**
- B. Allowed financial institutions to offer similar products**
- C. Completely eliminated investment companies**
- D. Standardized banking regulations across states**

The Financial Services Modernization Act of 1999, also known as the Gramm-Leach-Bliley Act, marked a significant change in the regulation of financial institutions in the United States. By allowing financial institutions to offer similar products, the Act effectively repealed the Glass-Steagall Act's provisions that had previously separated commercial banking, investment banking, and insurance services. This change enabled banks, insurance companies, and securities firms to affiliate and offer a full range of financial services to consumers. As a result, consumers benefitted from more competitive pricing, enhanced product offerings, and an overall increase in the efficiency of financial services. The other options do not accurately reflect the main purpose of the Act. The Act did not restrict banks from selling insurance; rather, it enabled them to enter the insurance market. It also did not eliminate investment companies; instead, it allowed these companies to operate more freely alongside traditional banks. Lastly, while the Act did bring some consolidation in terms of regulating financial services, it did not standardize banking regulations across states but rather created a more unified framework for institutions to operate within.

10. What is the primary focus of a cash budget?

- A. Tracking inventory turnover**
- B. Forecasting sales revenue**
- C. Detailing cash inflows and outflows**
- D. Calculating production costs**

The primary focus of a cash budget is detailing cash inflows and outflows. A cash budget serves as a financial plan that outlines expected cash receipts and payments over a specific period, usually on a monthly or quarterly basis. This allows a business to anticipate its cash flow needs, ensuring that it has sufficient liquidity to meet obligations, such as paying bills, salaries, and other operational expenses. By carefully detailing cash inflows—such as revenues from sales, loans, or other sources—and cash outflows—like rent, utilities, and other expenditures—a business can manage its cash position effectively. This is critical for maintaining operations, especially for businesses that may experience fluctuations in revenue during different periods. In contrast, tracking inventory turnover more directly relates to managing and optimizing stock levels, forecasting sales revenue is concerned with predicting future sales volumes, and calculating production costs focuses on understanding expenses related to manufacturing goods. Each of these aspects is important for overall financial management but does not specifically address the immediate cash position like a cash budget does.

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://txpactbusinessfinance776.examzify.com>

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

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