DECA

BUSINESS MANAGEMENT AND ADMINISTRATION CLUSTER CORE

SAMPLE EXAM QUESTIONS

These test questions were developed by the MBA Research Center. Items have been randomly selected from the MBA Research Center's Test-Item Bank and represent a variety of instructional areas. Performance indicators for these test questions are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided.

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1. Environmental regulations are often developed to encourage businesses to participate in
   A. ethical contracts.
   B. law enforcement.
   C. resource identification.
   D. recycling programs.

2. John would like to be a business owner, has money to invest, and wants to limit his liability. He does not have time to participate in the day-to-day operations of the business. What type of business ownership would you recommend?
   A. Sole proprietorship
   B. Open corporation
   C. Close corporation
   D. General partnership

3. When your parents tell you to vacuum the living room, you are receiving
   A. written directions.
   B. social directions.
   C. nonverbal directions.
   D. oral directions.

4. Eye contact, facial expression, and body language are examples of
   A. verbal acknowledgement responses.
   B. nonverbal cues.
   C. distractions.
   D. listening skills.

5. To enunciate when speaking to customers means to
   A. talk fast.
   B. talk slowly.
   C. run words together.
   D. pronounce words clearly.

6. Why is it important for business employees to ask relevant questions?
   A. To send messages
   B. To clarify meanings
   C. To offer suggestions
   D. To make statements

7. Which of the following is an example of formal communication in the workplace:
   A. Melinda meets with her manager to discuss a possible promotion.
   B. Tessa asks Ken for his opinion about an article that she has written.
   C. Phil asks Mark if he has an extra product brochure that he can give to a customer.
   D. Susan tells a coworker that she thinks her manager is going to be fired.

8. Dale is taking notes during a staff meeting. Dale should
   A. write his notes in complete sentences.
   B. organize his notes in a logical manner.
   C. capture every word that is said.
   D. avoid abbreviations and symbols.

9. In which of the following situations would a businessperson write a persuasive inquiry using an indirect format:
   A. A letter requesting the date and time of a professional development workshop
   B. A direct-mail letter asking for financial support to help a charitable organization
   C. A memo asking for a detailed sales report for the previous six-month period
   D. An e-mail message requesting membership eligibility requirements in an organization

10. Managers often receive brief summaries of information about the status of activities within their departments in the form of _____ reports.
    A. simple progress
    B. long research
    C. detailed annual
    D. short biographical

11. When analytical reports contain information that readers might disagree with, writers should back their conclusions with
    A. personal opinions.
    B. technical statistics.
    C. logical arguments.
    D. enthusiastic statements.

12. Which of the following is the last component of a research report:
    A. Background information
    B. Purpose of the study
    C. Recommendations
    D. Methodology

13. What can employees do to help provide good service to customers?
    A. Offer discounts
    B. Lower prices
    C. Plan events
    D. Resolve problems

14. What is a factor that affects a business's selection of policies to guide its operations?
    A. Personal preferences of management
    B. Nature of the business
    C. Communication skills of employees
    D. Space available to display policies

15. Which of the following is an appropriate attitude for the salesperson to have toward customers' complaints:
    A. Complaints are the business's problem.
    B. Complaints should be handled by management.
    C. Complaints can often be opportunities.
    D. Complaints can usually be prevented.

16. Into what two categories can wants be divided?
    A. Economic and noneconomic
    B. Unlimited and economic
    C. Unlimited and limited
    D. Unlimited and noneconomic

17. A lumber business cuts boards from tree trunks. This business gives the resource _____ utility.
    A. possession
    B. time
    C. place
    D. form

18. Businesses can show their social responsibility by contributing to
    A. pollution.
    B. public interests.
    C. promotion.
    D. private causes.

19. Which of the following is a function that is an important part of the human resources management activities of business:
    A. Selling
    B. Pricing
    C. Staffing
    D. Promoting

20. Three primary factors that affect the organizational structure of a business include interpersonal relationships, tasks, and
    A. initiative.
    B. injunction.
    C. authority.
    D. attrition.

21. Calculate a business's gross profit based on the following information: $367,500 in income from sales, $105,250 in payroll, $25,700 in rent, and $140,125 in cost of goods.
    A. $122,125
    B. $227,375
    C. $96,425
    D. $236,550

22. Prohibiting the use of asbestos in buildings is an example of government efforts to
    A. help the disadvantaged.
    B. provide public goods.
    C. stabilize the economy.
    D. protect public health.

23. A business manager realizes that the demand for his/her products now exceeds producers' capabilities, and producers have raised their prices to offset the high demand. Under these conditions, what phase of the business cycle should the manager begin to prepare for?
    A. Trough
    B. Peak
    C. Contraction
    D. Expansion

24. Which of the following scenarios represents a cultural difference involving personal space that may make an American businessperson feel uncomfortable:
    A. The person is seated in a conference room to discuss a contract with an international client.
    B. A foreign business associate stands several feet away when talking to the person.
    C. A European client greets the person with a kiss on each cheek.
    D. The person is invited to dine in a busy restaurant following the meeting with an international client.

25. While American businessperson Carolyn Alexander is traveling on business in Dresden, Germany, she plans to meet with a potential client named Rudolph Schmidt, who is a purchasing manager with Rhine Industries and speaks English fluently. How should Carolyn greet the client?
    A. How do you do, Schmidt.
    B. Good day, Sir Rudolph.
    C. It is a pleasure to meet you, Rudolph Schmidt.
    D. Hello, Mr. Schmidt.

26. Because Japanese people value loyalty, compliance, and teamwork in their personal and business relationships, Japan is considered a(n)
    A. explicit society.
    B. collectivist culture.
    C. elitist nation.
    D. ceremonial civilization.

27. Which of the following is a factor related to appearance that foreign businesspeople must consider when doing business in Middle Eastern countries:
    A. Most Middle Easterners are Muslim, and pray five times a day.
    B. Both men and woman are expected to wear modest clothing in public.
    C. Crossing one's legs is an offensive gesture to Middle Easterners.
    D. It is common for Middle Easterners to communicate slowly with periods of silence.

28. Hilda Vanderspiel is a German businesswoman who is hosting a dinner for business executives from Delphi, India. When planning the menu for her guests, Hilda should consider their
    A. seating preferences.
    B. dietary habits.
    C. table manners.
    D. physical differences.

29. Jamie and Todd work in a local stationery store. When business is slow, Jamie tends to talk on the phone and stand around, while Todd tends to straighten the shelves and restock items that are needed. Which of the following traits is Todd demonstrating:
    A. Receptivity
    B. Empathy
    C. Loyalty
    D. Initiative

30. Which of the following is an example of unethical work behavior:
    A. Texting friends during a work shift
    B. Arriving at work 15 minutes early
    C. Using supplies to complete work tasks
    D. Taking responsibility for mistakes

31. Tim is the technology manager for the MSJ Company. Tim is responsible for backing up the computer system each evening to make sure that the company has a copy of each day's computer activities and transactions. On Tuesday evening, Tim was running late for a meeting and decided not to conduct the backup activities. Later that night, the computer system crashed and all of Tuesday's computer data was lost. By apologizing to his boss for making a poor decision and offering to work extra hours to help fix the problem, Tim was
    A. taking the time to make informed decisions.
    B. blaming others for the consequences of his actions.
    C. promising not to make any mistakes in the future.
    D. accepting the consequences for the decision he made.

32. To effectively manage various work commitments, employees should
    A. schedule enough time to complete activities.
    B. first focus on the least important tasks.
    C. ask coworkers to complete important activities.
    D. reorganize work goals.

33. To advance in a career in the future, you will probably have a greater need for
    A. artistic ability.
    B. biological knowledge.
    C. mathematics.
    D. training.

34. Employees who send and receive messages through the business's electronic mail system should assume that
    A. no one reads their memos.
    B. privacy does not exist.
    C. privacy is not an issue.
    D. monitoring is not allowed.

35. Assertive people believe that they have the right to ask other people to respond to their
    A. whims.
    B. directions.
    C. needs.
    D. orders.

36. Two people are in a conflict because both of them want to be the group's leader. What is the reason for the conflict?
    A. Motivation
    B. Resentment
    C. Creativity
    D. Authority

37. The XYZ Company has a committee whose members are appointed for three-year terms to review the company's hiring policies. This committee is an example of a(n) _____ committee.
    A. multi-functional
    B. ad-hoc
    C. volunteer
    D. standing

38. Matthias regularly talks to other team leaders in the industry to keep up with current trends that may affect his team vision. Which guideline of sharing a vision does this illustrate?
    A. Being flexible
    B. Being a good listener
    C. Being an example
    D. Being enthusiastic

39. If you like to feel as though you are an important member of the team, you will probably work best under a(n) _____ manager.
    A. democratic
    B. hands-off
    C. laissez-faire
    D. authoritarian

40. Which of the following is the opportunity cost for a person who decides to place $500 in the bank rather than purchase something s/he really wants but does not need:
    A. Long-term dissatisfaction
    B. Higher discretionary income
    C. Lower salary or wages
    D. Immediate gratification

41. A credit plan that requires a signed contract, a down payment, and the balance to be paid over a specific period of time is called _____ credit.
    A. regular
    B. revolving
    C. open
    D. installment

42. Insurance is a key element in lifelong financial planning that
    A. guarantees a solid financial future.
    B. protects a person from unethical salespeople.
    C. provides protection against financial losses.
    D. is available only to property owners.

43. Which of the following is the most effective way to avoid excessive credit-card debt:
    A. Pay off your balance each month
    B. Pay off low-interest credit cards first
    C. Choose a credit card with a high limit
    D. Use credit-card cash advances to pay debt

44. When preparing a personal income tax form, parents report some of their childcare expenses to receive
    A. capital gains.
    B. tax deductions.
    C. dividends.
    D. tax rebates.

SAMPLE BUSINESS MANAGEMENT AND ADMINISTRATION CLUSTER EXAM

45. A business has an inventory valued at $750,000. This amount would appear in the business's balance sheet under
   A. income.
   B. liabilities.
   C. capital gains.
   D. current assets.

46. Which of the following are common security concerns associated with using a computerized accounting system:
   A. Viruses and loss of data
   B. Fraud and pollution
   C. Variances and vested interests
   D. Viruses and pollution

47. Which of the following is an example of current liabilities that a business should include in its balance sheet:
   A. Mortgage loans
   B. Accounts receivable
   C. Owner's equity
   D. Employees' salaries

48. Most businesses provide employee orientation as soon as new employees report for work because
   A. employees can't work until they have been oriented.
   B. orientation focuses on specific job tasks.
   C. employees can learn everything in the beginning.
   D. that is when employees are anxious to learn.

49. Julie just got a promotion and will be transferring to another city, so she plans to spend some time with her replacement, passing on some of her tacit knowledge before she leaves. This is an example of knowledge management being necessary due to
   A. turnover.
   B. information overload.
   C. globalization.
   D. innovation.

50. Shannon has worked at the XBO Company for two years in the production department. During a weekly meeting, the staff was brainstorming ideas to resolve a problem the department has been experiencing on the production line. During the meeting, Shannon told the staff about some changes that her previous company made to its production process, which increased its efficiency and outputs. Shannon's manager liked the idea, and thought that it might work at XBO. This situation illustrates the concept of
   A. limited confidentiality.
   B. inevitable disclosure.
   C. competitive obstruction.
   D. trade-character infringement.

51. One tool that businesses can use to allow employees and customers to share knowledge through their websites is by posting
   A. meta tags.
   B. message boards.
   C. bots.
   D. interesting content.

52. A business might ask its employees to sign a nondisclosure agreement to
   A. prevent copyright infringement.
   B. avoid discrimination lawsuits.
   C. ensure its employees' privacy.
   D. protect its trade secrets.

53. If a business lowers the price of a product for the purpose of taking business away from competitors, the result of this action often is a(n)
   A. increase in profit.
   B. gain in market share.
   C. decrease in cost.
   D. reduction in staff.

54. Which of the following is an example of factual information:
   A. It seems that we have a problem.
   B. I believe that the product is defective.
   C. Last quarter, sales increased by 12%.
   D. Kerry and Dean are the nicest managers.

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55. Melissa is thinking about setting up her growing business as a corporation. Which of the following online sources is most likely to have relevant information about how to establish a corporation:
    A. Nolo Legal Encyclopedia
    B. Wall Street Journal
    C. MarketWatch
    D. Wikipedia

56. Why is it important for businesses to manage employee information in a way that keeps it secure?
    A. To avoid publicity
    B. To be secretive
    C. To beat the competition
    D. To be ethical

57. Which of the following is a standard capability of spreadsheet software:
    A. To manage files
    B. To create slides
    C. To prepare text
    D. To graph data

58. A primary use of project-management software is to
    A. evaluate the quality of deliverables.
    B. define the project's purpose.
    C. develop project standards.
    D. allocate project resources.

59. A business is mostly likely to review customer invoices from the previous year to
    A. execute promotions.
    B. evaluate ideas.
    C. forecast sales.
    D. improve service.

60. Natalie needs to compile a list of her retail business's suppliers, along with the products that the business purchases from each. Which of the following internal records is most likely to contain the information that she needs:
    A. Human-resources records
    B. Quality records
    C. Inventory records
    D. Payroll records

61. What do businesses often analyze when making decisions about how to improve the company?
    A. Statistical findings
    B. Training methods
    C. Information skills
    D. Privacy factors

62. Running out of inventory can result in
    A. lost sales.
    B. higher taxes.
    C. higher productivity.
    D. more satisfied customers.

63. A city in the southwestern region of the country requires community businesses to undergo health and safety inspections to determine if the businesses are complying with
    A. consumer-protection laws.
    B. free-trade agreements.
    C. securities regulations.
    D. local ordinances.

64. Steve recently purchased a used laptop computer for work, but it didn't come with a user's manual. Where is Steve most likely to find a copy of the manual?
    A. A used-book store
    B. A public library
    C. The Internet
    D. An office-supply store

65. Employees who take home pencils, notepaper, and other office supplies for personal use are guilty of
    A. robbery.
    B. fraud.
    C. pilferage.
    D. shoplifting.

66. Because Kendra must finish a task and submit her work to Joshua so he can complete his part of the project by next Thursday, these two team members' jobs are
    A. bureaucratic.
    B. complex.
    C. autonomous.
    D. interdependent.

6

67. When managing projects, which of the following is an important activity:
    A. Obeying orders
    B. Changing objectives
    C. Following directions
    D. Tracking deadlines

68. Ingrid must analyze various aspects of the completed project by comparing the results with the objectives. What process is Ingrid likely to use to obtain all of the information for analysis?
    A. Team review
    B. Administrative appraisal
    C. Internal audit
    D. Productivity evaluation

69. Reviewing activity-status reports helps a project manager to
    A. develop specifications.
    B. create barriers.
    C. determine project scope.
    D. control the project.

70. What is required to maintain favorable relationships with vendors?
    A. Limited communication
    B. Ongoing cooperation
    C. Occasional interaction
    D. Full disclosure

71. Because the Frederick Company has space limitations in its warehouse, it needs to have a shelving unit custom made. What type of order is the Frederick Company likely to place with the shelving manufacturer?
    A. Special
    B. Open
    C. Blanket
    D. Reorder

72. A business orders 10% more widgets than it needs because the supply of and the demand for widgets have been difficult to forecast in recent months. This is an example of a business ordering _____ inventory.
    A. perpetual
    B. maintenance
    C. buffer
    D. customary

73. What is the key to effective use of concessions during a negotiation with a vendor?
    A. Allow minimal room for concessions before negotiations begin.
    B. Obtain leverage by refusing to give up anything.
    C. Concede on minor points before major points.
    D. Portray important concessions as more valuable than they really are.

74. Why do many businesses follow up after production to ensure that products meet standards set by outside organizations?
    A. To estimate future sales
    B. To determine raises for production workers
    C. To comply with the law
    D. To remain competitive

75. A business that inspects its equipment on a regular basis is practicing
    A. vendor analysis.
    B. preventive maintenance.
    C. form utility.
    D. physical inventory.

76. Luke is reviewing several internal and external reports to compare his company's sales and market share in relation to other companies in the industry. What type of business analysis is Luke conducting?
    A. Productivity
    B. Promotional
    C. Financial
    D. Competitive

77. One of the major reasons that good posture is important is that it can
    A. help to prevent medical problems.
    B. eliminate clothing alterations.
    C. improve your ability to relax.
    D. make you look taller than you are.

78. As Vanessa walked into the library, Jeremy and Sam were just closing a drawer on the librarian's desk. Later, Vanessa described the incident to the librarian—and included her own conclusion that the boys had probably stolen something. Vanessa's account is an example of which of the following:
    A. Framing
    B. Logic
    C. Input
    D. Style

79. The Dewberry Company pays both its female employees and its male employees the same salary range for the same type of work. Dewberry is providing its employees with
    A. the right to privacy.
    B. a safe work environment.
    C. fair treatment.
    D. the option to buy stock.

80. What department of a large company should a job seeker contact to find out whether the company has job openings?
    A. Credit
    B. Payroll
    C. Human resources
    D. Training and development

81. Which of the following would be out of place in a follow-up letter after a job interview:
    A. A comment about the work of the business
    B. A question about salary or benefits
    C. A desire to be hired for the job
    D. A reference to the applicant's qualifications

82. A group of persons in the same industry or geographic area who form a society to solve their common problems describes a
    A. corporation.
    B. trade association.
    C. trade show.
    D. partnership.

83. Which of the following statements is true regarding the rules of conduct in the workplace:
    A. Rules of conduct control the employees' behavior, but they don't affect the company's image.
    B. Company rules provide a fair and consistent working environment for some of the employees.
    C. Companies have the same rules of conduct, so it isn't necessary to explain them to employees.
    D. The purpose of the rules of conduct is to guide employees' behavior in relation to their jobs.

84. Who is most likely to report directly to a corporation's chief executive officer (CEO)?
    A. Board of Directors
    B. Regional marketing manager
    C. Production coordinator
    D. Vice president of finance

85. The primary purpose of developing organizational goals is to
    A. provide direction.
    B. ensure profitability.
    C. assign authority.
    D. establish loyalty.

86. What is the primary action needed to ensure that employees understand their roles in meeting the business's overall goals?
    A. Peer evaluation
    B. Brainstorming activities
    C. Motivational speeches
    D. Ongoing communication

87. What section of the statement of work (SOW) defines what the project will produce?
    A. Schedule estimates
    B. Purpose statement
    C. Benefits and risks
    D. Project deliverables

88. A project manager who wants a central location that contains relevant information about each component of the work breakdown structure (WBS) should develop a
    A. WBS dictionary.
    B. WBS thesaurus.
    C. training chart.
    D. pie chart.

89. When team members disagree about the best way to complete an activity, the project manager may need to
    A. help resolve the conflict.
    B. negotiate with external sources.
    C. evaluate the reward system.
    D. change the project scope.

90. Determine the type of project-closing report that would most likely contain the following statement: "In review, group members agreed that additional training before the project began and ongoing technical support during the course of the project would have increased overall efficiency."
    A. Stakeholder's expense audit
    B. Executive summary
    C. Termination checklist
    D. Lessons learned document

91. Which of the following is a factor that keeps quality at the forefront of the modern business world:
    A. Weather patterns
    B. Consumer pressure
    C. Outdated technology
    D. Currency fluctuations

92. The Six Sigma framework approaches the quality improvement of existing processes by implementing the DMAIC method, which includes the five steps of defining, measuring, analyzing,
    A. influencing, and collaborating.
    B. increasing, and counteracting.
    C. instigating, and correcting.
    D. improving, and controlling.

93. What step in the continuous improvement process will indicate if quality is increasing?
    A. Evaluation
    B. Documentation
    C. Recommendation
    D. Implementation

94. During a heavy rainstorm, Save-Cents Discount Store suffered severe structural damages and flooding. The store's insurance company refused to pay for the store's damages because of an unclear anti-concurrent clause that was placed in the back of the written insurance policy. The anti-concurrent clause allowed the insurance company to deny the claim because there were two sources of damage for the same loss. This situation presents an ethical issue for the insurance company if the
    A. insurance company did not explain all of the policy's exclusions to the store.
    B. store's owner failed to pay the insurance premium on time.
    C. store purchased the insurance policy only a few weeks before the storm occurred.
    D. insurance company refused to pay workers' compensation to the store's employees.

95. The MIB Company uses protective computer-software programs to minimize losses associated with its customers' financial transactions. It is managing risks associated with
    A. purchasing.
    B. security.
    C. overhead.
    D. performance.

96. Which of the following is a business risk associated with a failure to follow laws:
    A. Increased inventory
    B. Government fines
    C. Decreased quotas
    D. Goal achievement

97. Which of the following are characteristics of tactical planning:
    A. Short-range and vague
    B. Long-term and vague
    C. Short-range and specific
    D. Long-term and specific

98. What function of management involves developing a system for producing work?
    A. Arranging
    B. Organizing
    C. Supervising
    D. Controlling

99. What management function involves identifying qualified candidates to perform the business's work?
    A. Leading
    B. Staffing
    C. Persuading
    D. Controlling

100. The function of managerial control involves comparing what was planned with the
    A. primary goals.
    B. actual results.
    C. operating policies.
    D. established strategies.

1. D
   Recycling programs. Environmental regulations set pollution standards that businesses must meet, establish rules for disposing of waste, encourage recycling, and monitor illegal dumping. The goal is to protect the environment. By encouraging businesses to participate in recycling programs, environmental regulations help to conserve natural resources and control waste. Agencies that oversee environmental regulations are the ones that enforce the laws. Environmental regulations do not encourage businesses to participate in resource identification or ethical contracts.
   SOURCE: BL:073
   SOURCE: McAdams, T., Neslund, N., & Neslund, K. (2007). *Law, business, and society* (8th ed.) [pp. 673-674]. Boston: McGraw-Hill/Irwin.

2. B
   Open corporation. Open corporations sell stock to the general public. By buying stock in an open corporation, John can become a business owner without daily involvement in the business. In addition, shareholders in an open corporation are only liable for the amount they invest in the company. Sole proprietorship is a form of ownership that requires owner participation. General partnership combines the capital, experience, and abilities of two or more people. Sole proprietorships and general partnerships involve unlimited liability. A close (private) corporation does not offer stock for sale to the general public. In many cases, the shareholders manage and operate the business, which means the owners participate in the day-to-day activities of the business.
   SOURCE: BL:003
   SOURCE: BL LAP 1—Own It Your Way (Forms of Business Ownership)

3. D
   Oral directions. When your parents tell you to vacuum the living room, you are receiving oral directions. When a person speaks, s/he is not giving nonverbal directions or written directions. Directions for vacuuming the living room are not social directions.
   SOURCE: CO:119
   SOURCE: QS LAP 24—Simon Says

4. B
   Nonverbal cues. Nonverbal cues are unspoken messages shown through eye contact, facial expression, and body language. Acknowledgement responses are short verbal statements such as "uh-huh" and "I see." Nonverbal cues are not distractions—quite the opposite, they usually reinforce the speaker's message. Nonverbal cues are not listening skills in and of themselves, but paying attention to them is.
   SOURCE: CO:017
   SOURCE: QS LAP 1—Listen Up

5. D
   Pronounce words clearly. To enunciate means to create clear sounds and to correctly pronounce words. The speed at which words are pronounced may be fast or slow, but words need to be spoken distinctly, not run together.
   SOURCE: CO:147
   SOURCE: Miculka, J.H. (2007). *Speaking for success* (2nd. ed.) [p. 35]. Cincinnati: South-Western Educational.

6. B
   To clarify meanings. Relevant questions are those questions that pertain to the issue at hand. They are asked to obtain information. Employees should ask relevant questions in order to clarify the meaning of statements or instructions. By asking relevant questions, employees can obtain additional explanations to help them understand what they are expected to do. Employees do not ask questions to send messages, offer suggestions, or make statements.
   SOURCE: CO:058
   SOURCE: Hyden, J. S., Jordan, A. K., Steinauer, M. H., & Jones, M. J. (2006). *Communicating for success* (3rd ed.) [p. 80]. Mason, OH: Thomson South-Western.

7. A
Melinda meets with her manager to discuss a possible promotion. A discussion between an employee and a supervisor about work related issues is formal communication. Formal communication in the workplace involves behaving professionally and using a respectful tone. Asking another person (coworker) for an opinion or brochure are informal forms of workplace communication. A possible firing in the workplace is an example of gossip, which is a type of informal communication that should be avoided.
SOURCE: CO:084
SOURCE: People Communicating. (2009-2010). *Workplace communication dynamics.* Retrieved September 12, 2013, from http://www.people-communicating.com/workplace-communication.html

8. B
Organize his notes in a logical manner. Effective note-taking is essential in school as well as on the job. Regardless of whether you are in a university lecture hall or in a staff meeting, taking notes helps you to better remember important information and record facts, figures, and other details that may not be available elsewhere. Notes that are organized in a logical manner are much clearer, more understandable, and easier to read than notes that follow no form at all. When taking notes, it is not necessary to capture every word that is said. Instead, you should focus on the main points and subpoints of the conversation. It is also not necessary to write notes in complete sentences. To save time and space, you should use abbreviations and symbols whenever appropriate.
SOURCE: CO:085
SOURCE: Sweet Briar College. (n.d.). *Note-taking skills.* Retrieved September 12, 2013, from http://www.arc.sbc.edu/notes.html

9. B
A direct-mail letter asking for financial support to help a charitable organization. When asking for financial support, the writer is trying to persuade the recipient to give money. When developing a persuasive message, the writer is trying to change the recipient's behavior. The recipient might require information such as how the money will be used and why the organization needs the money. In persuasive inquiries, it is usually best to use the indirect format. When using the direct format, the writer has specific information that is needed. Sales reports, the date and time of a workshop, or eligibility requirements in an organization can usually be requested through the direct format.
SOURCE: CO:040
SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5th ed.) [pp. 636-637]. Mason, OH: South-Western Cengage Learning.

10. A
Simple progress. Progress reports often are used to provide business managers with brief summaries of information. They are an effective means of keeping managers informed about the status of activities within their departments. Long research reports and detailed annual reports usually provide extensive information in a lengthy format rather than brief summaries. A short biographical report provides information about individuals rather than activities.
SOURCE: CO:094
SOURCE: Lesikar, R.V., & Flatley, M.E. (2005). *Basic business communication: Skills for empowering the Internet generation* (10th ed.) [pp. 318, 322]. Boston: McGraw-Hill/Irwin.

11. C
Logical arguments. An analytical report is a document that explains and evaluates an issue, opportunity, or problem. When developing an analytical report that addresses a controversial issue or contains information that readers might disagree with, the writer should provide logical arguments that explain and support their conclusions. By providing logical arguments, the writer is more likely to persuade readers to accept the conclusions. Technical statistics may distract the reader. Personal opinions should not be expressed during an analytical report. Enthusiastic statements that do not provide logical arguments or supporting evidence are less likely to convince readers that the conclusions are reasonable.
SOURCE: CO:185
SOURCE: Bovée, C.L. & Thill, J. V. (2008). *Business communication today* (9th ed.) [pp. 411-412]. Upper Saddle River, NJ: Pearson Prentice Hall.

12. C
Recommendations. A research report is a written document that summarizes an investigation related to a particular issue or problem. The recommendations section is the proposed course of action, and it is the last component presented in the report. The purpose of the study, which appears at the beginning of the report, describes why the research is needed. The background or historical information is presented at the beginning of the report and usually appears after the purpose of the study. The methodology section of the report appears in the middle of the report and discusses the types of research tools used and why they were selected.
SOURCE: CO:186
SOURCE: Sonnenberg, K. (n.d.). *Conclusions and recommendations.* Retrieved September 12, 2013, from http://www.papermasters.com/conclusions_recommendations.html

13. D
Resolve problems. Providing good service includes resolving problems and complaints. Some customers will be very upset about a problem, and employees must be prepared to find solutions without getting as upset as the customer. Solving problems satisfies customers and gives them the service they deserve. Employees do not have the authority to lower prices, offer discounts, or plan events without the approval of management.
SOURCE: CR:004
SOURCE: Farese, L.S., Kimbrell, G., Woloszyk, C.A. (2012). *Marketing essentials* (pp. 241-242). Columbus, OH: Glencoe/McGraw-Hill.

14. B
Nature of the business. A business's policies must be appropriate for the type of business. For example, a policy that might be appropriate for an investment business might be inappropriate for a hardware store. Not all business policies are written, and it would not be necessary to display them. The personal preferences of management should not be a consideration. Employees who lack good communication skills can receive training that will improve their skills in communicating policies to customers.
SOURCE: CR:007
SOURCE: Rue, L.W., & Byars, L.L. (2006). *Business management: Real-world applications and connections* (pp. 241-242). Woodland Hills, CA: Glencoe/McGraw Hill.

15. C
Complaints can often be opportunities. Salespeople should view customers' complaints as opportunities to impress customers positively. Customers whose complaints are handled satisfactorily often become repeat customers. This benefits the business and the salesperson. Most businesses expect salespeople to handle routine complaints as part of their selling responsibilities. Management often provides assistance if the problem is difficult to resolve. There is no way to prevent all customer complaints. Complaints can cause problems for both the salesperson and the business if they result in lost sales, income, and profits.
SOURCE: CR:010
SOURCE: Tringas, F. (2012, March 29). *How to turn customer complaints into a sales opportunity.* Retrieved September 12, 2013, from http://blog.micros.com/2012/03/29/how-to-turn-customer-complaints-into-a-sales-opportunity/

16. A
Economic and noneconomic. Economic wants have monetary values attached to them, while noneconomic wants are free. Economics is concerned with economic wants. Wants are considered unlimited because everyone has them, they change, and people are not able to obtain enough resources to satisfy all of their wants. Limited wants do not exist.
SOURCE: EC:001
SOURCE: EC LAP 6—Are You Satisfied? (Concept of Economics)

17. D
Form. Form utility is usefulness created by altering or changing the form or shape of a good to make it more useful to the consumer. The lumber business is creating form utility by turning tree trunks into boards that consumers can use. Place utility is usefulness created by making sure that goods or resources are available at the place where they are needed or wanted by customers. Time utility is usefulness created when products are made available at the time they are needed or wanted by consumers. Possession utility is usefulness created when ownership of a product is transferred from the seller to the user.
SOURCE: EC:004
SOURCE: EC LAP 13—Use It

18. B
Public interests. Social responsibility is the duty of business to contribute to the well-being of society. These contributions in the public interest may include donations to support the arts, the environment, community centers, etc. Businesses do contribute to private causes, but this is not required by social responsibility. Contributions to promotion would benefit the company, not society, and contributing to pollution would not be socially responsible.
SOURCE: EC:070
SOURCE: EC LAP 20—Business Connections (Business and Society)

19. C
Staffing. Human resources management is the process of planning, staffing, leading, and organizing employees. Staffing is an important part of human resources management and includes all the activities necessary for the recruiting, hiring, and training of the people who work to produce goods and services. People are a business's most important resource; therefore, effective staffing is a vital aspect of the business. Without competent and satisfied employees, businesses would not be able to perform their primary functions. Pricing, promoting, and selling are marketing activities.
SOURCE: EC:071
SOURCE: EC LAP 19—Strictly Business (Business Activities)

20. C
Authority. The organizational structure is the way the business is set up (designed) to carry out its work. Many factors influence the way that the business carries out its work—the way it functions. The ways in which the employees relate to or communicate with one another (interpersonal relationships) and the type of work (tasks) that needs to be done affect the organizational structure. Authority, which also influences the organizational structure, is the power a person has to influence or control other people's behavior. Some organizational structures have centralized authority in which one person or a few people make business decisions. Other businesses have decentralized authority, a situation in which employees have the authority to make decisions and hold a high degree of control over their work. An injunction is a court order forbidding an action. Initiative is a personal trait that involves a willingness to act without being told to do so. Attrition is the natural reduction in numbers of employees due to job changes, death, etc.
SOURCE: EC:103
SOURCE: EC LAP 23—Designed to Work (Organizational Design of Business)

21. B
$227,375. Gross profit is the amount of money that is left after the cost of goods is subtracted from the income from sales. In this example, calculate gross profit by subtracting cost of goods from income ($367,500 - $140,125 = $227,375). Payroll and rent are operating expenses and are not used to calculate gross profit.
SOURCE: EC:010
SOURCE: EC LAP 2—Risk Rewarded

22. D
Protect public health. Government has passed many laws intended to protect public health by regulating the use of products that may be harmful. Asbestos has been found to be harmful to people's health. Public welfare programs provide assistance to disadvantaged individuals. Government attempts to stabilize the economy by controlling the amount of money in circulation, adjusting interest rates, and through various other financial measures.
SOURCE: EC:008
SOURCE: EC LAP 16—Regulate and Protect (Government and Business)

23. C
Contraction. Contraction is the third phase of the business cycle characterized by decreased demand for goods and services, rising unemployment, increased saving by consumers, and reduced sales and profits for businesses. The business is presently in the peak phase of the business cycle which is considered the high point of economic activity. During this phase, demand for goods and services begins to exceed the production capacities of producers. Expansion is the first stage of the business cycle, characterized by increased spending and borrowing, increased demand for goods and services, increased employment rates, and decreased interest rates or loans. Trough is the fourth phase of the business cycle and is considered the low point of economic activity. It is characterized by high rates of unemployment and business failures.
SOURCE: EC:018
SOURCE: EC LAP 9—Boom or Bust (Impact of Business Cycles)

24. C
A European client greets the person with a kiss on each cheek. The concept of space and proximity differs among cultures. In countries such as the United States and Japan, people prefer to maintain distance from others during conversation. In these countries, maintaining space is a sign of respect for the other person. Kissing someone on the cheek requires close proximity, so the American businessperson may feel very uncomfortable, especially if s/he doesn't know the client well. It is not unusual for Americans to meet in conference rooms to discuss business or for Americans to dine with clients after a meeting.
SOURCE: EC:130
SOURCE: Flipipowich, M. (n.d.). *What is the meaning of kissing on both sides of the cheek?* Retrieved September 12, 2013, from http://www.ehow.com/info_8167807_meaning-kissing-sides-cheek.html

25. D
Hello, Mr. Schmidt. Using titles to greet friends or business associates is common practice in German culture. Because the client speaks English fluently, Carolyn should greet him as Mr. Schmidt. The title Herr Schmidt would also be appropriate because herr is the German word for Mister (Mr.). Carolyn might want to use a common greeting used by Germans, such as, "Guten tag, Herr Schmidt," which means, "Good day, Mr. Schmidt." Sir is a title used by Great Britain to address individuals who have been knighted by the British monarch (i.e., Queen Elizabeth). Greeting the client using the first and last name or by last name only would not be appropriate.
SOURCE: EC:131
SOURCE: Priest, M. (n.d.). *Germany: Behavior*. Retrieved September 12, 2013, from http://www.cyborlink.com/besite/germany.htm

26. B
Collectivist culture. Collectivist cultures emphasize or focus on the good of the group rather than individual gain. Loyalty, compliance, and teamwork are very important to collectivist cultures such as Japan. Japan is not an explicit society, elitist nation, or ceremonial civilization.
SOURCE: EC:133
SOURCE: Brown, S. (2009, May 14). *Understanding cultural differences in business.* Retrieved September 12, 2013, from http://www.suite101.com/content/understanding-cultural-differences-in-business-a117469

27. B
Both men and woman are expected to wear modest clothing in public. When businesspeople visit a foreign country, they should try to learn about the culture so that they don't do something offensive. Before going to a foreign country, businesspeople should research the country's standards for appearance and dress. For example, wearing shorts or tank tops in Middle Eastern country is exhibiting an inappropriate appearance. Middle Eastern businesspeople would not take foreigners seriously and would be quite offended if they walked around in shorts and tank tops. Other aspects of the culture that foreign businesspeople may want to research include nonverbal behavior such as facial expressions and gestures and communication styles. Because government and religion are closely connected in many Middle Eastern countries, visitors should also understand the religious practices of Middle Eastern countries.
SOURCE: EC:134
SOURCE: Butler, P. (n.d.). *United Arab Emirates: Appearance*. Retrieved September 12, 2013, from
   http://www.cyborlink.com/besite/uae.htm

28. B
Dietary habits. When planning a meal for foreign businesspeople, it is important to consider their dietary habits. In India, religious customs prohibit Hindus from eating beef and Muslims from eating pork. Some religious customs prohibit followers from eating dairy products and certain types of vegetables. To respect the religious practices of other cultures, it is important for Hilda to develop a menu that accommodates her Indian guests. Seating preferences, table manners, and physical differences are not relevant factors when planning an appropriate menu.
SOURCE: EC:135
SOURCE: Shuka, M. (2006, December 5). *India: Prosperous entertaining-part I*. Retrieved September 12, 2013, from
   http://www.executiveplanet.com/index.php?title=India:_Prosperous_Entertaining_-_Part_1

29. D
Initiative. Initiative is the ability to perform work tasks without being told to do so. This is what Todd is doing by straightening the shelves and restocking the merchandise; nobody asked or told him to do so. Empathy is the ability to put yourself in another person's place. Loyalty is being dedicated to a specific group or business. Receptivity is openness to change and input from others.
SOURCE: EI:018
SOURCE: EI LAP 9—You've Got Personality (Personal Traits in Business)

30. A
Texting friends during a work shift. Ethical employees are responsible employees who adhere to a standard of appropriate behavior. Ethical employees are reliable and honest. They completely take responsibility for their mistakes, use supplies wisely to complete work-related tasks, and often arrive at work early so they are ready to begin their tasks on time. Ethical employees do not use company time to conduct personal activities, such as sending text messages to friends.
SOURCE: EI:004
SOURCE: EI LAP 4—Work Right (Ethical Work Habits)

31. D
Accepting the consequences for the decision he made. When you are willing to accept the consequences (good and bad) of your behavior, which is based on the decisions you make, you are taking responsibility for your actions. In the example, Tim admits that he made a mistake by not conducting computer backup activities, so he is accepting the responsibility for his behavior. When you blame others for your actions, you are not accepting responsibility for your behavior. Taking responsibility for your actions often involves admitting and learning from your mistakes and trying to do better in the future, rather than promising not to make any more mistakes. It does not always involve making informed decisions because some people make decisions without knowing all the facts, or they make impulsive decisions.
SOURCE: EI:075
SOURCE: Nickles, J. (n.d.) *Take personal responsibility for a better life*. Retrieved September 12, 2013, from http://mysuperchargedlife.com/blog/7-ways-to-take-personal-responsibility-and-live-a-better-life/

32. A
Schedule enough time to complete activities. It is important for employees to allow sufficient time to complete a work activity. For example, if an employee must present a report at a 2:00 p.m. meeting, and it takes two hours to prepare the report, the employee should not begin preparing the report at 1:00 p.m. that day. Employees do not always have authority to delegate their work to coworkers or to reorganize their work goals. Focusing on the least important tasks will not always help employees to effectively manage their work commitments.
SOURCE: EI:077
SOURCE: Time Management. (n.d.). *Manage your scheduling commitments—six effective guidelines to get things done (part 1).* Retrieved September 12, 2013, from http://www.timemanagment.info/111/manage-your-time-scheduling-commitments-six-effective-guidelines-to-get-things-done/

33. D
Training. In the future, you will have a greater need for education and training to obtain, keep, and advance in a career. This does not necessarily mean a college degree. In fact, more jobs will require some sort of technical training at a community college or vocational training center. The specific knowledge and abilities needed will depend on the career that is chosen.
SOURCE: EI:026
SOURCE: Farese, L.S., Kimbrell, G., Woloszyk, C.A. (2012). *Marketing essentials* (pp. 880-881). Columbus, OH: Glencoe/McGraw-Hill.

34. B
Privacy does not exist. Although businesses should not read the messages that their employees send or receive by e-mail, the businesses have a right to do so because it is their system and it is being used on company time. Employees who use company e-mail should assume that privacy does not exist and that whatever they write can be accessed and read by others. With this in mind, employees should avoid sending and receiving personal e-mail or making derogatory comments about coworkers, because their messages are not private. Employees should assume that their e-mail messages might be read by others because businesses have a right to monitor the system.
SOURCE: EI:029
SOURCE: McAdams, T., Neslund, N., & Neslund, K. (2007). *Law, business, and society* (8th ed.) [pp. 472-475]. Boston: McGraw-Hill/Irwin.

35. C
Needs. Assertive people understand that they have the right to ask other people to respond to their needs, but they also know they should be able to accept legitimate refusals. Aggressive people often have the mistaken belief that they have a basic right to expect people to respond to their directions, orders, and/or whims.
SOURCE: EI:008
SOURCE: EI LAP 18—Assert Yourself (Assertiveness)

36. D
Authority. Authority is defined as a person's level of power, or the level of control s/he possesses in a specific situation. When two people want to hold the same leadership position, the reason the conflict exists is that each person wants to have control. Resentment can be defined as dislike or anger. The statement does not indicate if the two people dislike one another or are angry with one another. Creativity is the ability to generate unique ideas, approaches, and solutions. Motivation refers to a person's level of drive, or his/her determination to meet a goal or complete a task.
SOURCE: EI:015
SOURCE: EI LAP 7—Stop the Madness (Conflict Resolution in Business)

37. D

Standing. A standing committee is one whose work continues over a long period of time. A committee whose members are expected to serve for three years would be considered a standing committee. An ad-hoc committee is a temporary committee that deals with a specific or unexpected issue. A multi-functional committee may deal with a variety of issues. The committee members did not volunteer but were appointed.

SOURCE: EI:045

SOURCE: BusinessDictionary.com. (2013) *Standing committee.* Retrieved September 12, 2013, from
http://www.businessdictionary.com/definition/standing-committee.html

38. B

Being a good listener. By being aware of what's going on in the industry, Matthias is being a good listener. He's keeping his ears and eyes open for issues and trends that may affect the team vision. In this situation, Matthias is not demonstrating enthusiasm, flexibility, or being an example.

SOURCE: EI:060

SOURCE: EI LAP 13—Vision Quest (Enlisting Others in Vision)

39. A

Democratic. If you like to feel as though you are an important member of the team, you will probably work best under a democratic manager. Such individuals usually have a participatory approach to management. Workers who like to be a part of a team, contribute their ideas, help solve problems, and generally take a personal interest in their work do well under democratic managers. Authoritarian managers see themselves as the sole source of authority. Laissez-faire managers prefer to exercise little to no control and use a hands-off approach.

SOURCE: EI:037

SOURCE: EI LAP 5—Can You Relate? (Positive Working Relationships)

40. D

Immediate gratification. Opportunity cost is the benefit that is lost when a person decides to use scarce resources for one purpose rather than another. When a person places $500 in the bank, the opportunity (benefit) is having money available for the future. The cost of placing money in the bank means that the person does not have the money to purchase a desired item. When a person purchases something that s/he doesn't need but really wants, the benefit to the person is immediate gratification or a sense of instant satisfaction that s/he has acquired the desired product. The opportunity cost (benefit lost) is not a higher discretionary income, lower salary or wages, or long-term dissatisfaction.

SOURCE: FI:062

SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2005). *Personal finance* (pp. 20-23). New York: Glencoe/McGraw-Hill.

41. D

Installment. Customers must usually pay a finance charge, or interest, for the privilege of using this kind of credit. Revolving credit plans do not require down payments. Regular, or open, credit allows credit users to buy at any time during a set period, usually 30 days.

SOURCE: FI:002

SOURCE: FI LAP 2—Give Credit Where Credit Is Due (Credit and Its Importance)

42. C

Provides protection against financial losses. Insurance is designed to protect against financial losses, whether those losses are related to property, health, or even life. Insurance does not protect a person from unethical salespeople or guarantee a solid financial future. Insurance is available to property owners and non-owners alike.

SOURCE: FI:064

SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2009). *Personal finance* (9th ed.) [pp. 312-314]. New York: McGraw-Hill Irwin.

SAMPLE BUSINESS MANAGEMENT AND ADMINISTRATION CLUSTER EXAM—KEY

43. A
Pay off your balance each month. If you must use credit cards, the most effective way to avoid excessive credit-card debt is to pay off your balance each month. By paying back what you've borrowed each month, you can avoid paying interest and other costly fees. If you cannot pay off your balance each month, work to pay off high-interest credit cards first, since high-interest credit cards cost you more in the long run than low-interest cards. Choose credit cards with low limits so that you have less of an opportunity to accumulate debt. Credit-card cash advances usually result in extremely high interest charges, often 20% or more. So, it is wise to avoid cash advances, rather than using them to pay debt.
SOURCE: FI:071
SOURCE: Basco, P. (2006-2012). *Seven ways to avoid runaway credit card debt.* Retrieved September 12, 2013, from http://www.gettingacreditcard.com/article20.shtml

44. B
Tax deductions. Tax deductions are expenses that can be subtracted from gross income. For example, working parents can deduct or subtract a certain amount of their incomes for the childcare expenses they incur while at work. Other examples of tax deductible expenses include college tuition, home mortgage interest, and charitable donations. Capital gains are taxes on earnings from the appreciation of an investment. Dividends are a portion of a company's profits that are paid to shareholders. A rebate is a part of the price that a customer pays for a good or service, which is usually offered by the product's manufacturer.
SOURCE: FI:074
SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (p. 394). New York: Glencoe/McGraw-Hill.

45. D
Current assets. Assets are anything of value the business owns. Current assets would include cash on hand, accounts receivable, and inventory owned by the business. Income is money received by a business or an individual from an outside source. Liabilities are debts that the business owes. Capital gain refers to the difference between the purchase price and selling price of an investment.
SOURCE: FI:085
SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)

46. A
Viruses and loss of data. Viruses, fraud, and loss of data are common security concerns associated with using a computerized accounting system. Viruses are programs designed to disrupt computer operations. Fraud is deception purposely carried out to secure unfair or unlawful gain. Pollutions, variances, and vested interests are not security concerns.
SOURCE: FI:352
SOURCE: Manda, G. (n.d.). *The benefits of accounting information systems.* Retrieved September 12, 2013, from http://www.ehow.com/list_6588708_benefits-accounting-information-systems.html

47. D
Employees' salaries. Liabilities are debts that a business owes. Liabilities are classified as current, which means that the debts will be paid off during the year, or long-term, which means that they will be paid off over a period of time. Employees' salaries are current liabilities because the business is expected to pay its employees for their work on a regular basis throughout the year. Mortgage loans are long-term liabilities because businesses usually make mortgage payments for several years. Accounts receivable are assets because they are all the monies owed to the business by its customers. Owner's equity is the amount an owner has invested in the business plus or minus profits and losses.
SOURCE: FI:093
SOURCE: Farese, L.S., Kimbrell, G., Woloszyk, C.A. (2012). *Marketing essentials* (p. 858). Columbus, OH: Glencoe/McGraw-Hill.

48. D

That is when employees are anxious to learn. New employees are anxious to learn about the company; its policies, rules, and regulations; working hours; benefits; and any other factors that will affect them. Giving them this information at the beginning takes advantage of their desire to learn. Employees can start work without orientation, but they will need to ask a lot of questions that would have been answered in orientation. Orientation presents basic company information and does not try to teach employees everything at one time or focus on specific job tasks.

SOURCE: HR:360

SOURCE: Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright P.M. (2010). *Human resource management: Gaining a competitive advantage* (7th ed.) [pp. 333-335]. New York: McGraw-Hill Irwin.

49. A

Turnover. Julie's promotion is an example of turnover—employees leaving their job positions for various reasons. Because of the high amount of turnover in modern businesses, knowledge management is very important to keep things running smoothly in times of transition. Information overload refers to the chaos created when too much information is present or available. Globalization is the rapid and unimpeded flow of labor, capital, and ideas across national borders. Innovation refers to the creation of new products, processes, ideas, etc.

SOURCE: KM:001

SOURCE: KM LAP 1—Know Go (Nature of Knowledge Management)

50. B

Inevitable disclosure. The concept of inevitable disclosure suggests that workers are likely to intentionally or unintentionally share their current employers' trade secrets with future employers. Although most jurisdictions have regulations that acknowledge and protect trade secrets, the treatment of inevitable disclosure cases varies. Some jurisdictions do not support non-compete clauses as a way to limit trade-secret disclosure because these types of agreements inhibit a worker's right to seek employment. These jurisdictions view the sharing of knowledge as an inevitable occurrence, which may occur unintentionally. The situation does not illustrate limited confidentially, competitive obstruction, or trade-character infringement.

SOURCE: KM:002

SOURCE: Nolo.com. (2013). *Trade secret basics faq: The "inevitable disclosure" doctrine.* Retrieved September 12, 2013, from http://www.nolo.com/legal-encyclopedia/trade-secret-basics-faq-29099-5.html

51. B

Message boards. A message board is a page on a website that allows computer users to ask questions and post responses to the questions. Message boards allow customers and employees to share information to solve problems, which may or may not contain interesting content. Meta tags are Hypertext Markup Language (HTML) codes that display information about web pages. Bots are computer programs that scan the Web to find computer-program updates.

SOURCE: KM:003

SOURCE: Tsui, L. (2006). *A handbook on knowledge sharing: Strategies and recommendations for researchers, policymakers, and service providers.* Retrieved September 12, 2013, from http://www.uws.edu.au__data/assets/pdf_file/0018/405252/Knowledge_Sharing_Handbook.pdf

52. D
Protect its trade secrets. A nondisclosure agreement is a contract between an employer and an employee that states that the employee will not reveal the employer's trade secrets (e.g., formula, recipe, manufacturing technique) to future employers for whom the employee might work. Nondisclosure agreements provide the business legal recourse if a competitor attempts to use the information for financial gain or benefit. Businesses do not ask their employees to sign a nondisclosure agreement to avoid discrimination lawsuits, ensure their employees' privacy, or prevent copyright infringement. Copyright infringement involves the unauthorized use of written or artistic works.
SOURCE: KM:004
SOURCE: Nolo. (2013). *Nodisclosure agreements.* Retrieved September 12, 2013, from
            http://www.nolo.com/legal-encyclopedia/nondisclosure-agreements-29630.html

53. B
Gain in market share. Businesses take action for the purpose of achieving certain results. One of the results that a business might want to achieve is a gain in market share, which is a business's portion of the total industry sales in a specific market. An action that a business might take to obtain this result is to lower the price of a product for the purpose of taking business away from competitors. If the price is lower, the business has an opportunity to gain market share. If the price is significantly lower, the business might lose money in the short-term, while increasing market share. Lowering the price of a product will not result in a decrease in cost or a reduction in staff.
SOURCE: MK:019
SOURCE: MK LAP 3—Just Do It...Right (Company Actions and Results)

54. C
Last quarter, sales increased by 12%. A fact is a true statement—something that is known to be correct. To prove that sales truly increased by 12% last quarter, you can compare last quarter's sales with the sales from two quarters ago. An opinion, on the other hand, is a person's point of view or belief about a topic. "I believe that the product is defective"; "It seems that we have a problem"; and "Kerry and Dean are the nicest managers" are opinions. They reflect people's beliefs about the product's quality, about a situation, and about Kerry and Dean.
SOURCE: NF:077
SOURCE: Gunsch, J., Gilchrist, J., & Harris, B. (2013, May 27). *What is the difference between fact and opinion?* Retrieved September 12, 2013, from http://www.wisegeek.org/what-is-the-difference-between-fact-and-opinion.htm

55. A
Nolo Legal Encyclopedia. Expertise and credibility are primary considerations when evaluating the relevance of a source. Because regulations and legal procedures are important considerations when setting up a corporation, Melissa should obtain information from a source that has legal expertise, such as Nolo Legal Encyclopedia (www.nolo.com). The Wall Street Journal is a print and online business publication that focuses on a wide variety of business and economic issues and trends. Because Wikipedia is an open source of information that is constantly updated, some of the information might be inaccurate or irrelevant. MarketWatch is a website that focuses on financial issues such as investing and the stock market performance.
SOURCE: NF:079
SOURCE: Regents of the University of California. (2012, May 12*). Evaluating web pages: Techniques to apply & questions to ask*. Retrieved September 12, 2013, from
            http://www.lib.berkeley.edu/TeachingLib/Guides/Internet/Evaluate.html

56. D
To be ethical. Businesses gather and maintain a wide range of information, and some of this information may be private or confidential. For example, businesses may have personal information about customers and employees. Making sure that this information is secure is a matter of ethics. Businesses have an ethical obligation to protect certain information so it does not become public and cause harm to individuals. Businesses do not keep information secure to be secretive, beat the competition, or avoid publicity.
SOURCE: NF:111
SOURCE: Burrow, J.L., Kleindl, B., & Everard, K.E. (2008). *Business principles and management: Annotated instructor's edition* (12th ed.) [p. 170]. Mason, OH: South-Western, Cengage Learning.

57. D
To graph data. Spreadsheet software enables businesses to perform accounting and other mathematical functions. A user can enter numerical information in rows and columns, and the software will perform various calculations or analyses. Another standard capability of spreadsheet software is to convert this data into graph form. Complicated accounting information is often easier to understand when it is presented visually in the form of graphs or charts. Presentation software is used to create slides. Word-processing software is used to prepare text. Database software is used to manage files.
SOURCE: NF:010
SOURCE: Farese, L.S., Kimbrell, G., Woloszyk, C.A. (2012). *Marketing essentials* (pp. 214-215). Columbus, OH: Glencoe/McGraw-Hill.

58. D
Allocate project resources. Project-management software allows businesses to plan, track, and evaluate all aspects of a project. A comprehensive project-management software program can help the project manager allocate resources—human, financial, material, capital—in the most efficient ways. Stakeholders, rather than software, define the project's purpose, establish the project's standards, and evaluate the quality of project deliverables.
SOURCE: NF:130
SOURCE: Portny, S., Mantel, S.J., Meredith, J.R., Shafer, S.M., & Sutton, M.M. (2008). *Project management: Planning, scheduling, and controlling projects* (p. 49). Hoboken, NJ: John Wiley & Sons.

59. C
Forecast sales. An invoice is the formal, printed record of a sale that includes all necessary information as to the buyer, the seller, items purchased, amounts, prices, delivery date, credit or discount terms, etc. By analyzing past sales records such as invoices, a business can determine what its customers are buying, when they are buying, and how much they are buying. This helps a business forecast future sales so it can be prepared to offer the products that customers want. Businesses do not review their invoices to evaluate ideas, execute promotions, or improve service.
SOURCE: NF:002
SOURCE: Burrow, J.L. (2012). *Marketing* (3rd ed.) [pp. 562-563]. Mason, OH: South-Western, Cengage Learning.

60. C
Inventory records. Inventory records contain information related to the goods that a business has on hand or on order. They are also likely to contain information about a retail business's suppliers and the products that the business purchases from each to sell to consumers. Quality records usually contain information regarding the degree of excellence of the business's products. Human-resources records contain information about the business's employees. Payroll records contain information about money paid to employees in a given period.
SOURCE: NF:014
SOURCE: Fontinelle, A. (n.d.). *Starting a small business: Record keeping.* Retrieved September 13, 2013, from http://www.investopedia.com/university/small-business/creating-maintaining-business-records.asp

61. A
Statistical findings. Statistics are information presented in numerical form. For the statistics to be useful, businesses must analyze and interpret them. For example, it may be important for businesses to find out how many customers are in certain age groups, and then convert those figures to percentages to determine which groups make the most purchases. By analyzing this type of statistical finding, businesses can make decisions about targeting certain groups to increase sales and profits. Businesses might analyze training results rather than training methods. They do not analyze information skills or privacy factors when making business decisions to improve the company.
SOURCE: NF:093
SOURCE: Farese, L.S., Kimbrell, G., Woloszyk, C.A. (2012). *Marketing essentials* (pp. 182-183). Columbus, OH: Glencoe/McGraw-Hill.

62. A
Lost sales. Running out of inventory can result in lost sales, lowered productivity, unhappy customers, and a decrease in profits. These are known as stockout costs, and businesses try to avoid them as much as possible. Running out of inventory should not increase a business's taxes.
SOURCE: OP:189
SOURCE: OP LAP 3—Smooth Operations (Nature of Operations)

63. D
Local ordinances. Businesses must follow various government regulations that are designed to protect the public from illness and hazardous conditions. To ensure that businesses are following these regulations, government agencies at all levels often inspect businesses. For example, the local fire department may inspect a business facility to determine if the business has the appropriate number of fire extinguishers as required by law. If an inspection determines that a business is violating regulations, the agency may fine the business or close it until the business is in compliance. Free-trade agreements, securities regulations, and consumer-protection laws do not involve inspecting facilities to determine if the business is free of safety and health hazards.
SOURCE: OP:339
SOURCE: Ray, L. (n.d.). *Commercial building inspection checklist.* Retrieved September 12, 2013, from http://www.ehow.com/facts_4842000_commercial-building-inspection-checklist.html

64. C
The Internet. Regardless of your line of work, you must follow instructions for some type of equipment, tool, and/or machinery. Even Steve, who recently purchased a used laptop for work, must follow the manufacturer's instructions—usually found in a user's manual—for the computer. Since Steve doesn't currently have the laptop user's manual, he can't be sure that he is using it properly. He is most likely to find a copy of the manual on the Internet because most manufacturers (of computers, kitchen appliances, automobiles, etc.) post all of their owner's manuals on their websites for users to download for free. He is much less likely to find a copy of the manual at the library, a used-book store, or even an office-supply store. Although many office-supply stores sell computers, they may not sell that particular model. If they do not, they are unlikely to have the manual on hand.
SOURCE: OP:006
SOURCE: OwnerIQ. (2013). *Manuals online.* Retrieved September 13, 2013, from http://www.manualsonline.com/

65. C
Pilferage. Pilferage is the theft of small sums of money or inexpensive items. Employees usually do not recognize that their personal use of company supplies is a business expense and a form of theft. Fraud is the act of deceiving or cheating a business or an individual out of money or property. Shoplifting is theft of goods by customers. Robbery is theft through the use of force, violence, or fear.
SOURCE: OP:013
SOURCE: Levy, M., & Weitz, B. A. (2007). *Retailing management* (6th ed.) [pp. 406-410]. Boston: McGraw-Hill/Irwin.

66. D
Interdependent. A work team consists of individuals who possess different skills to accomplish a common goal. When two people rely on each other to accomplish a task or goal, they are interdependent. There is not enough information to determine if the two coworkers' jobs are complex, nor is there enough information to determine if they work for a bureaucratic organization.
SOURCE: OP:230
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 110,112]. New York: Penguin Group.

67. D
Tracking deadlines. This activity is important during the planning stages and while the project is being completed. It is necessary to keep track of due dates and not let the project fall behind schedule. Also, one part of a project may need to be completed before another part can begin. Project managers make sure everyone is focusing on the same objective rather than change the objective. Project managers usually give directions that workers are expected to follow. Effective project managers encourage others to do their part rather than giving orders.
SOURCE: OP:002
SOURCE: QS LAP 18—Make It Happen

68. C
Internal audit. An audit is an evaluation of an organization, process, or project. The project manager and team members can determine its successes, strengths, problems, and weaknesses by evaluating all aspects of the project upon completion. The evaluation helps the project team develop a "lessons learned" document that can be used by teams that execute similar projects for the organization in the future. A comprehensive audit will evaluate many different activities associated with the project, including resource utilization, team productivity and performance, efficiency of processes, and stakeholders' satisfaction, which is done by comparing the objectives with the actual results.
SOURCE: OP:159
SOURCE: Row, J.R., & Scudder, R. (2013, June 25). *Internal audit of your project deliverables: Staying on track.* Retrieved September 12, 2013, from http://www.brighthubpm.com/monitoring-projects/70376-the-project-deliverables-of-an-internal-audit/

69. D
Control the project. Controlling is the management function of monitoring the work effort. Various reports can help project managers monitor the work effort. An activity-status report provides a project manager with information about where the project stands at a given point. If the activity-status report indicates that the project is running behind, then the project manager can takes steps to get the project back on track. Reviewing an activity-status report does not create barriers but may identify them. The project manager determines the project scope and develops project specifications during the project planning phase, rather than the project execution phase.
SOURCE: OP:340
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [p. 41]. New York: Penguin Group.

70. B
Ongoing cooperation. When a business is continuously willing to work with other businesses (e.g., vendors) to achieve their mutual goals, it is exhibiting ongoing cooperation. Ongoing cooperation involves a willingness to negotiate fairly and to communicate (interact) openly and honestly on a continuous basis. These actions help build a trusting and favorable relationship. In most situations, a company does not need to fully disclose all of its business information to its vendors—only relevant information.
SOURCE: OP:241
SOURCE: Krajewski, L.J., Ritzman, L.P., & Malhotra, M.K. (2007). *Operations management: Processes and value chains* (8th ed.) [pp. 389-391]. Upper Saddle River, NJ: Pearson Education.

71. A
Special. A special order is a request for a custom product or a product that a vendor does not normally carry in stock. Because the Frederick Company needs a shelving unit that has unusual measurements, the vendor needs to custom make it for the company. An open order is an order for staple goods that is placed with one of several available vendors who can meet the business's immediate requirements (e.g., time, price, quantity). A blanket order is an order that covers all or part of a retailer's seasonal requirements. A reorder is an order for items that the business has previously purchased. There is not enough information provided to determine if the Frederick Company has previously ordered the same custom-made shelves.
SOURCE: OP:250
SOURCE: Cash, R.P., Thomas, C., Wingate, J.W., & Friedlander, J.S. (2006). *Management of retail buying* (p. 208). Hoboken, NJ: John Wiley & Sons.

72. C
Buffer. A business carries buffer inventory when the supply of and demand for goods are uncertain. If the demand goes up, and supply goes down, having buffer inventory helps the business to cover its needs until supply is stable and available. Maintenance inventory refers to items the business uses to maintain the facility such as cleaning supplies and light bulbs. Perpetual inventory is a record of inventory information that is continuously updated. Customary inventory is sometimes used to describe the regularly stocked goods that the business carries.
SOURCE: OP:336
SOURCE: eNotes. (2013). *Inventory types.* Retrieved September 12, 2013, from http://www.enotes.com/topics/inventory-types/reference

73. C
Concede on minor points before major points. Planning for concessions is an important aspect of an effective negotiation strategy. A concession is something that one party gives up during a negotiation. In many situations, one party will give up something that it wants and use it (the concession) as leverage to get something else that it wants later during the negotiation process. An effective negotiator wants to give up (concede) something minor or unimportant early to make it seem more valuable than it really is. If the negotiator gives up a major point early in the negotiation, then s/he will lose her/his power base and leverage. If the negotiator does not plan to provide some concessions, then the negotiation session may end in a stalemate, and agreement may not be reached. Refusing to concede anything might result in a stalemate.
SOURCE: OP:337
SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 477-478]. South-Western Cengage Learning.

74. D
To remain competitive. To be competitive in a global market, many companies must meet standards set by outside groups or agencies, such as the International Organization for Standardization (ISO), which set international quality-control standards. Meeting these standards does not provide a way to estimate future sales or to determine raises for production workers. These standards may or may not be related to laws or regulations.
SOURCE: OP:017
SOURCE: OP LAP 4—Can You Make It? (Nature of Production)

75. B
Preventive maintenance. Regular inspections help to ensure that equipment is in good repair and will not break down. Vendor analysis is a rating of suppliers in terms of quality, service, and price. Physical inventory is an actual count of items in stock. Form utility is usefulness created by altering or changing the form or shape of a good to make it more useful to the consumer.
SOURCE: OP:032
SOURCE: Williams, S. (n.d.). *Ideas for preventative maintenance.* Retrieved September 13, 2013, from http://www.ehow.com/info_8091632_ideas-preventative-maintenance.html

76. D
Competitive. Companies analyze many business functions to determine if they are achieving their organizational goals. Companies analyze their activities in relation to their competitors' activities to determine how well they are performing in the marketplace. If a competitive analysis reveals that a company has lost some of its market share, the company will need to attract new markets or develop new products to improve its market share. Luke will likely review the competitions' promotional, financial, and production processes as part of the competitive analysis if the information is available.
SOURCE: OP:327
SOURCE: Entrepreneur. (2013). *Competitive analysis.* Retrieved September 13, 2013, from
http://www.entrepreneur.com/encyclopedia/competitive-analysis

77. A
Help to prevent medical problems. Good posture helps to keep the body in alignment and enables the body's organs to function properly. This helps to prevent such medical problems as a bad back, fatigue, and muscle strain. Good posture may make you look taller than you really are, but that is not an important reason for practicing good posture. Good posture cannot eliminate the need for some clothing alterations, and it is not likely to improve your ability to relax.
SOURCE: PD:002
SOURCE: PD LAP 5—Brand ME! (Personal Appearance)

78. A
Framing. The way information is presented to you is called framing. Input is the actual information received from others—not the way it is presented. Style is the method for including others in the decision-making process. And, logic is a way to make sense of the facts—apart from personal or outside influence.
SOURCE: PD:017
SOURCE: PD LAP 10—Weigh Your Options (Decision Making in Business)

79. C
Fair treatment. Discrimination is the unfair treatment of a person or a group based on the person's or group's characteristics, which include race, religion, and gender. In the example, the business pays both its male and female employees the same salary range for the same type of work, which indicates it is treating people fairly on the basis of their gender. In many countries, there are laws that prohibit discrimination, so businesses should take steps to ensure that they are in compliance with the law and treating their employees fairly. The example does not describe the employees' right to work in a safe environment or their right to privacy. Businesses do not prevent employees from buying stock. Some types of corporations encourage their employees to buy their company stock.
SOURCE: PD:021
SOURCE: Nolo. (2013). *Employee rights law center.* Retrieved September 12, 2013, from
http://www.nolo.com/legal-encyclopedia/employee-rights/

80. C
Human resources. The human resources department in a large company handles such personnel responsibilities as hiring of staff, keeping personnel records, and administering benefit programs. Most human resources departments expect to answer inquiries from job seekers about possible job openings. The payroll department issues paychecks to employees. The credit department handles customer credit accounts. Training and development may be part of human resources, but it is set up to provide assistance to current employees or new hires, not job applicants.
SOURCE: PD:026
SOURCE: Farese, L.S., Kimbrell, G., Woloszyk, C.A. (2012). *Marketing essentials* (p. 896). Columbus, OH: Glencoe/McGraw-Hill.

81. B
A question about salary or benefits. The main purpose of the follow-up letter is to show your appreciation to the interviewer. It would be inappropriate to include a question about salary and benefits, which should have been discussed during the job interview. If the applicant is offered the job, then s/he should bring up any further questions about salary, benefits, hours, vacation time, etc. Making a comment that indicates you understand something about what the business does, referring to your qualifications for the job, and expressing a wish to be hired for the job are all acceptable.
SOURCE: PD:029
SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 144-145). New York: Glencoe/McGraw-Hill.

82. B
Trade association. People join trade associations hoping to solve problems they could not solve alone. A trade show is a group of producers who exhibit their products in one location for the convenience of buyers. A corporation is a form of business that is owned by a group and requires a charter from the state. A partnership is a form of business with two or more owners.
SOURCE: PD:036
SOURCE: Farese, L.S., Kimbrell, G., Woloszyk, C.A. (2012). *Marketing essentials* (p. 657). Columbus, OH: Glencoe/McGraw-Hill.

83. D
The purpose of the rules of conduct is to guide employees' behavior in relation to their jobs. Rules of conduct are necessary to provide a fair and consistent working environment for all employees. When all employees are held to the same standards, the employees tend to work well together to accomplish the company's goals and reinforce its image. Companies' rules of conduct can vary and are influenced by the industry, profession, and company philosophy. Companies should document their rules of conduct because employees' personal ethics and values may differ from their employers' ethics and values.
SOURCE: PD:251
SOURCE: Glenn, S. (n.d.). *The importance of the code of conduct.* Retrieved September 12, 2013, from http://www.ehow.com/about_6559640_importance-code-conduct.html

84. D
Vice president of finance. The chain of command defines the level of authority and the specific individual who supervises particular employees. A hierarchical chain of command provides structure and organization for the business. Large companies often set up their chain of command by department. For example, all of the vice presidents of various departments (e.g., finance, operations, marketing, etc.) report directly to the CEO. A regional marketing manager generally reports to the vice president of marketing. The production coordinator reports to the production manager. The board of directors consists of individuals who are selected by the shareholders (owners) to manage the corporation. The CEO reports to the board of directors.
SOURCE: PD:252
SOURCE: DuBrin, A. (2009). *Essentials of management: Instructor's edition* (8th ed.) [pp. 261-262]. Mason, OH: South-Western Cengage Learning.

85. A
Provide direction. Organizational goals are the overall objectives that a group wants to achieve. Developing organizational goals provides the foundation for and direction to achieve the objectives or desired outcomes. Depending on the nature of the group or organization, one goal might involve achieving a profit, although profitability cannot be ensured. Groups develop organizational charts to outline the chain of command or levels of authority. Organizational goals cannot establish loyalty.
SOURCE: PD:254
SOURCE: Yahoo.com. (2008, October 3). *The nature of organizational goals.* Retrieved September 12, 2013, from http://voices.yahoo.com/the-nature-organizational-goals-1977351.html

86. D
Ongoing communication. Employees' goals should align with the business's organizational goals. To ensure that employees understand the importance of their work and their roles in achieving the business's goals, managers must communicate with the employees on an ongoing basis. Ongoing communication may include brainstorming ideas to improve productivity, motivating employees by providing positive feedback, and evaluating their performance on a regular basis. Performance reviews may or may not include evaluation from peers.
SOURCE: PD:255
SOURCE: SuccessFactors. (2013). *SuccessFactors Goal management.* Retrieved September 12 2013, from http://www.successfactors.com/en_us/solutions/bizx-suite/talent-solutions/performance-goals/goals.html

87. D
Project deliverables. The statement of work (SOW) is a document that outlines the terms, commitments, and conditions of the project. It includes information about the project's activities, timelines, and deliverables. Deliverables are the goods, services, or documentation that will be provided to the stakeholder upon completion of the project—what the project will produce. The purpose statement defines the reason for the project. Schedule estimates are used to predict when work will be completed throughout the project.
SOURCE: PJ:005
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 75-76]. New York: Penguin Group.

88. A
WBS dictionary. A WBS dictionary is a tool that helps inform project team members about the scope, status, milestones, and deliverables associated with each project activity. The dictionary can be formatted in a variety of ways, such as an organizational chart or an outline. By maintaining and keeping the dictionary in a central location (e.g., computer intranet), all team members have access to the information at any time. A thesaurus provides synonyms for words. A training chart would not be applicable to the situation described. A pie chart would not be feasible to use because of space limitations.
SOURCE: PJ:006
SOURCE: Project Management Knowledge. (2007-2010). *Work breakdown structure dictionary.* Retrieved September 12, 2013, from http://www.project-management-knowledge.com/definitions/w/work-breakdown-structure-dictionary/

89. A
Help resolve the conflict. Conflict resolution is the process of resolving or ending a conflict. Project managers may need to help resolve conflicts if the team members cannot reach resolution by themselves. When team members disagree, the project manager would not negotiate with external sources, evaluate the reward system, or change the project scope.
SOURCE: PJ:007
SOURCE: Portny, S., Mantel, S. J., Meredith, J. R., Shafer, S. M., & Sutton, M. M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 296-297). Hoboken, NJ: John Wiley & Sons.

90. D
Lessons learned document. Developed during the closing phase of the project, the "lessons-learned" document summarizes the project's successes and failures. The document also includes suggestions for improvement for similar projects in the future, such as the need for additional training and ongoing technical support. An executive summary is an overview of a report or plan. A termination checklist is a list of tasks that need to be done during the closing phase of a project. An expense audit involves reviewing and evaluating various project expenses.
SOURCE: PJ:008
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 334-337]. New York: Penguin Group.

91. B
     Consumer pressure. Consumer pressure is a factor that keeps quality at the forefront of the modern business world. Customers demand quality, and if a company doesn't provide it, they'll take their business elsewhere. Various consumer groups also keep the pressure on companies to make quality a top priority. Weather patterns, outdated technology, and currency fluctuations are not factors keeping quality as a main concern for today's businesses.
     SOURCE: QM:001
     SOURCE: QM LAP 1—Keep It Quality (Nature of Quality Management)

92. D
     Improving, and controlling. Six Sigma is a quality improvement framework that involves continuously setting higher goals of perfection. It builds upon previous goals to set higher goals that continuously improve the quality of the business's goods, services, or processes. DMAIC is an acronym for the Six Sigma method of improving existing processes. The steps include defining goals, measuring performance, analyzing problem areas, improving the problem areas by eliminating defects, and controlling future performance and processes.
     SOURCE: QM:002
     SOURCE: iSixSigma. (n.d.). *What is six sigma?* Retrieved September 12, 2013, from
               http://www.isixsigma.com/sixsigma/six_sigma.asp

93. A
     Evaluation. To determine if quality has improved, the business needs to compare the product or process before the improvement was made with the product or process after improvements were implemented. After evaluating the improvements, the business can document results and recommend additional improvements, if necessary.
     SOURCE: QM:003
     SOURCE: Duggan, T. (n.d.). *Continuous improvement process definition.* Retrieved September 13, 2013, from http://smallbusiness.chron.com/continuous-improvement-process-definition-4534.html

94. A
     Insurance company did not explain all of the policy's exclusions to the store. It is unethical for an insurance company to place obscure, complex exclusions in an insurance policy without explaining them to the policyholder. Insurance policies can be very difficult to understand, so the insurance company should explain important information so the policyholder understands what the policy covers. The policyholder can reduce or manage its risk by reviewing (or having a lawyer review) the contract carefully before signing it. The insurance company can reduce the risk of policyholders filing lawsuits by explaining the policy's terms clearly. If the store owner did not pay the insurance premium on time, the policy lapsed, and the insurance company is not obligated to pay for damages. When the insurance policy was purchased is not an ethical issue in relation to the situation. The insurance policy would not cover workers' compensation. Workers' compensation covers employees who are injured on the job.
     SOURCE: RM:041
     SOURCE: Allen, Allen, Allen, & Allen. (2000-2013). *How insurance companies deny, delay, confuse, and refuse.* Retrieved September 12, 2013, from
               http://www.allenandallen.com/insurance_companies_deny.html

95. B
     Security. Risk management is a business activity that involves the planning, controlling, preventing, and procedures to limit business losses. Businesses use technology to minimize security risks. One way that businesses control security risks is by installing firewalls on computer networks to prevent computer hackers from obtaining confidential financial data (e.g., customers' credit-card numbers). Another way that businesses control security risk is by limiting employees' access to certain financial information, which often involves the use of passwords and security codes. Purchasing is the function of acquiring goods and services for use in the business or for resale. Overhead is business expenses such as payroll, rent, and utilities. Performance is the degree to which someone or something successfully accomplishes an activity.
     SOURCE: RM:042
     SOURCE: Harwood, M. (2009, July 28). *TJX settles data breach for $9.7 million.* Retrieved September 12, 2013, from http://www.securitymanagement.com/news/tjx-settles-data-breach-97-million-005941

96. B
     Government fines. Risk management is a business activity that involves the planning, controlling, preventing, and procedures to limit business losses. Compliance with the law is an important aspect of risk management. If a business does not comply with laws, the government may fine the business, which could result in substantial financial losses. A substantial financial loss can hinder the business's ability to achieve its goals. Increased inventory and decreased quotas are not risks that are directly associated with failure to comply with laws.
     SOURCE: RM:043
     SOURCE: BankersOnline.com. (n.d.). *Compliance risk.* Retrieved September 13, 2013, from http://www.bankersonline.com/tools/riskmgt_compliancerisk.doc

97. C
     Short-range and specific. Tactical planning is short-range planning (one year or less) of specific actions that the business will take. Tactical plans involve day-to-day operating activities and are usually implemented by lower-level managers. Tactical plans are based on strategic plans. Strategic planning involves long-term planning (more than one year) and focuses on the general future of company. Strategic plans are usually developed by upper management.
     SOURCE: SM:063
     SOURCE: Management Innovations. (2008, December 10). *Tactical planning vs. strategic planning.* Retrieved September 13 2013, from http://managementinnovations.wordpress.com/2008/12/10/tactical-planning-vs-strategic-planning/

98. B
     Organizing. Organizing is the management function of setting up the way the business's work will be done. Controlling is the management function that monitors the work effort. Supervising employees' performance is a controlling activity. Arranging is not a management function.
     SOURCE: SM:064
     SOURCE: McNamera, C. (n.d.). *Management function of organizing: Overviews of methods.* Retrieved September 13, 2013, from http://managementhelp.org/orgnzing/orgnzing.htm

99. B
     Staffing. Staffing is the management function of finding workers for a business. An important staffing activity is identifying qualified candidates to do the work. To identify qualified candidates, the manager must know what skills are needed to perform the work. Leading involves directing the activities of others. Persuading is convincing others to take a certain course of action. Controlling is the management function of monitoring the work effort.
     SOURCE: SM:065
     SOURCE: CliffsNotes. (n.d.). *Staffing as a management function.* Retrieved September 13, 2013, from http://www.cliffsnotes.com/more-subjects/principles-of-management/staffing-and-human-resource-management/staffing-as-a-management-function

100. B

Actual results. Control is the management function that involves comparing what was planned with the actual results. To be successful, businesses must be able to achieve what they plan. By monitoring the actual results, managers will know if the business is performing as planned or if changes need to be made. Goals are the objectives the business plans to achieve. Managerial control does not involve comparing what was planned with the operating policies or the established strategies.

SOURCE: SM:004
SOURCE: Management Study Guide. (2008-2013). *Controlling function of management.* Retrieved September 13, 2013, from http://www.managementstudyguide.com/controlling_function.htm