



# 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. One of the main functions of the legal procedure is to
  - A. establish laws.
  - B. enact legislation.
  - C. resolve disputes.
  - D. dissolve businesses.
  
2. Marsha wants to invest her savings in a business. However, she wants to protect all of her personal assets. Which type of business ownership would be most appropriate for Marsha?
  - A. Sole proprietorship
  - B. Franchise
  - C. Partnership
  - D. Corporation
  
3. Which of the following statements regarding company policies is true:
  - A. Company policies identify general company rules.
  - B. Company policies and procedures are the same thing.
  - C. Company policies describe emergency measures.
  - D. Company policies identify very specific employee actions.
  
4. Before an individual can follow verbal directions, s/he must first be ready to
  - A. listen.
  - B. write.
  - C. speak.
  - D. understand.
  
5. What is important to do when giving verbal directions to make sure the audience understands?
  - A. Maintain eye contact
  - B. Ask questions
  - C. Use gestures
  - D. Explain information
  
6. It is most appropriate for businesspeople to use complex, technical jargon when they are
  - A. introducing a friend to a business associate.
  - B. greeting new customers.
  - C. speaking with coworkers.
  - D. informally conversing with an acquaintance.
  
7. You have a customer on the phone who always ends up talking about his personal life for far too long. Today, he's telling you a long story about his recent vacation. However, you have several other calls on the line and tons of work to do. How should you handle this situation?
  - A. Tell the customer you don't have time to talk about personal issues, so he should stay on topic.
  - B. Tell the caller you're happy to hear about his vacation, but you have to take another call.
  - C. Transfer the call to someone else who has more time to talk to the customer.
  - D. Talk to the customer as long as he wants to appear more interested.
  
8. When participating in group discussions, it is often helpful to
  - A. appoint a leader.
  - B. try to socialize.
  - C. interrupt a speaker.
  - D. be aggressive.
  
9. What should a business employee do before writing an informational message?
  - A. Identify the audience
  - B. Plan a response
  - C. Wait for feedback
  - D. Select the medium

10. Which of the following are characteristics of a well-written executive summary:
  - A. Error free, simple, and creative
  - B. Clear, concise, and error free
  - C. Creative, concise, and informal
  - D. Concise, informal, and error free
  
11. What information should be included in the recommendations section of an analytical report?
  - A. Benefits and risks
  - B. Product characteristics
  - C. Budgetary constraints
  - D. Project status data
  
12. Which of the following statements would be placed in the introductory section of a research report:
  - A. The purpose of this study is to determine why sales have been decreasing for three consecutive quarters.
  - B. Based on the previously stated findings, it is recommended that the XYZ Company revise its operating budget.
  - C. The survey consisted of 250,600 respondents from the northern region of the country.
  - D. The statistics indicate that the business is losing up to 15% of its market share to new competitors.
  
13. Alex is very skilled in building positive customer/client relations because he can express himself without offending others. Alex would be described as having
  - A. tact.
  - B. integrity.
  - C. character.
  - D. generosity.
  
14. Kate's coworker Jack is meeting with a very important German client tomorrow. Kate has been to Germany several times, and tells Jack that German businesspeople tend to be very formal and serious in business situations. After learning this information, Jack now knows that he should avoid
  - A. using titles.
  - B. using humor.
  - C. shaking hands.
  - D. making eye contact.
  
15. Interpreting business policies to customers is usually easier if the business has created a \_\_\_\_\_ atmosphere.
  - A. remote
  - B. distant
  - C. friendly
  - D. superior
  
16. Combining steel, glass, and other raw materials into a vehicle is an example of \_\_\_\_\_ utility.
  - A. time
  - B. place
  - C. form
  - D. possession
  
17. Monica has always loved to work with preschool children. She would like to open a day care center in her area. However, she does not have enough capital saved at this time. What business activity should Monica address first?
  - A. Accounting
  - B. Information management
  - C. Financial analysis
  - D. Marketing

18. "Brain drain" occurs when
- A. a country loses talented employees to better opportunities overseas.
  - B. consumers spend too much time shopping online.
  - C. businesses outsource jobs to other countries.
  - D. people who speak different languages try to communicate with each other.
19. Which of the following will foster a business's ability to adapt to changing markets:
- A. Authoritarian leadership
  - B. Reactive management
  - C. Proactive management
  - D. Conservative leadership
20. Which of the following is most likely to be a result of competition:
- A. Development of new products
  - B. Reduction in product quality
  - C. High prices
  - D. More monopolies
21. Which of the following is a **negative** effect on businesses of government regulation:
- A. The use of resources is regulated.
  - B. Unfair trade practices are prohibited.
  - C. Additional expense and inefficiency are experienced.
  - D. Patents, trademarks, and copyright protection are provided.
22. What organization helps union locals to become established, recruit new members, and negotiate with management?
- A. Shop stewards
  - B. Federal government
  - C. National union
  - D. National Labor Relations Board
23. To calculate total revenue, a business multiplies the number of units sold by
- A. average price per unit.
  - B. marginal revenue.
  - C. fixed costs.
  - D. marginal costs.
24. The United States' business culture tends to embrace self-reliance and personal accomplishment, which are characteristics of
- A. an individualist society.
  - B. the concept of collectivism.
  - C. a long-term orientation.
  - D. a team-oriented mindset.
25. During a meeting with German businesspeople, an American businessperson introduced a change to the agenda. Because the German businesspeople were caught off guard by this change, they became upset, which indicates that German culture tends to
- A. have a low tolerance for uncertainty.
  - B. be highly ethnocentric.
  - C. take greater risks than other cultures.
  - D. prefer a less-structured environment.
26. Because Costa Ricans do not like to be kept waiting, it is important for businesspeople to
- A. arrive at meetings on time.
  - B. schedule frequent meeting breaks.
  - C. discuss business during lunch.
  - D. comply with local ordinances.

27. Which of the following is an example of a Saudi Arabian custom that relates to gender:
- A. Friday is the day of rest.
  - B. Women are not permitted to drive a car.
  - C. The “thumbs up” symbol is offensive.
  - D. It is illegal to eat pork.
28. A businessperson offended a foreign client when s/he continuously made an insulting gesture. As a result, the client severed ties with the businessperson's company. This situation could have been avoided if the businessperson had
- A. made an effort to learn the country's language before the meeting.
  - B. asked the client why s/he was upset during the meeting.
  - C. taken the time to learn about the client's culture before the meeting.
  - D. sent a letter of apology to the country's ambassador after the meeting.
29. Refusing to do things you really don't want to do is \_\_\_\_\_ your self-esteem.
- A. not good for
  - B. harmful to
  - C. of no help to
  - D. good for
30. As the manager of her own company, Brooke is able to guide the company and its employees in a desired manner. Brooke possesses the trait of
- A. leadership.
  - B. creativity.
  - C. empathy.
  - D. initiative.
31. What is often a positive result of accepting responsibility for a poor decision?
- A. You reinforce skeptical attitudes.
  - B. You control others' opinions.
  - C. You demonstrate self-importance.
  - D. You gain others' respect.
32. To manage their work commitments in a timely manner, businesspeople should
- A. estimate the time that it takes them to perform their tasks.
  - B. ask their coworkers to help them with routine activities.
  - C. work on enjoyable tasks before tackling the unpleasant tasks.
  - D. identify shortcuts that they can take get their work done quickly.
33. As a new employee, you receive constructive criticism about your job performance. This criticism is designed to
- A. improve your ability to do the job.
  - B. show your lack of ability.
  - C. hurt and discredit you.
  - D. demonstrate the supervisor's superior job knowledge.
34. Effective managers involve employees in planning changes because people who help to initiate changes are usually more \_\_\_\_\_ to those changes.
- A. resigned
  - B. receptive
  - C. resistant
  - D. indifferent

35. During a negotiation, a non-verbal behavior that indicates a negotiator's high level of confidence is
  - A. foot tapping.
  - B. direct eye contact.
  - C. arm crossing.
  - D. defensive facial expression.
  
36. Which of the following is an indication that employees might be experiencing a lot of stress:
  - A. Drinking one or two cups of coffee a day
  - B. Being irritated when dealing with customers
  - C. Concentrating on doing the job correctly
  - D. Having occasional conversations with coworkers
  
37. Henry's been at his current job for five years. He doesn't really like it but doesn't want to look for a new job because he's so used to this one. Henry avoids adapting because of
  - A. fear.
  - B. contentment.
  - C. lack of control or trust.
  - D. a desire for change.
  
38. Naya truly cares about her coachee, Jamie, and she wants Jamie to succeed. Which of the following coaching characteristics does Naya illustrate:
  - A. Positivity/Enthusiasm
  - B. Humility
  - C. Flexibility
  - D. Genuine concern for others
  
39. How does empathy help coworkers to be fair to each other?
  - A. Empathy gives coworkers the ability to learn a job quickly.
  - B. Coworkers with empathy are better able to understand others.
  - C. Coworkers with empathy are not likely to have disagreements.
  - D. Empathy helps coworkers to understand legal guidelines.
  
40. For an investment to yield positive results at the end of the investment period, the earnings should
  - A. grow by at least ten percent.
  - B. exceed the rate of inflation.
  - C. be accrued on a debt security.
  - D. be documented appropriately.
  
41. Regular credit accounts are sometimes called open accounts because they allow
  - A. first-time credit users to buy without having a credit check.
  - B. credit users to buy at any time during a set period.
  - C. credit users to make minimum payments any time during the month.
  - D. long-time credit users to make purchases without finance charges.
  
42. What do many individuals establish when planning for future financial needs?
  - A. Living will
  - B. College fund
  - C. Emotional intelligence
  - D. A work history
  
43. Ian's employer electronically places Ian's paycheck directly into his bank checking account every pay period. In what column on Ian's bank statement will he find these transactions?
  - A. Deposits and debits
  - B. Withdrawals and debits
  - C. Deposits and credits
  - D. Withdrawals and credits

44. Which of the following is the most likely action that the government takes when a person misses the deadline for filing his/her income tax return:
- A. Penalty
  - B. Refund
  - C. Extension
  - D. Allowance
45. The section of the marketing plan that should address where the business will be located is the \_\_\_\_\_ section.
- A. promotion
  - B. price
  - C. product
  - D. place
46. Two employees used a business's computerized accounting system to change some records. They were able to steal \$50,000 from the business because the accounting system lacked which of the following:
- A. Protection from theft and fraud
  - B. An affordable price
  - C. A manual system as backup
  - D. Printed financial statements
47. An estimate of a business's income and expenses for a specified period of time is a(n)
- A. income statement.
  - B. report.
  - C. balance sheet.
  - D. budget.
48. What is an indicator of strong organizational ethics?
- A. Refusal to accept responsibility
  - B. Overpromising
  - C. Underperforming
  - D. High trust and mutual respect
49. A computer program that captures the knowledge of experienced workers is known as a(n)
- A. expert system.
  - B. intranet.
  - C. spreadsheet.
  - D. decision support system.
50. Because Robert is up for a promotion and wants to impress his manager, he will not share with his coworkers the tacit knowledge that helps him efficiently perform his job. Robert's reason for not sharing the information relates to
- A. inevitable disclosure.
  - B. personal gain.
  - C. privacy issues.
  - D. group cohesiveness.
51. What do companies often use to assign and track various business tasks?
- A. Surveillance system
  - B. Customer database
  - C. Accountability matrix
  - D. Magnetic cards

52. Corsica Steel Mill has developed a new process to reduce the time it takes to complete a phase of production. To legally protect this new process from unauthorized use, the company should obtain a
- trade name.
  - copyright.
  - trademark.
  - patent.
53. The belief that profitable sales volume will result from giving customers quality products at fair and reasonable prices is part of the
- consumers' movement.
  - planning process.
  - marketing mix.
  - marketing concept.
54. Which of the following is the most efficient tool for gathering external information that businesses need:
- Internet
  - Library
  - Software
  - Textbooks
55. Which of the following types of information should a business keep on file indefinitely:
- Cancelled checks
  - Federal income tax returns
  - Invoices
  - Credit card statements
56. Information management can be a challenge because the business world is
- completely dependent on paper files.
  - suffering from a lack of information.
  - not open to new technology.
  - constantly changing.
57. The capability of combining graphics, text, animation, and sound is a unique characteristic of \_\_\_\_\_ software programs.
- electronic
  - communication
  - numeric
  - presentation
58. Which of the following functions in a spreadsheet software program allows the computer user to change the format of the data from ascending to descending order:
- Replace
  - Chart
  - Consolidate
  - Sort
59. Project-management software can help businesspeople allocate necessary resources and
- authorize payments.
  - hire contractors.
  - establish credit.
  - schedule tasks.



60. Dale stores his customer records in a remote database that he accesses via the Internet. Where does Dale maintain his customer files?
- A. In the cloud
  - B. On his hard drive
  - C. On a flash drive
  - D. In a log file
61. Why is it important for businesses to interpret statistical findings?
- A. To develop charts and tables
  - B. To obtain useful information
  - C. To calculate frequency distributions
  - D. To organize a database
62. Plastico Manufacturing Company had to temporarily shut down one of its factories because it was emitting toxic chemicals into the air. Plastico was not complying with the community's
- A. environmental regulations.
  - B. construction codes.
  - C. administrative policies.
  - D. estate laws.
63. Which of the following is a true statement about safety hazards in the workplace:
- A. Ongoing equipment maintenance prevents most hazards.
  - B. Safety hazards are obvious to most people.
  - C. Safety hazards are the same for most businesses.
  - D. Poor housekeeping can cause safety hazards.
64. What must be determined before the work effort can be coordinated effectively?
- A. The employees' requirements
  - B. Technical changes
  - C. Customer-satisfaction levels
  - D. The necessary tasks
65. Project management can benefit greatly from user-generated, user-updated websites called
- A. encyclopedias.
  - B. forums.
  - C. wikis.
  - D. flash drives.
66. What should you develop during the process of identifying the people who have the skills that are needed to complete the project?
- A. Status report
  - B. Sponsor list
  - C. Realistic budget
  - D. Job description
67. One of the first steps that a business usually takes to develop a project plan is to
- A. identify needed resources.
  - B. prepare purchasing plans.
  - C. recruit new employees.
  - D. organize training classes.
68. Isabelle asks Todd, one of her project-team members, if he has collected all of the information that he needs to start tabulating a survey. What project-management activity is Isabelle performing?
- A. Monitoring
  - B. Initiating
  - C. Coordinating
  - D. Assigning

69. A business that wants to maintain positive, long-term relationships with its vendors should
- A. develop a competitive orientation.
  - B. share relevant information.
  - C. automate ordering processes.
  - D. request volume discounts.
70. Elaine, a buyer for a large retail chain, places a paper-goods order with Sheets Paper Company, one of five paper suppliers she uses, because Sheets has the best prices and can ship the order tomorrow. This is an example of a(n) \_\_\_\_\_ order.
- A. blanket
  - B. open
  - C. prepaid
  - D. standing
71. Why does a business keep stock on hand for resale?
- A. So it can produce manufactured goods.
  - B. To sell it to end users
  - C. To use it in business operations
  - D. So it can buy raw materials.
72. Silence is an effective negotiating technique to use with a vendor when a business wants the vendor to
- A. make a concession.
  - B. maintain its authority.
  - C. obtain leverage.
  - D. initiate a gridlock.
73. One of the benefits of production to consumers is that production
- A. provides a way to be competitive.
  - B. provides a way to earn profits.
  - C. makes use of automation.
  - D. creates form utility.
74. Another term for quality is
- A. non-conformance.
  - B. adequacy.
  - C. mediocrity.
  - D. excellence.
75. Which of the following is an area often used by customers that a business must maintain on a regular basis:
- A. Employee lounge
  - B. Corporate office
  - C. Exterior sidewalk
  - D. Storage facility
76. A comprehensive report reveals that the Sabin Company can increase its data-entry outputs by 20% in a six-month period by installing the MMX software system. Sabin can use this type of business analysis to determine
- A. how to increase its efficiency.
  - B. how to detect a problem.
  - C. why it should obtain new markets.
  - D. why it should evaluate work schedules.

77. Which of the following statements about creativity in marketing occupations is true:
- A. Creativity is applicable to working with things rather than with people.
  - B. Creativity is not important for most marketing jobs.
  - C. Opportunities to be creative are limited to advertising and display.
  - D. Almost all marketing occupations involve creativity to some extent.
78. John frequently lists or ranks the things he needs to do in the order of their importance. John is \_\_\_\_\_ his activities.
- A. categorizing
  - B. prioritizing
  - C. grouping
  - D. classifying
79. Kate works closely with all the company's departments to develop computer software programs that enhance the business's ability to communicate and obtain data. Kate works in the area of
- A. marketing communications.
  - B. corporate management.
  - C. insurance and risk management.
  - D. business information technology.
80. Which of the following characteristics are necessary for entrepreneurs to be successful:
- A. Creativity and innovation
  - B. Determination and aggression
  - C. Optimism and risk aversion
  - D. Timidity and organization
81. When preparing an interview follow-up letter, what might applicants include that they forgot to mention during the interview?
- A. Position description
  - B. Social Security number
  - C. Personal background
  - D. Important information
82. One of the reasons why networking is so effective is because the contacts often
- A. know how to communicate with others.
  - B. are interested in the same position.
  - C. have information about job skills.
  - D. work at the company that is hiring.
83. What tends to increase when all employees follow the company's rules of conduct?
- A. Inflexible attitudes
  - B. Laissez-faire leadership
  - C. Subculture power conflicts
  - D. Organizational cohesiveness
84. Sally is a production-line worker who is experiencing problems with the production equipment. Following the appropriate chain of command, Sally should report the problem to
- A. Tom, the production-section manager.
  - B. Sylvia, the vice president of operations.
  - C. Jim, the production-line supervisor.
  - D. Linda, the operations manager.
85. Which of the following provides the foundation for a business's overall planning and controlling activities:
- A. Organizational goals
  - B. Profit margins
  - C. Ordering procedures
  - D. Product objectives

86. What do managers need to do to help employees understand their specific responsibilities in achieving the organization's goals?
- A. Develop a mission statement
  - B. Communicate priorities
  - C. Create work subcultures
  - D. Collect information
87. In which component of the project's statement of work (SOW) would the following message most likely appear: "Due to the limited amount of time allocated to complete the study, the survey sample size may need to be reduced."
- A. Benefits
  - B. Purpose
  - C. Constraints
  - D. Deliverables
88. Isabelle is developing a document that divides a long-term project into meaningful subprojects and tasks, which she will use to guide the workflow. Isabelle is developing the
- A. work breakdown structure.
  - B. project status report.
  - C. data interchange program.
  - D. technical operating system.
89. During a weekly status meeting, Tom said, "We've worked extremely hard and have made some tremendous progress on this stage of the project, so I am taking the team out to lunch next Wednesday." What project-management activity is Tom performing?
- A. Rewarding
  - B. Mentoring
  - C. Evaluating
  - D. Encouraging
90. Releasing equipment, materials, and team members are tasks that are completed during the \_\_\_\_\_ phase of a project.
- A. closing
  - B. scheduling
  - C. planning
  - D. initiating
91. What is a necessary component of quality-assurance activities?
- A. Systematic process
  - B. Product innovation
  - C. Classified information
  - D. Supplier input
92. The Six Sigma quality management framework involves monitoring improvement processes by analyzing
- A. quantitative information.
  - B. technology needs.
  - C. expansion plans.
  - D. employees' policies.
93. A potential benefit to businesses that implement continuous quality improvement processes is
- A. increased costs.
  - B. increased sales.
  - C. decreased outputs.
  - D. decreased profits.

94. How can a business reduce risks that are associated with a poor public image:
- A. Implement an ethics program
  - B. Maintain minimal inventory levels
  - C. Encourage fraudulent behavior
  - D. Offer credit to few customers
95. What type of risk-management technology can track individual traders' risk limits and notify management immediately if any trader exceeds her/his preset limit?
- A. Automated oversight
  - B. Stress testing
  - C. Data aggregation
  - D. Corporate governance
96. Risk retention groups are typically only allowed to offer \_\_\_\_\_ insurance coverage.
- A. life
  - B. liability
  - C. homeowners
  - D. health
97. The process of managerial planning typically helps to
- A. guarantee positive results.
  - B. improve interpersonal relationships.
  - C. influence employees' adaptability.
  - D. maximize resource efficiency.
98. Which of the following is the management function that focuses on matching the appropriate person with the necessary skills for a specific job:
- A. Leading
  - B. Interviewing
  - C. Coordinating
  - D. Staffing
99. What management function involves motivating and encouraging an employee?
- A. Planning
  - B. Directing
  - C. Organizing
  - D. Recruiting
100. Inspecting raw materials before using them to produce finished goods is an example of \_\_\_\_\_ control.
- A. standard
  - B. concurrent
  - C. feedback
  - D. feedforward

1. C  
Resolve disputes. The legal procedure is the process of reviewing disputes or claims and resolving them in a fair manner. Businesses are often involved in disputes with other entities, such as suppliers or competitors. If a business believes it has been wronged by another, the business follows the appropriate legal procedure to resolve the issue. Enacting legislation, establishing laws, and dissolving businesses are not the main functions of the legal procedure.  
SOURCE: BL:070  
SOURCE: Miller, R.L., & Jentz, G.A. (2006). *Business law today: Standard edition* (7th ed.) [p. 16]. Mason, OH: Thomson Learning.
2. D  
Corporation. A corporation is a form of ownership owned by stockholders who have purchased stock. The liability of each owner is limited to the amount invested. A franchise is an agreement between a parent company and a franchisee to distribute goods and services. A partnership is a form of business ownership owned by two or more persons. A sole proprietorship is a form of business ownership in which the business is owned by one person.  
SOURCE: BL:003  
SOURCE: BL LAP 1—Own It Your Way (Business Ownership)
3. A  
Company policies identify general company rules. Company policies are rules made in advance by management to assist employees in decision making. They are typically general rather than specific in nature and relate to the company's overall vision. Company policies also describe whom the rules apply to and why they exist. Company policies and procedures are not the same; company procedures provide more detailed step-by-step plans of how to carry out policies and processes. Company procedures identify very specific employee actions, such as what to do in the event of an emergency.  
SOURCE: CO:057  
SOURCE: Difference Between.info. (2012-2014). *Difference between policy and procedure*. Retrieved August 18, 2014, from <http://www.differencebetween.info/difference-between-policy-and-procedure>
4. A  
Listen. Speaking and/or writing does not help a person to follow verbal directions. Following directions can only be accomplished by listening to what the other person has to say and interpreting its meaning. Understanding is the result of good listening.  
SOURCE: CO:147  
SOURCE: Lehman, C.M., & Dufrene, D.D. (2011). *Business communication* (16th ed.) [pp. 51-53]. Mason, OH: South-Western, Cengage Learning.
5. B  
Ask questions. When giving verbal directions, it is important to regularly ask questions to make sure the audience understands the directions. Asking if listeners understand a certain word or phrase will provide feedback that indicates understanding. Many times, listeners will not admit that they do not understand, and the only way to find out is to ask questions. Maintaining eye contact, using gestures, and explaining information are techniques for giving verbal directions. However, they will not indicate if the audience understands the directions.  
SOURCE: CO:083  
SOURCE: Hyden, J.S., Jordan, A.K., Steinauer, M.H., & Jones, M.J. (2006). *Communicating for success* (3<sup>rd</sup> ed.) [pp. 113-115]. Mason, OH: Thomson South-Western.

6. C

Speaking with coworkers. Jargon is a specialized language known only to a certain group of people. Industries and companies often use jargon that is meaningful to their businesses and may not be easily understood by people outside their industries or companies. Coworkers are more likely to use jargon because they are familiar with the terms and their meanings or applications. New customers, friends, business associates, and acquaintances may not be familiar with a specific industry's jargon.

SOURCE: CO:084

SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [p. 40]. Mason, OH: Thomson South-Western.

7. B

Tell the caller you're happy to hear about his vacation, but you have to take another call. It's important to be as professional and polite as possible, even if a talkative caller is taking up too much of your work time. By saying something courteous yet assertive, like, "I'm happy to hear about your vacation, but I have to take another call now," you're letting the caller know that you appreciate his personal stories, but that you also have work to do. This customer brings money to your business, so you don't want to be rude or risk offending him. You shouldn't tell the customer that you don't have time for him, even if he's just telling personal stories. You also shouldn't transfer the call to another person, as that would be considered rude both to the customer and your coworker. Although it's important to sound interested when you're talking to a customer, you shouldn't talk to them for too long, especially not if you have important work to do. It's necessary to strike a good balance between making a customer connection and asserting yourself.

SOURCE: CO:114

SOURCE: Bucki, J. (n.d.). *How to end a phone call professionally*. Retrieved August 18, 2014, from <http://operationstech.about.com/od/informationtechnology/tp/Phone-Call-End-Professionally.htm>

8. A

Appoint a leader. When participating in group discussions, it is often helpful to appoint a leader so someone will be able to guide and control the discussion. The leader will be able to encourage all members to participate and keep the discussion on track. Without a leader, the group might lose its focus and discuss issues that are not relevant. A leader can keep the discussion moving rather than allow the group to socialize. Also, a leader can prevent others from interrupting or slow down someone who is dominating the discussion. A leader should be assertive rather than aggressive.

SOURCE: CO:053

SOURCE: Exforsys. (2006, September 24). *How to discuss in a group*. Retrieved August 18, 2014, from <http://www.exforsys.com/career-center/group-discussions/how-to-discuss-in-a-group.html>

9. A

Identify the audience. Before writing informational messages, business employees need to know who the audience is so they can present the message in a way that is relevant to that audience. For example, one audience might be the business's customers while another audience might be the business's investors. The message a business employee sends to customers is very different from the message that will be sent to investors. Before writing informational messages, employees do not need to plan a response or wait for feedback. In most cases, the message will generate a response or feedback from those who read it. The medium is the written message.

SOURCE: CO:039

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (p. 201). Columbus, OH: Glencoe/McGraw-Hill.

10. B

Clear, concise, and error free. An executive summary is a section of a formal report that highlights the most important information that appears in the body of the document. A well-written executive summary should be clear, concise, and error free. An executive summary should be easy to read and simple to understand. Because an executive summary is part of a formal report, it should follow a formal format. An executive summary does not need to be creative—its primary purpose is to inform the reader about essential facts.

SOURCE: CO:091

SOURCE: Locker, K.O. (2006). *Business and administrative communication* (7th ed.) [p. 431]. Boston: Irwin/McGraw-Hill.

11. A

Benefits and risks. An analytical report is a document that explains and evaluates an issue, opportunity, or problem. An important aspect of developing an analytical report involves providing recommendations for a course of action related to the issue, opportunity, or problem. When providing recommendations, the writer should clearly state both the benefits and risks associated with the recommendation, so the reader(s) can make informed business decisions. Analytical reports may discuss a particular product, a project, or the business's budget, depending on the report topic.

SOURCE: CO:185

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [pp. 407-413]. Upper Saddle River, NJ: Pearson Prentice Hall.

12. A

The purpose of this study is to determine why sales have been decreasing for three consecutive quarters. A research report is a written document that summarizes an investigation related to a particular issue or problem. A comprehensive research report contains several sections. In the introductory section of the research report, the writer identifies the problem and the purpose of the report, such as declining sales. Recommendations are detailed at the end of the report. Details about the research process, such as survey data, are addressed in the methodology section of the research report. Statistics are included in the results section of the research report.

SOURCE: CO:186

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [p. 456]. Upper Saddle River, NJ: Pearson Prentice Hall.

13. A

Tact. Tact is the ability to say or do the right thing in all circumstances. Tact helps to build good customer/client relations because it shows courtesy and respect to others. Generosity is a willingness to give of oneself or one's means. Character is the combination of traits or the reputation of an individual. Integrity is adhering to an established set of personal ethics.

SOURCE: CR:003

SOURCE: CR LAP 1—Accentuate the Positive (Nature of Customer Relations)

14. B

Using humor. Because Germans tend to be very formal and serious about their business, they do not find it appropriate to use humor during business situations. It is appropriate to use titles, shake hands, and make eye contact with Germans in business situations. These behaviors are respectful to Germans.

SOURCE: CR:019

SOURCE: Priest, M. (n.d.). *Germany: Behavior*. Retrieved August 18, 2014, from <http://www.cyborlink.com/besite/germany.htm>



15. C  
Friendly. Treating customers in a friendly manner will make them feel more comfortable. They will feel that the business has a personal interest in them and be more accepting of any explanation of policies. Distant, remote, and superior are terms that refer to an unfriendly and cold atmosphere that would make customers feel uncomfortable.  
SOURCE: CR:007  
SOURCE: Gibson, P. (2012). *The world of customer service* (3rd ed.) [pp. 6, 11]. Mason, OH: South-Western Cengage Learning.
16. C  
Form. Form utility means altering or changing the shape of a product to make it more useful to the consumer, as in transforming various raw materials into cars and trucks. Time utility involves making products available at the time they are wanted or needed by consumers. Place utility occurs when goods and services are available at the place (location) they are wanted or needed by consumers. Possession utility is created when ownership of a product is transferred from the seller to the person who will use it.  
SOURCE: EC:004  
SOURCE: EC LAP 13—Use It (Economic Utility)
17. C  
Financial analysis. This is the process of planning, maintaining, monitoring, controlling, and reporting the use of financial resources. Aspects of this activity involve obtaining funds and using them to achieve the goals of the business. The accounting activities keep and interpret financial records. Information management is the process of coordinating the resources pertaining to business knowledge, facts, or data. Marketing is the process of creating, communicating, and delivering value to customers and managing customer relationships in ways that benefit the organization and its stakeholders.  
SOURCE: EC:071  
SOURCE: EC LAP 19—Strictly Business (Business Activities)
18. A  
A country loses talented employees to better opportunities overseas. "Brain drain" occurs when employees leave their native countries for better jobs in other nations. It can have a negative effect on developing countries struggling to build strong economies. "Brain drain" does not refer to online shopping, offshoring, or communication between people who speak different languages.  
SOURCE: EC:104  
SOURCE: EC LAP 22—Stretch Your Boundaries (Global Environment's Impact on Business)
19. C  
Proactive management. To thrive and grow, businesses must be willing to accept and adapt to changes in the marketplace. This requires a proactive attitude by management, which involves looking for new market opportunities and taking quick action to accommodate trends. Reactive management involves taking action after an occurrence. Authoritarian management (rather than leadership) is a management style in which managers prefer to exercise a high degree of control over their subordinates. Conservative leaders tend to favor tradition and shy away from drastic change.  
SOURCE: EC:107  
SOURCE: EC LAP 25—Keep the Change (Adapting to Markets)
20. A  
Development of new products. Competition encourages businesses to develop new products in order to meet consumers' needs. Businesses feel that the company which best satisfies consumers will be the most successful company. Competition helps to control prices because businesses must keep prices in line with production costs in order to be competitive. Businesses must also maintain or improve product quality to be competitive. A monopoly exists when a market is controlled by one supplier, and there are no substitute goods or services readily available. No competition exists in a true monopoly.  
SOURCE: EC:012  
SOURCE: EC LAP 8—Ready, Set, Compete! (Competition)

21. C  
Additional expense and inefficiency are experienced. They occur because businesses need large numbers of employees just to handle government requirements. Some businesses become so involved in meeting government requirements that they do not operate efficiently. Property protection, regulation of resources, and prohibition of unfair trade practices are all positive effects of government regulation.  
SOURCE: EC:008  
SOURCE: EC LAP 16—Regulate and Protect (Government and Business)
22. C  
National union. This organization exercises a great deal of control over local unions. For instance, local rules must always be in line with those established on the national level. National unions serve the locals by promoting union growth, recruiting new members, helping to establish new locals, and negotiating with management. Neither federal nor state government would be involved in union establishment. Shop stewards negotiate members' grievances with management. The National Labor Relations Board is a federal agency concerned with unfair labor practices.  
SOURCE: EC:015  
SOURCE: EC LAP 5—Get United (Organized Labor)
23. A  
Average price per unit. Total revenue is one of the two key measures of revenue that businesses use to decide what amount of output will produce the greatest profits. It is calculated by multiplying the number of units sold by the average price per unit. Marginal revenue, on the other hand, is the extra revenue associated with the production and sale of one additional unit of output. Marginal revenue is not used to calculate total revenue. Fixed costs are costs that do not change, even if output is zero, and are not used to calculate total revenue. Marginal costs are the extra costs incurred when a business produces one additional unit of a product. Marginal costs are not used to calculate total revenue.  
SOURCE: EC:023  
SOURCE: AmosWEB. (2000-2014). *Total revenue*. Retrieved August 18, 2014, from [http://www.amosweb.com/cgi-bin/awb\\_nav.pl?s=wpd&c=dsp&k=total+revenue](http://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=total+revenue)
24. A  
An individualist society. An individualist society is one in which group ties are loose and everyone is expected to take care of himself/herself. When a person takes care of herself/himself, s/he is being self-reliant. Because self-reliant people are independent, they take pride in accomplishing goals on their own. Collectivism embraces interdependence, group affiliation, and team orientation. A long-term oriented society focuses on future rewards and values actions such as persistence.  
SOURCE: EC:130  
SOURCE: Roberts, K., & Taylor, S. (n.d.). *Geert Hofstede analysis for United States of America*. Retrieved August 18, 2014, from <http://www.cyborlink.com/besite/us.htm>
25. A  
Have a low tolerance for uncertainty. Cultures that have numerous rules and like to know what to expect tend to have a low tolerance for uncertainty and ambiguity. Because these cultures prefer structure and order, they do not easily accept new ideas or change, nor do they feel comfortable taking risks. The example does not indicate that Germans are highly ethnocentric, which is the belief that your own culture is naturally better than other cultures.  
SOURCE: EC:131  
SOURCE: Priest, M. (n.d.). *Geert Hofstede analysis for Germany*. Retrieved August 18, 2014, from <http://www.cyborlink.com/besite/germany.htm>

26. A  
Arrive at meetings on time. The way a culture views the concept of time is an important consideration when conducting international business. In some cultures, punctuality is very important; therefore, it is important to arrive on time for business meetings or social functions. Meeting breaks, luncheon meetings, and government ordinances do not relate to keeping people waiting.  
SOURCE: EC:132  
SOURCE: Nicol, J. (n.d.). *Costa Rica behavior and manners*. Retrieved August 18, 2014, from [http://www.cyborlink.com/besite/costa\\_rica.htm](http://www.cyborlink.com/besite/costa_rica.htm)
27. B  
Women are not permitted to drive a car. Different cultures have different expectations and rules in relation to gender. In Saudi Arabia, women are not permitted to drive a car. The day of rest is often associated with religious traditions. Laws regarding the consumption of pork are related to religious practices. The “thumbs up” symbol is a form of nonverbal communication.  
SOURCE: EC:134  
SOURCE: Butler, P. (n.d.). *Saudi Arabia: Behavior*. Retrieved August 18, 2014, from <http://www.cyborlink.com/besite/saudi-arabia.htm>
28. C  
Taken the time to learn about the client's culture before the meeting. Because customs and gestures differ by country, businesspeople must understand and monitor their body language, when conducting business in other countries. Certain gestures may be friendly in some cultures and offensive or disrespectful in other cultures. If the businessperson had taken time to learn about the client's country and culture, s/he could have avoided making the offensive gesture altogether. There is not enough information provided to determine if the client expressed his/her discomfort—verbally or nonverbally—about the businessperson's offensive behavior during the meeting. Gestures are nonverbal behaviors rather than a verbal or language barrier. A letter of apology would not have prevented the businessperson from making the gesture in the first place. A letter of apology may have helped smooth things over with the client, but the letter should have been sent directly to the client rather than the country's ambassador.  
SOURCE: EC:135  
SOURCE: Butler, P. (n.d.). *India: Behavior*. Retrieved August 18, 2014, from <http://www.cyborlink.com/besite/india.htm>
29. D  
Good for. Not doing things you don't want to do is one way of being responsible to yourself. It is as good for your self-esteem as doing the things that make you feel good about yourself.  
SOURCE: EI:016  
SOURCE: Wallace, H.R., & Masters, L.A. (2006). *Personal development for life & work* (9th ed.) [pp. 1-3]. Mason, OH: South-Western Cengage Learning.
30. A  
Leadership. Leadership is one type of personality trait that will contribute to success in personal and professional endeavors. Leadership is the ability to guide or direct the actions of others. The ability to guide employees is an important aspect of managing a company's employees. Creativity is the ability to generate unique ideas, approaches, solutions, etc. Empathy is the ability to put oneself in another person's situation. Initiative is the willingness to act without having to be told to do so.  
SOURCE: EI:018  
SOURCE: EI LAP 9—You've Got Personality (Personal Traits in Business)

31. D  
You gain others' respect. Most people do not like to make mistakes, but everyone makes them from time to time. It's the way that a person handles a mistake or poor decision that is important. Taking responsibility means admitting the wrongdoing, accepting the consequences of the decision, and trying to do better the next time. When a person admits making a mistake, s/he is likely to gain the respect of others and gain trust. When people do not admit their mistakes or they blame others for mistakes, they are showing that they value their well-being over others, which is demonstrating self-importance. Most people do not trust individuals who do not accept responsibility for their actions or decisions, and are likely to be skeptical about those individuals' true motives. People cannot control others' opinions.  
SOURCE: EI:075  
SOURCE: Klingeman, A.M. (2007, November 20). *Taking responsibility for your actions*. Retrieved August 18, 2014, from <http://ezinearticles.com/?Taking-Responsibility-for-Your-Actions&id=842366>
32. A  
Estimate the time that it takes them to perform their tasks. When businesspeople estimate the time that it takes to perform their tasks, it helps them to plan, prioritize, and manage their workloads effectively. Planning their work helps businesspeople avoid scheduling activities too close together, which can affect the quality of their work. For example, if it takes a businessperson one hour to prepare a status report that is due at 4:00 p.m., s/he should not start the report at 3:30 p.m. Because coworkers have their own work commitments, they only should help in emergencies with management's approval. Pleasant tasks are not always priorities for businesspeople. Taking shortcuts and performing work too quickly often results in errors and low-quality work.  
SOURCE: EI:077  
SOURCE: Time Management. (n.d.). *Manage your scheduling commitments—Six effective guidelines to get things done (part 2)*. Retrieved August 18, 2014, from <http://www.timemanagment.info/111/manage-your-time-scheduling-commitments-six-effective-guidelines-to-get-things-done/2/>
33. A  
Improve your ability to do the job. Constructive criticism points out mistakes for the purpose of helping someone to improve. It is your responsibility to accept the criticism and to improve your job performance. Showing you your lack of ability, demonstrating the supervisor's superior job knowledge, or trying to hurt or discredit you are examples of destructive criticism.  
SOURCE: EI:003  
SOURCE: EI LAP 15—Grin and Bear It (Using Feedback for Personal Growth)
34. B  
Receptive. Most people are resistant to change out of fear or insecurity. They are, however, more likely to accept change that they have helped to create. Employees feel a sense of responsibility when involved in the process of making changes. Consequently, smart business managers frequently involve employees in the decision-making process leading up to the change. Employees who have had no input may react negatively by being indifferent, resistant, or resigned.  
SOURCE: EI:026  
SOURCE: Lussier, R.N., & Achua, C.F. (2010). *Leadership: Theory, application, & skill development* (4th ed.) [pp. 434-435]. Mason, OH: South-Western Cengage Learning.
35. B  
Direct eye contact. During a negotiation, a person is usually more credible and successful in getting what s/he wants if s/he conveys self-confidence—a belief in his/her own talents, skills, and objectives. To convey self-confidence, a person should speak clearly, maintain direct eye contact, and make sure that s/he does not engage in negative body language, such as nervous foot tapping, arm crossing, or defensive facial expressions.  
SOURCE: EI:062  
SOURCE: EI LAP 8—Make It a Win-Win (Negotiation in Business)

36. B  
Being irritated when dealing with customers. Interaction with customers is a major cause of stress in the workplace. Customers are not always polite and understanding. Sometimes they are demanding, unrealistic, and angry. Employees who are not experiencing a lot of stress usually are able to handle these types of situations with customers and resolve the problem. However, when employees are under a lot of stress, they often feel annoyed and irritated when dealing with customers—even those customers who are behaving appropriately. Routinely feeling this way is an indication that an employee is stressed, in which case management should take steps to help the employee reduce the level of stress. Concentrating on doing the job correctly, drinking one or two cups of coffee a day, and having occasional conversations with coworkers are not indications that employees are under a lot of stress.  
SOURCE: EI:028  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (p. 235). Columbus, OH: Glencoe/McGraw-Hill.
37. B  
Contentment. Adapting to new circumstances isn't always easy. Many people avoid trying new things at all costs, even if it means staying in the same job, position, or town for years. In Henry's case, he doesn't want to adapt to a new job because of contentment. He doesn't want to stretch, try new things, or get out of his comfort zone. This attitude might be easy, but it means his job situation will never change or get any better. Henry is not refusing to adapt because of fear or lack of control or trust. A desire for change is not a reason that people refuse to adapt.  
SOURCE: EI:006  
SOURCE: EI LAP 23—Go With the Flow (Demonstrating Adaptability)
38. D  
Genuine concern for others. Coaching involves working hard to make a positive change in someone's life, and it's hard to do that unless you really want to help. Naya wants Jamie to succeed because she is genuinely concerned. Coaches who possess humility admit that they don't know everything and own up to their mistakes. Coaches who are flexible are able to accept changes. Positivity and enthusiasm involve keeping coachees excited about their goals.  
SOURCE: EI:041  
SOURCE: EI LAP 24—Bring Out the Best (Coaching Others)
39. B  
Coworkers with empathy are better able to understand others. Empathy is the ability to put yourself in another person's place. When you can "walk in someone else's shoes," even though you have not had the same experiences, you are better able to understand and to get along with that person. Empathy cannot prevent disagreements, help workers to understand legal guidelines, or enable them to learn a job quickly.  
SOURCE: EI:036  
SOURCE: EI LAP 20—Fair and Square (Treat Others Fairly at Work)
40. B  
Exceed the rate of inflation. When making investments, it is important to consider the time value of money, which is the difference between the money's current purchasing power in relation to its purchasing power at a future date. Earnings from investments can come in different forms, such as accumulated interest from debt securities or dividends from equity securities. At the end of the investment period, a successful investment will yield more money than the investor started with. However, it is important to consider the rate of inflation—which is an increase in prices of goods and services. If inflation increases more rapidly than the investment earns (e.g., 10%) during the investment period, then the value of money earned will not yield the desired results. Documents and forms do not affect the time value of money.  
SOURCE: FI:062  
SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (pp. 89-92, 180). South-Western Cengage Learning.

41. B  
Credit users to buy at any time during a set period. This period is usually 30 days. At the end of that time, the person or business is expected to pay the entire amount that is due. Most credit accounts require a credit check of first-time or regular credit users. Having a credit account for a long time does not eliminate finance charges if the customer does not pay the account according to the account's requirements.  
SOURCE: FI:002  
SOURCE: FI LAP 2—Give Credit Where Credit is Due (Credit and Its Importance)
42. B  
College fund. In many cases, paying for college is a future financial need for which many individuals and married couples plan. In order to make sure sufficient money will be available to pay for college, individuals often establish a college fund. This may be set up with a bank or an investment company. People often set aside a certain amount to invest on a monthly basis so the fund will have a certain value by the time it is needed to pay college expenses. A living will involves a person's wishes concerning medical issues. A work history is a list of jobs a person has had during his/her life. Emotional intelligence is the ability to recognize and manage emotions in ourselves and in others.  
SOURCE: FI:064  
SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (p. 266). New York: Glencoe/McGraw-Hill.
43. C  
Deposits and credits. A bank statement is a summary of all transactions that occur for a certain period of time, usually one month. The bank statement will indicate the day, amount, and transaction type on the statement. The account holder compares the bank statement with his/her checkbook to determine problems or discrepancies. Ian's employer is electronically putting his paycheck into his account; therefore, the amount will be recorded as a deposit (credit) since money is being added to the account on Ian's behalf. The withdrawals and debits column on the bank statement records all of Ian's withdrawals (debits). Ian bills are located in this column—rent, car payment, groceries, etc.  
SOURCE: FI:070  
SOURCE: Campbell, S.R. (2010). *Foundations of personal finance: Teacher's Edition* (p. 193). Tinley Park, IL: Goodheart-Willcox Company.
44. A  
Penalty. A penalty is a punishment. The government depends on income tax to support public programs. When people do not provide income tax information when it is needed, the government often imposes a penalty, usually a fine or fee. Ongoing failure to report income can result in imprisonment. The government does not offer a refund or allowance for missing an important deadline. However, a person can file for an extension to avoid being penalized for missing a filing deadline.  
SOURCE: FI:074  
SOURCE: Perez, W. (n.d.). *Penalties and interest*. Retrieved August 14, 2014, from [http://taxes.about.com/od/backtaxes/qt/irs\\_tax\\_penalty.htm](http://taxes.about.com/od/backtaxes/qt/irs_tax_penalty.htm)
45. D  
Place. Place decisions also include where products or supplies will be purchased and how the inventory of products or supplies will be managed. The price section should identify the range of prices to be offered. The promotion section should describe how efforts will be coordinated to increase sales. The product section should describe the quality, variety, and style of goods or services sold by the business.  
SOURCE: FI:084  
SOURCE: FI LAP 8—Prepare for the Worst; Expect the Best (Nature of Risk Management)
46. A  
Protection from theft and fraud. The accounting system should be set up in a way that makes it difficult for employees to gain access to the system and make changes to the information. The cost of operating the system and the capability to generate printed financial statements are not related to the issue of theft. A business would not be likely to maintain both a computerized and a manual accounting system.  
SOURCE: FI:085  
SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)

47. D  
Budget. Budgets are based on reports of figures recorded in previous years. A balance sheet is a summary of a business's assets, liabilities, and capital at a particular point in time. An income statement provides information about a company's profits and losses.  
SOURCE: FI:106  
SOURCE: FI LAP 3—Money Tracks (Nature of Budgets)
48. D  
High trust and mutual respect. Human-resources managers play a significant role in ensuring the existence and adherence to organizational ethics. In fact, they set the standard for ethical behavior within their organization and serve as examples for other employees. Indicators of strong organizational ethics include high trust and mutual respect, complete information, open discussion of different options, and concrete goals. Overpromising, underperforming, and a refusal to accept responsibility are indicators of poor ethics.  
SOURCE: HR:411  
SOURCE: Matthews, J. (n.d.). *Eight elements of an ethical organization*. Retrieved August 18, 2014, from <http://www.entrepreneurship.org/resource-center/eight-elements-of-an-ethical-organization.aspx>
49. A  
Expert system. An expert system captures the knowledge of experienced workers from both within and outside an organization. It can be used to guide employees when they encounter certain situations or problems. An intranet is an organization's "internal Internet." A spreadsheet is simply a software program for arranging figures in rows and columns. A decision support system is a computer program that draws on gathered knowledge to help managers improve their decision-making skills.  
SOURCE: KM:001  
SOURCE: KM LAP 1—Know Go (Nature of Knowledge Management)
50. B  
Personal gain. Robert possesses certain knowledge that may help other employees perform their jobs more efficiently, which might improve the group's cohesiveness and teamwork. Because Robert is purposely withholding this information, he is more concerned with his personal career advancement than he is with helping the company improve its performance. Inevitable disclosure is a concept that suggests that workers are likely to intentionally or unintentionally share their current employers' trade secrets with future employers. Inevitable disclosure and privacy are not reasons why Robert is unwilling to share his knowledge with coworkers.  
SOURCE: KM:002  
SOURCE: Wang, S., & Noe, R.A. (2009). *Knowledge sharing: A review and directions for future research*. Retrieved August 18, 2014, from [http://www.ucdenver.edu/academics/colleges/clas/centers/writing/documents/hr\\_manage nt.pdf](http://www.ucdenver.edu/academics/colleges/clas/centers/writing/documents/hr_manage nt.pdf)
51. C  
Accountability matrix. An accountability matrix is a table that assigns tasks to workers and tracks the workers' progress in relation to various business or project activities. Accountability matrices are components of project-management software. Businesses may design their own accountability matrices through word-processing or spreadsheet applications. A customer database is a central location in which the business records and maintains information about its customers. A surveillance system consists of audio/visual equipment that is used to monitor various activities. Magnetic cards (e.g., debit cards, credit cards) contain data that can be read by electronic devices. Businesses do not use customer databases, surveillance systems, and magnetic cards to assign and track various business tasks.  
SOURCE: KM:003  
SOURCE: BusinessDictionary.com. (2014). *Accountability matrix*. Retrieved August 18, 2014, from <http://www.businessdictionary.com/definition/accountability-matrix.html>

52. D  
Patent. Intellectual property is intangible business assets that result from thinking processes. Businesses can obtain legal protection of their intellectual property from the government. A patent is legal protection for a product or process, such as a production process. The patent is granted to the inventor or owner for a specific number of years and is a legal means of preventing the product from being recreated and distributed by unauthorized entities. Copyrights legally protect written documents and artistic compositions. A trademark is legal protection for a symbol, design, or word (name) that a business uses to identify its brand.  
SOURCE: KM:004  
SOURCE: Beatty, J.F., & Samuelson, S.S. (2008). *Essentials of business law* (3rd ed.) [pp. 786, 805]. Mason, OH: Thomson/South-Western.
53. D  
Marketing concept. The marketing concept expresses a philosophy of conducting business that is based on the belief that all business activities should be aimed toward satisfying consumer wants and needs while achieving company goals. Product planning, pricing, promoting, and distributing goods and services are elements of the marketing mix. The consumers' movement refers to organized efforts by consumers to establish fairness, quality, and safety in the marketplace.  
SOURCE: MK:001  
SOURCE: MK LAP 4—Have It Your Way! (Nature of Marketing)
54. A  
Internet. The Internet is a worldwide network of computers that enables users to access information and communicate with others. Many businesses use the Internet to obtain needed external information efficiently. For example, businesses can access the websites of governmental agencies as well as competitors to find information about specific issues. This is a fast and efficient way to obtain information from a variety of sources without needing to visit the library and look through printed materials such as textbooks. Software instructs computers to perform specific operations. Not all software is used to obtain information.  
SOURCE: NF:078  
SOURCE: Bovée, C.L., Thill, J.V., & Mescon, M.H. (2007). *Excellence in business* (3rd ed.) [pp. 139-143]. Upper Saddle River, NJ: Pearson Prentice Hall.
55. B  
Federal income tax returns. The IRS suggests there are some records that a company should keep for the life of the business. These records include federal income tax returns. Some other types of business documents don't need to be kept as long. Documents such as cancelled checks and invoices only need to be kept about six or seven years, while credit card statements only need to be retained for a year. It's important to keep documents for the recommended amount of time in the event of a tax audit. When it's time to dispose of a file, per the company's policy, that file should be completely destroyed.  
SOURCE: NF:081  
SOURCE: Omar, S. (n.d.). *What every small business owner should know about record retention*. Retrieved August 18, 2014, from <http://www.isnare.com/?aid=298230&ca=Business>
56. D  
Constantly changing. Information management can be a challenge because the business world is constantly changing. Companies can't sit back and assume their current programs will continue to fit the bill. They must stay alert to information management needs and trends and be willing to adjust accordingly. Business technology is always changing and, more and more, companies' information is electronic rather than paper. Employees often suffer from too *much* information, known as information overload.  
SOURCE: NF:110  
SOURCE: NF LAP 3—In the Know (Nature of Information Management)



57. D

Presentation. Presentation software programs give the user the capability of presenting information by combining graphics, text, animation, photographs, and sound. Presentation software can be used to create slide programs, overhead transparencies, multimedia presentations, etc. This software enables users to develop visual presentations that are lively, colorful, and appealing to viewers. Communication software programs establish connections between computers. Numeric and electronic are not types of software programs, although some programs analyze numerical data.

SOURCE: NF:008

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 215-216). Columbus, OH: Glencoe/McGraw-Hill.

58. D

Sort. The sort function allows computer users to change the order of data in a spreadsheet. The chart function allows the computer user to place a graph or pie chart in the spreadsheet. The consolidate function allows the computer user to add, average, or count numerical data in a spreadsheet. The find and replace function allows the computer user to locate text or numerical values within the spreadsheet and replace them with designated text or numbers.

SOURCE: NF:010

SOURCE: eHow.com. (1999-2014). *How to sort a row or column in Excel*. Retrieved August 18, 2014, from [http://www.ehow.com/how\\_9697\\_sort-row-column.html](http://www.ehow.com/how_9697_sort-row-column.html)

59. D

Schedule tasks. Project management is the process of planning, scheduling, and monitoring the progress of a project to achieve a specific goal. There are computer-software programs available that help businesspeople manage their projects. The software can help businesspeople determine the resources that they will need to complete the project, such as materials and supplies, people (e.g., contractors, employees), and money; however, the software does not handle the hiring process. Software can also help businesspeople schedule the various tasks needed to complete the project on time and within budget. Businesspeople do not use project-management software to establish credit or authorize payments.

SOURCE: NF:130

SOURCE: Campbell, G.M., & Baker, S. (2007). *The Complete idiot's guide to project management* (4th ed.) [pp. 366-367]. New York: Penguin Group.

60. A

In the cloud. An increasingly popular method for storing business records is in "the cloud." Cloud storage involves storing your records in a database maintained by a third party at an off-site database storage facility. Rather than storing his records to his computer hard drive, a flash drive, or other nearby storage device, Dale uploads his files to the Web and then saves them to the remote database—the cloud. To retrieve any files that he's saved to the cloud, he simply goes online, logs into the database, and accesses whatever records he needs. Dale's customer records are not maintained on his hard drive, on a flash drive, or in a log file.

SOURCE: NF:002

SOURCE: Borea Systems. (2012, February 23). *Is cloud computing secure for businesses?* Retrieved August 18, 2014, from <http://www.refocusingtechnology.com/2012/02/23/is-cloud-computing-secure-for-businesses/>

61. B

To obtain useful information. Statistical findings need to be interpreted in order to convert them to useful information. Simply gathering statistics, which are data presented in numerical form, is not helpful unless a business analyzes them and converts them to useful information. For example, it is not useful to know that 500 customers buy a certain product unless the business also knows the total number of potential customers and what percentage of the potential customers are current customers. Perhaps 500 seems like a strong customer base, but that is not the case if the potential is 10,000. Businesses often use statistical findings to develop charts and tables and calculate frequency distributions. However, those are not reasons why the business interprets them. Businesses do not interpret statistical findings to organize a database.

SOURCE: NF:093

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 182-193). Columbus, OH: Glencoe/McGraw-Hill.

62. A

Environmental regulations. If a business does not follow the jurisdiction's environmental laws, it risks being shut down until it is in compliance. High emissions of toxic chemical in the air create pollution and can negatively affect the natural environment and the health of people and animals. Building codes, rather than construction codes, regulate the structure of facilities such as offices, factories, and homes to ensure their safety. Administrative policies are internal guidelines for carrying out the business's work. Estate laws regulate the distribution of a person's assets to his/her beneficiaries.

SOURCE: OP:339

SOURCE: United States Environmental Agency. (2014, July 8). *Summary of the Clean Air Act*. Retrieved August 18, 2014, from <http://www2.epa.gov/laws-regulations/summary-clean-air-act>

63. D

Poor housekeeping can cause safety hazards. Cluttered areas of the workplace can create safety hazards. For example, people can trip over items lying on the floor, slip on liquids that have been spilled, or be injured when poorly-stacked containers fall over. Ongoing equipment maintenance can reduce risks of some types of accidents and injuries. However, operator error can cause injuries and other types of hazards can exist in the workplace. Safety hazards differ according to the kind of business. Safety hazards are not obvious to most people unless they have been taught to recognize them.

SOURCE: OP:007

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [pp. 687-688]. Tinley Park, IL: The Goodheart-Willcox Co.

64. D

The necessary tasks. To coordinate work, you must know what tasks should be done, who should do them, and the order in which they should be performed. It is important to communicate with all people involved in the work effort so they know exactly the process and procedures they need to follow to complete the work correctly. Technical changes are not always part of the work effort. High customer satisfaction levels may result when the work is coordinated effectively. The business's requirements or needs are considered when coordinating the work rather than the employees' requirements or needs.

SOURCE: OP:230

SOURCE: Daft, R.L., & Marcic, D. (2009). *Understanding management: Instructor's edition* (6th ed.) [pp. 267-268]. Mason, OH: South-Western Cengage Learning.

65. C

Wikis. Project management can benefit greatly from user-generated, user-updated websites called wikis. Encyclopedias, forums, and flash drives are not names of commonly used technologies for project management.

SOURCE: OP:158

SOURCE: OP LAP 6—Projected to Win (Nature of Project Management)

66. D

Job description. A job description is an explanation of all of the responsibilities and tasks associated with a specific job. It is important to develop a job description to explain exactly what is involved such as qualifications, education, or experience. Then, match the skills of project members to the job description. If no one in the group is qualified to perform that job, having a job description will help when you ask others to volunteer. When identifying the people who have the necessary skills, it is not important to develop a sponsor list, a realistic budget, or a status report.

SOURCE: OP:003

SOURCE: QS LAP 19—Get What You Need

67. A

Identify needed resources. The success of a project depends on how well it is planned and organized. One of the first steps in developing a successful project involves identifying the needed resources which include the financial, technical, material, and human resources needed to complete the project. Before any project can begin, a business needs to decide how much it will cost, what type of materials and expertise are required, and how many employees are needed to perform the work. Once the needed resources are identified, a business can begin to put them in place in order to start the project. After identifying the necessary resources, a business can develop plans to purchase the resources, recruit the needed employees, and organize training classes.

SOURCE: OP:001

SOURCE: OP LAP 7—Chart Your Course (Developing a Project Plan)

68. A

Monitoring. Controlling is an important aspect of managing projects effectively. Controlling is the management function that monitors the work effort. Monitoring is periodically checking on the progress of something. Because Isabelle is asking Todd about the status of his work, she is monitoring his work effort. Initiating is the first step of the project-management process, which involves authorizing the work to begin. Isabelle had to coordinate and assign work activities before team members could begin to work on their tasks.

SOURCE: OP:340

SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4<sup>th</sup> ed.) [pp. 250, 285-286]. New York: Penguin Group.

69. B

Share relevant information. To maintain favorable relationships with its vendors, a business should share relevant information. Open, frequent, and honest communication can build trust and respect, which facilitate long-term business relationships. A competitive orientation may help the business achieve short-term goals, but may damage long-term vendor relationships. Automating ordering processes and requesting volume discounts will not always help the business maintain long-term relationships with its vendors.

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.

70. B

Open. 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). Because Sheets Paper Company was best able to meet the retail chain's requirements, it was the vendor selected to fulfill the order. An advance order is a regular order that is placed now with delivery requested at a future time (e.g., weeks, months). There is no indication that Elaine prepaid for this order. A standing order, sometimes known as a blanket order, is an order that involves sending specific products at set intervals.

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.

71. B  
To sell it to end users. Businesses keep different types of inventory on hand for different reasons. If the business sells the goods that it buys to end users, it is resale stock. For example, an appliance-store chain (retailer) buys stoves, refrigerators, and dishwashers from manufacturers, and sells the items to consumers. Items such as parts (e.g., nails) and raw materials (e.g., wood) are used to produce manufactured goods. Businesses also maintain an inventory of supplies (office, cleaning) for employees to use to complete their work.  
SOURCE: OP:336  
SOURCE: Reference for Business. (2014). *Inventory types*. Retrieved August 18, 2014, from <http://www.referenceforbusiness.com/management/Int-Loc/Inventory-Types.html>
72. A  
Make a concession. A concession is something that one party gives up during a negotiation. Effective negotiators plan the points that they are willing to concede before going to the negotiating table. Often, the negotiator will use silence as a way to make the vendor feel uncomfortable. The business hopes that the vendor might concede the point to fill the silence and keep the discussion going. The business will work to maintain its leverage or power (authority) over the negotiation so it can get what it wants from the vendor. If agreement cannot be reached, the negotiation may end in gridlock, a situation in which neither party gets what it wants.  
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. 478-481]. South-Western Cengage Learning.
73. D  
Creates form utility. One of the benefits of production is that it creates form utility—usefulness created by altering or changing the form or shape of a good to make it more useful to the consumer or user. Without production, many resources would be of little use to consumers. All of the other alternatives are benefits of production to businesses, not consumers.  
SOURCE: OP:017  
SOURCE: OP LAP 4—Can You Make It? (Nature of Production)
74. D  
Excellence. Another term for quality is excellence. Adequacy and mediocrity imply that something is "just OK," not excellent. Quality means that something conforms to a predetermined set of standards.  
SOURCE: OP:163  
SOURCE: OP LAP 8—Take Control (Quality-Control Measures)
75. C  
Exterior sidewalk. Customers use exterior sidewalks to gain entry to a business. Exterior sidewalks must be maintained on a regular basis in order to prevent damage, such as cracks and holes, that might present a safety hazard to customers. Maintaining sidewalks on a regular basis is less expensive for a business than replacing them once they deteriorate. Corporate offices, employee lounges, and storage facilities are areas in a business not often used by customers.  
SOURCE: OP:032  
SOURCE: American Facility Services. (2013, March 26). *The importance of maintaining commercial parking lots*. Retrieved August 18, 2014, from <http://afsflorida.com/blog/2013/03/the-importance-of-maintaining-commercial-parking-lots/>

76. A  
How to increase its efficiency. In this situation, the business is analyzing an “if, then” situation. If the company purchases a certain type of software, then it can increase its data-entry outputs. If the company increases its outputs, it is increasing its efficiency (productivity). How does the business increase its efficiency? It installs a specific type of software. The information does not indicate how to detect a problem or why the company should evaluate work schedules. A business uses a marketing analysis to determine why it should obtain new market segments.  
SOURCE: OP:327  
SOURCE: B2T Training. (2014). *Essential skills for business analysis*. Retrieved August 18, 2014, from <http://www.b2ttraining.com/curriculum/training-program/Business-Analyst-Skills/>
77. D  
Almost all marketing occupations involve creativity to some extent. Creativity is the ability to generate unique ideas, approaches, and solutions and can be used in many marketing jobs. For example, employees can be creative when making sales presentations and in solving human-relations problems among coworkers. Creativity is not limited to advertising and display nor to working with things rather than with people.  
SOURCE: PD:012  
SOURCE: Beyer, G. (2010, September 13). *A career in marketing/advertising*. Retrieved August 18, 2014, from <http://online.wsj.com/news/articles/SB10001424052748703453804575480221659764174>
78. B  
Prioritizing. Prioritizing is determining the order for completion of activities based on their importance. It is a helpful way to manage time. Classifying, categorizing, and grouping activities are sorting techniques in which the importance of each activity is not a factor.  
SOURCE: PD:019  
SOURCE: PD LAP 1—About Time (Time Management)
79. D  
Business information technology. Business information technology is an umbrella term covering those careers that provide a bridge between business processes/initiatives and information technology (IT). Employees in this area help to align business and IT goals. Examples of job titles in IT include project manager, business process manager, and business process architect. People working in corporate management focus on planning, organizing, directing, and evaluating part or all of a business organization through the allocation and use of financial, human, and material resources. Careers in insurance involve protecting individuals and businesses from financial losses by transferring risk from an individual or business to an insurance company. An individual working in marketing communications focuses on activities that inform, remind, and/or persuade the targeted audience about the business and its goods and services.  
SOURCE: PD:025  
SOURCE: PD LAP 15—Go For It! (Careers in Business)
80. A  
Creativity and innovation. There are many characteristics that all successful entrepreneurs share, including creativity and innovation. Not all entrepreneurs are equally strong in these areas, but the important thing is that they realize their weaknesses and work to improve them. Entrepreneurs must be determined, but they don't necessarily have to be aggressive. Optimism is extremely important for entrepreneurs, but risk aversion is not. A successful entrepreneur must be willing to take risks. While organization is an important quality for an entrepreneur to possess, timidity isn't helpful—a successful entrepreneur is confident in his/her ideas and abilities.  
SOURCE: PD:066  
SOURCE: PD LAP 4—Own Your Own (Career Opportunities in Entrepreneurship)

81. D  
Important information. After an interview, applicants may think of something important that they forgot to mention, such as specialized training or a unique job skill. This type of information may be included in the follow-up letter to the interviewer. The applicants should briefly explain the important information to reinforce the fact that they are qualified for the position. An applicant's Social Security number and personal background are included in the employment application form. A follow-up letter usually contains a reference to the position being applied for, even though that was discussed during the interview.  
SOURCE: PD:029  
SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (p. 144). New York: Glencoe/McGraw-Hill.
82. D  
Work at the company that is hiring. Many of the people in a network are professionals that the individual knows because of business or work-related activities. The advantage of including these people in a network is that they often work at the company that is hiring and can pass on information to others in the network. If the contacts are interested in the same position, they might not be willing to network and share information. The contacts may have information about job skills and know how to communicate with others, but those are not reasons why networking is so effective.  
SOURCE: PD:037  
SOURCE: Lussier, R.N. (2008). *Human relations in organizations: Applications and skill building* (7<sup>th</sup> ed.) [pp. 401-402]. New York: McGraw-Hill Irwin.
83. D  
Organizational cohesiveness. The rules of conduct are the company's policies, procedures, and expectations for its employees' behavior in the workplace. When employees are consistently held to the same basic expectations, and they follow the company's rules, the company's overall cultural environment is stable, and employees tend to be more willing to cooperate with one another. If some employees are allowed to get away with inappropriate behavior (e.g., consistent tardiness) and others are reprimanded for the same behavior, conflict is more likely to occur. Laissez-faire managers assume little or no leadership responsibility, and allow subordinates to determine their own work behavior and productivity level. Depending on the situation, inflexible attitudes are likely to cause conflict.  
SOURCE: PD:251  
SOURCE: Glenn, S. (n.d.). *The importance of the code of conduct*. Retrieved August 18, 2014, from [http://www.ehow.com/about\\_6559640\\_importance-code-conduct.html](http://www.ehow.com/about_6559640_importance-code-conduct.html)
84. C  
Jim, the production-line supervisor. The chain of command defines the level of authority and identifies the specific individual who supervises particular employees. Having a chain of command helps provide structure for business. As a production-line worker, Sally should report problems to the production-line supervisor (Jim). The production-line supervisor reports to the production-section manager (Tom). The production-section manager is likely to report to the production manager, but possibly the operations manager (Linda). Executive-level managers in charge of various operations functions report to the vice president of operations (Sylvia).  
SOURCE: PD:252  
SOURCE: Kelchner, L. (n.d.). *The importance of following the chain of command in business*. Retrieved August 18, 2014, from <http://smallbusiness.chron.com/importance-following-chain-command-business-23560.html>
85. A  
Organizational goals. Organizational goals are the overall objectives or desired outcomes that the business wants to achieve. After the business determines its goals, it plans, executes, and controls the strategies, policies, and procedures to do the work necessary to achieve the organizational goals. A product objective is one type of organizational goal that the business sets. The business may also consider profit margins in relation to pricing goals.  
SOURCE: PD:254  
SOURCE: Symes, S. (2014). *Organizational structure & goals*. Retrieved August 18, 2014, from <http://smallbusiness.chron.com/organizational-structure-goals-15886.html>

86. B  
Communicate priorities. Employees carry out the work to achieve the organization's goals. To carry out the work, managers must communicate their work priorities to employees. When employees know and understand their priorities, they can perform the most important tasks before they tackle the less important tasks. An organization's mission statement guides the goal-setting process, but it does not provide specific information for completing specific work tasks. Although a variety of work subcultures (e.g., departmental, team, social) exist in most organizations, managers must communicate their work priorities to employees so that they can carry out tasks that will achieve organizational goals. Collected information must be communicated and acted upon to achieve the organization's goals.  
SOURCE: PD:255  
SOURCE: Kawaskaki, G. (2007, September). *The art of execution*. Retrieved August 18, 2014, from <http://www.entrepreneur.com/article/183026>
87. C  
Constraints. The statement of work (SOW) is a document that outlines the terms, commitments, and conditions of the project. The SOW should outline any limits or restrictions (e.g., time, money, human resources) that might affect the execution of the project, which should be placed in the constraints component of the SOW. The purpose or reason for the project is outlined in the beginning of the SOW. The benefits are the project's advantages. Deliverables are the goods, services, or documentation that will be provided to the stakeholder upon completion of the project. The example does not describe the purpose, benefits, or deliverables of the project.  
SOURCE: PJ:005  
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4<sup>th</sup> ed.) [pp. 74-77]. New York: Penguin Group.
88. A  
Work breakdown structure. A work breakdown structure (WBS) is the process of dividing project tasks into meaningful components to complete the project. Dividing the project into small work packages helps the project manager effectively schedule, assign, and monitor project activities. Isabelle is not developing a project status report, data interchange program, or a technical operating system.  
SOURCE: PJ:006  
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4<sup>th</sup> ed.) [pp. 86-97]. New York: Penguin Group.
89. A  
Rewarding. An important aspect of managing a project team is motivating the team members. Project managers can motivate team members by showing appreciation for their efforts and by rewarding them for reaching certain goals. A reward might include a nice meal, time off, or a financial bonus. Mentoring is an activity in which one experienced employee helps or guides a new employee on the job. Evaluating is a controlling activity.  
SOURCE: PJ:007  
SOURCE: Business Performance. (2003-2014). *Managing a project team*. Retrieved August 18, 2014 from [http://www.businessperform.com/project-management/project\\_team\\_management.html](http://www.businessperform.com/project-management/project_team_management.html)
90. A  
Closing. Many activities occur at the end or close of a project. Because the project has been completed, equipment and materials (supplies) are disposed of or provided to others for different projects or uses. Team members may be released to work on new projects or to return to work on previous assignments. Scheduling is the process of setting timelines for tasks to be completed. The goals are established during the planning phase of the project. During the initiating phase, the project is authorized to begin. Releasing resources from the project are not activities that occur during the scheduling process or during the project's planning or initiating phases.  
SOURCE: PJ:008  
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4<sup>th</sup> ed.) [pp. 250, 332-333]. New York: Penguin Group.

91. A

Systematic process. Quality assurance is a process that businesses use to prevent defective products from being created, not just to eliminate or correct them after they have already been produced. Quality assurance involves developing and executing processes in a methodical (systematic) way to ensure that the business creates products that meet its product standards. Product innovation is a part of the product-development process. Classifying information is an information-management activity. The need for supplier input depends on the type of product and the nature of the business's relationship with the supplier.

SOURCE: QM:001

SOURCE: BusinessDictionary.com. (2014). *Quality assurance*. Retrieved August 18, 2014, from <http://www.businessdictionary.com/definition/quality-assurance-QA.html>

92. A

Quantitative information. Six Sigma is a quality-management framework that focuses on continuously setting higher goals of perfection to improve the quality of the business's goods, services, or processes. Six Sigma uses quantitative information (easily measurable facts and data) to assess the degree of improvement at various intervals and to set new improvement goals. The types of quantitative information that the framework evaluates include costs, production rates, the quantity of outputs with defects, profit margins, etc. Quantitative information is often used to determine technology needs, develop expansion plans, and review policies, such as employees' compensation and benefits.

SOURCE: QM:002

SOURCE: iSixSigma. (2000-2014). *Linking quality to finances*. Retrieved August 18, 2014, from [http://www.isixsigma.com/index.php?option=com\\_k2&view=item&id=1513:linking-quality-to-finances&Itemid=111](http://www.isixsigma.com/index.php?option=com_k2&view=item&id=1513:linking-quality-to-finances&Itemid=111)

93. B

Increased sales. Continuous improvement is an ongoing process that looks for ways to increase the levels of excellence in relation to a process, good, or service. A potential benefit of improved processes is increased sales. When quality improves, customer satisfaction levels often increase, which often results in a higher demand for the business's goods and services. Continuous quality improvement processes can increase productivity (outputs), which lowers costs and increases profits.

SOURCE: QM:003

SOURCE: Taylor, H. (n.d.). *Benefits of continuous quality improvement (CQI)*. Retrieved August 18, 2014, from [http://www.ehow.com/facts\\_5317408\\_benefits-continuous-quality-improvement-cqi.html](http://www.ehow.com/facts_5317408_benefits-continuous-quality-improvement-cqi.html)

94. A

Implement an ethics program. Because employees represent the business, their unethical behavior can negatively affect the business's reputation. If a business develops a poor reputation or public image, customers may take their business elsewhere. To reduce the risk of a tarnished reputation, the business should implement an ethics program. An ethics program might include ongoing ethics training, which provides continuous guidance for the employees as to what constitutes ethical behavior on the job. The business should discourage fraudulent behavior, offer credit to customers who meet the business's credit criteria, and maintain optimal inventory levels so that the products are available when customers need them; these actions promote a positive public image for the company.

SOURCE: RM:041

SOURCE: McNamara, C. (2010, October 23). *10 Benefits of managing ethics in the workplace*. Retrieved August 18, 2014, from <http://managementhelp.org/blogs/business-ethics/2010/10/23/10-benefits-of-managing-ethics-in-the-workplace/>



95. A  
Automated oversight. Risk managers can use automated oversight technology to assign specific risk limits to individual divisions, departments, or employees. If focused on individual employees, the automated oversight technology tracks each employee's activity to determine if and when s/he exceeds the preset risk limit. If the employee exceeds his/her limit, the software notifies management immediately. Management can then take the necessary actions to reduce the risk exposure. Financial analysts use stress testing to determine a particular financial instrument's stability in different extreme events. Data aggregation involves pulling together data from several disparate systems into one central repository or database. Corporate governance is the system by which directors handle their responsibility toward shareholders.  
SOURCE: RM:042  
SOURCE: Compliance Week. (2012, October 26). *Oversight Systems delivers FCPA automated transaction monitoring solution*. Retrieved August 18, 2014, from [http://www.complianceweek.com/blogs/grc-announcements/oversight-systems-delivers-fcpa-automated-transaction-monitoring-solution#.U\\_JQ7E10w5s](http://www.complianceweek.com/blogs/grc-announcements/oversight-systems-delivers-fcpa-automated-transaction-monitoring-solution#.U_JQ7E10w5s)
96. B  
Liability. Risk retention groups are liability insurance companies owned by their members, who are typically businesses, professionals, and municipalities that are unable to acquire liability insurance from traditional insurance companies. Types of liability insurance that risk retention groups typically offer include errors and omissions, medical malpractice, directors and officers, product liability, professional liability, etc. Risk retention groups are not legally permitted to offer life, homeowners, or health insurance in most countries.  
SOURCE: RM:043  
SOURCE: IRMI. (2000-2014). *Risk retention group (RRG)*. Retrieved August 18, 2014, from <http://www.irmi.com/online/insurance-glossary/terms/r/risk-retention-group-rrg.aspx>
97. D  
Maximize resource efficiency. Planning is the management function of deciding what will be done and how it will be accomplished. Effective planning helps the business to determine how to allocate all of its resources—human, financial, equipment—in the most efficient and cost-effective ways. Businesses are more likely to achieve their goals when they plan, but planning does not guarantee positive results. Planning does not necessarily improve interpersonal relationships, nor does it influence employees' adaptability.  
SOURCE: SM:063  
SOURCE: Robbins, S.P., & Coulter, M. (2007). *Management* (9th ed.) [p. 185]. Upper Saddle River, NJ: Pearson Prentice Hall.
98. D  
Staffing. Staffing is the management function of finding workers for a business. Recruiting, interviewing, hiring, and training are staffing activities. Leading is an activity that involves influencing and motivating others to take a certain course of action. Coordinating is an organizing activity that involves bringing resources together to accomplish a goal.  
SOURCE: SM:065  
SOURCE: Management Study Guide. (2013). *Functions of management*. Retrieved August 18, 2014, from [http://www.managementstudyguide.com/management\\_functions.htm](http://www.managementstudyguide.com/management_functions.htm)
99. B  
Directing. Directing is the management function of providing guidance to workers and work projects. Directing activities include motivating, leading, and disciplining workers. When a manager encourages an employee to do something, the manager is performing a directing activity. Organizing is the management function of setting up the way the business's work will be done. Recruiting is a staffing activity. Staffing is the management function of finding workers for the business.  
SOURCE: SM:066  
SOURCE: Management Study Guide. (2013). *Directing function of management*. Retrieved August 18, 2014, from [http://www.managementstudyguide.com/directing\\_function.htm](http://www.managementstudyguide.com/directing_function.htm)

100. D

Feedforward. Control is the management function of monitoring the work effort. Managers monitor the work effort in many ways. Feedforward control involves taking preventative measures and occurs before a business activity is performed. Feedforward control often involves establishing standards (e.g., quality of materials used in production) and procedures for carrying out the activity. Concurrent control involves monitoring the work while the employee performs it. This allows the manager to determine if the employee is performing the work correctly and efficiently. Feedback controls occur after a business activity has been completed. A standard is a control tool and a measure for determining the level of excellence of something.

SOURCE: SM:004

SOURCE: Daft, R.L., & Marcic, D. (2009). *Understanding management: Instructor's edition* (6th ed.) [pp. 561-564]. Mason, OH: South-Western Cengage Learning.