



Competency-Based  
Competitive Events  
\*Written Exam\*  
for District/Regional Use

Test Number 1144  
Booklet Number \_\_\_\_\_

# Business Management and Administration Cluster Exam

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have \_\_\_\_\_ minutes to complete all questions.

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1. How can government laws and regulations result in economic risk?
  - A. They can make businesses less safe.
  - B. They can reduce a business's profits.**
  - C. They can protect consumers.
  - D. They can result in environmental problems.
2. Which of the following is an important factor that affects the legal procedure:
  - A. Larceny
  - B. Freedom**
  - C. Misdemeanor
  - D. Jurisdiction
3. A primary responsibility of administrative law is to
  - A. establish congressional/parliamentary committees.
  - B. enforce agency regulations.
  - C. interpret constitutional laws.**
  - D. overturn lower courts' decisions.
4. The Tafoya Company has discovered that the Bremen Company illegally used Tafoya's trademark. To pursue a legal case for financial compensation, what should Tafoya's legal counsel do first?
  - A. Conduct an examination of discovery to interview all parties involved in the illegal use of the Tafoya trademark.
  - B. File a formal complaint to the court alleging the Bremen Company's illegal use of the Tafoya trademark.**
  - C. Issue a summons requiring the Bremen Company to respond to allegations of misusing the trademark.
  - D. Request that a pretrial conference date be set to clarify all the legal issues that will be discussed during the trial.
5. Which of the following statements about the impact of law on business is accurate:
  - A. Businesses are governed by law at the local, national, and international levels.**
  - B. Businesses are not governed by criminal law because it only applies to individuals.
  - C. Businesses should focus on corporate laws enacted and enforced by their local government.
  - D. Businesses should focus on ethical rather than legal issues required by national law.
6. Shawn is preparing for an interview with a local company. He knows that he should ask relevant questions about the job at the end of the interview. Which of the following will help him prepare these questions:
  - A. Conducting research about the company prior to the interview**
  - B. Relying on the interviewer to generate the questions
  - C. Asking his friends what questions they think he should ask
  - D. Finding background information about the interviewer's high school and asking him/her about that to form a personal relationship
7. Edith wants to organize the information in her persuasive paper in a clear, logical way that's easy for readers to understand. She starts by stating the dilemma at hand and then explains the answer that she believes will solve the dilemma. Which method of organizing information is Edith using?
  - A. Alphabetical
  - B. Problem/Solution**
  - C. Deductive
  - D. Chronological
8. The part of a business letter that follows the inside address is the
  - A. body.
  - B. signature line.
  - C. dateline.
  - D. salutation.**

9. Why is it important for businesses to include logical evidence in a persuasive letter?
- A. To force the recipient to respond
  - B. To present interesting information
  - C. To explain the idea in strong language
  - D. To make the message more convincing**
10. When analytical reports contain information that readers might disagree with, writers should back their conclusions with
- A. enthusiastic statements.
  - B. technical statistics.
  - C. personal opinions.
  - D. logical arguments.**
- 11.** A message from the company president to all employees concerning a change in insurance coverage is a form of \_\_\_\_\_ communication.
- A. upward
  - B. informal
  - C. staff
  - D. lateral**
12. Every Friday, Odessa is supposed to remind employees to complete and sign their time sheets before going home for the weekend. What is the most appropriate channel for Odessa's reminder to employees?
- A. Email**
  - B. Fax
  - C. Phone
  - D. Letter
13. Your friend Maureen is nervous about an upcoming staff meeting at her company. Since you have a lot of experience attending and participating in meetings, she asks you for advice. You tell her that she should be sure to
- A. think about what she will say while others are speaking.
  - B. take the opportunity to bring up unrelated concerns she has.
  - C. keep quiet if she disagrees with someone else's point.
  - D. listen and look interested when someone is speaking.**
14. Employees who always keep their commitments to customers are building positive relationships with those customers by being
- A. creative.
  - B. assertive.
  - C. dependable.**
  - D. sociable.
15. Oliver is an American businessperson who will be traveling to Scotland to close an important business deal. Does Oliver need to alter his communication style to adapt to the Scottish culture?
- A. No. Scottish people speak English, so Oliver does not need to do anything special to prepare for the trip.
  - B. Yes. Scottish people tend to dislike Americans for many reasons, so Oliver needs to make sure he is behaving appropriately.
  - C. Yes. Oliver should do some research on Scottish culture so he doesn't do or say something offensive.**
  - D. No. Western cultures tend to have similar cultural attitudes and practices, so Oliver does not need to research Scottish etiquette.
16. How does solving difficult-customer situations benefit you personally?
- A. You will encounter difficult customers less frequently.
  - B. You gain valuable communication skills.**
  - C. Your customers will be happier.
  - D. Your boss will automatically give you a raise.

17. Which of the following situations involves finding another source of a limited natural resource:
- A. Conserving the oil that we use
  - B. Searching for oil on the ocean floor**
  - C. Paying a higher price for oil
  - D. Replacing oil with natural gas
18. What role does utility play in the implementation of the marketing concept?
- A. A payment method
  - B. A satisfaction gauge
  - C. A cost-saving tool
  - D. A delivery process**
19. Which of the following actions describes proactive management:
- A. Encouraging individualism
  - B. Making only long-term plans
  - C. Planning in advance for change**
  - D. Avoiding risk
20. Which of the following is not one of the four main idealized market structures used in trade theory:
- A. Monopolistic competition
  - B. Perfect competition
  - C. Monopoly
  - D. Perfect monopoly**
21. Government provides protection to business owners' property through the use of
- A. consumer-protection laws.
  - B. minimum-wage laws.
  - C. safety standards.**
  - D. zoning laws.
22. An individual with a higher income who pays a larger percentage of his/her income as taxes than an individual with a lower income is in a \_\_\_\_\_ tax system.
- A. flat
  - B. regressive
  - C. proportional
  - D. progressive**
23. Limited commodities can cause
- A. price stability.
  - B. cost-push inflation.
  - C. demand-pull inflation.**
  - D. hyperinflation.
24. Some figures that are used to calculate the gross domestic product are
- A. transfers.
  - B. forecasts.
  - C. estimates.**
  - D. predictions.
25. When your self-concept is high, you usually believe that you are a(n) \_\_\_\_\_ person.
- A. aggressive
  - B. unimportant
  - C. witty
  - D. valuable**

26. When you make a mistake, the responsible thing to do is
- A. try to fix it before anyone finds out.
  - B. quit the project.
  - C. determine where to lay the blame.
  - D. admit it.**
27. When you are evaluated by your immediate supervisor, and s/he tells you of all the things you can do to improve your job performance, that is an example of
- A. harassment.
  - B. constructive criticism.**
  - C. self-control.
  - D. interpersonal relationships.
28. People who receive a great deal of negative feedback may develop
- A. self-importance.
  - B. enthusiasm.
  - C. optimism.
  - D. depression.**
29. A group of employees doing research and preparing a report to recommend that the business change certain policies is an example of using
- A. enthusiasm.
  - B. leadership.
  - C. management.**
  - D. persuasion.
30. Employees who set realistic goals and standards for themselves often are able to control their
- A. ability to advance.
  - B. level of stress.**
  - C. work schedule.
  - D. group participation.
31. Maintaining a sense of humor can help you to be a good team member because it
- A. keeps your emotions under control.
  - B. helps to ease any tension that arises.**
  - C. improves your decision-making skills.
  - D. gives you more self-confidence.
32. How does a goal differ from a vision?
- A. There is no difference—the two are the same.
  - B. A goal could mean different things to different people.
  - C. A goal is abstract and indefinite.
  - D. A goal is concrete and measurable.**
33. What is the most likely result when sexual harassment occurs in the workplace?
- A. Good publicity for the business
  - B. Motivation for employees to work harder
  - C. An annoyance to all employees
  - D. A hostile work environment**
34. Which of the following businesses is the best example of an entrepreneurial venture:
- A. A juice bar decides to purchase trucks to sell juice on location during special events.
  - B. A veterinarian invents and sells a device to prevent horse water troughs from freezing.
  - C. A pumpkin farm offers pumpkin carving and costume contests to create more interest.
  - D. A bakery creates a "cretzel," a cross between a crescent and a pretzel, as a new product.**

35. Finance charges are expressed as a(n)
- A. annual percentage rate.
  - B. monthly percentage rate.
  - C. annual balance rate.
  - D. monthly balance rate.**
36. Who is legally responsible for repaying a bank loan if the loan borrower fails to make payments as indicated in the loan contract?
- A. Treasury Department
  - B. Credit union
  - C. Cosigner**
  - D. Debt collectors
37. Fiona made a \$500 donation to a local homeless shelter last year. When she prepares her personal income tax form, she can claim the donation as part of her
- A. public property.
  - B. tax deductions.**
  - C. living expenses.
  - D. discretionary income.
38. For financial information to be reliable, it must also be
- A. understandable.
  - B. complete.**
  - C. relevant.
  - D. biased.
39. Mr. Gates owns two successful businesses and would like to open a third. Which of the following business activities should he consider first:
- A. Marketing
  - B. Accounting**
  - C. Production
  - D. Management
40. Which of the following is a factor that might cause a business to adjust its budget figures:
- A. Sales procedures
  - B. Economic trends**
  - C. Local elections
  - D. Operating policies

41. Which of the following airlines is most likely to be undervalued, based on their price-to-cash flow ratios:
- Sky High  
Current Stock Price: \$14.36  
Cash Flow per Share: \$5.21
- Smooth Flying  
Current Stock Price: \$22.78  
Cash Flow per Share: \$4.12
- Soar the Sky  
Current Stock Price: \$18.50  
Cash Flow per Share: \$3.59
- White Clouds  
Current Stock Price: \$25.81  
Cash Flow per Share: \$6.94
- A. Smooth Flying  
B. Sky High  
C. Soar the Sky  
D. White Clouds
42. What is an indicator of strong organizational ethics?
- A. Underperforming  
B. Overpromising  
C. High trust and mutual respect  
D. Refusal to accept responsibility
43. Which of the following is an ethical issue that relates to knowledge management in the workplace:
- A. The sales manager of a manufacturing firm shares the firm's quarterly sales goals with the sales staff.  
B. A project leader requests that each member of his/her team provide a status report to the group.  
C. The president of a small company asks her/his executive team for input regarding a business decision.  
D. An employee deliberately doesn't share information with management that will help the company meet its goals.
44. The FMT Company wants to implement a software program to capture and communicate tacit knowledge. Which of the following software applications is best suited to fulfill the company's needs:
- A. Recovery  
B. Spreadsheet  
C. Presentation  
D. Groupware
45. Which of the following is an action that threatens a company's ability to maintain its trade secrets:
- A. Process fragmentation  
B. Systematic neutralizing  
C. Copyright reform initiatives  
D. Reverse engineering
46. Sophia gathered members of the department together to discuss the ways in which they perform their work and what they do to overcome pitfalls and challenges while performing their day-to-day tasks. While the members of the group shared their experiences and ideas, Sophia took notes and asked follow-up questions. What technique is Sophia using to capture tacit knowledge?
- A. Channeling discussion  
B. Parliamentary procedure  
C. Repetitious feedback  
D. Critical interaction

47. Which of the following is a true statement about company goals:
- A. They can't be accomplished without employees' dedication.
  - B. They are the same at every company.
  - C. All company goals are general.
  - D. They are important only for new companies.
48. "Helsinki is the capital of Finland" is an example of what type of information?
- A. Unproven
  - B. Opinion
  - C. Criticism
  - D. Factual
49. So the company can make wise business decisions, it is important for the company to effectively manage its
- A. markets.
  - B. ratings.
  - C. information.
  - D. demand.
50. By searching the company's computer records, an employee obtained confidential information about a well-known client, which s/he discussed with a friend. Eventually, the information was leaked to the media, which embarrassed the client and the business. What action could the company have taken to prevent this unethical behavior?
- A. Provide clients with information-tracking capabilities
  - B. Install anti-virus software to protect the computer network
  - C. Use computer passwords to limit access to certain data
  - D. Require the employee to submit his/her resignation
51. What technological component manages the computer's software and hardware?
- A. Operating system
  - B. Power supply
  - C. Navigation key
  - D. Modem
52. Bobbi is searching the Internet for information about business licenses. Unfortunately, many of the search results are useless to her because they focus on drivers' licenses. What search terms should Bobbi use to find information specifically about business licenses?
- A. "business license" driver
  - B. +business +license
  - C. +business +license -driver
  - D. BUSINESS LICENSE
53. Holly, Cary, and Rick are working on a project together, even though they are geographically far away from each other. They use the Internet to work on documents together, share files, and communicate quickly and easily. What type of software are Holly, Cary, and Rick using?
- A. Freeware
  - B. Shareware
  - C. Spyware
  - D. Groupware
54. One limitation of project-management software is that it lacks the ability to
- A. track resources.
  - B. generate reports.
  - C. sort data.
  - D. find input errors.



55. A company has decided to move its important information into a new digital database. Immediately after moving its data, what should the company do?
- A. Send out a press release to the public about the data migration.
  - B. Check to make sure that no data were lost in the moving process.**
  - C. Hold a company-wide meeting to discuss the database change.
  - D. Train employees on the importance of safe data-migration practices.
56. When an existing customer's contact information changes, what should a company do?
- A. Add the customer's record in the employee directory
  - B. Create a new record that contains the customer's changes
  - C. Update the customer's record in the company database**
  - D. Enter the customer's contact information in a new database
57. Running out of inventory can result in
- A. higher taxes.
  - B. lost sales.**
  - C. higher productivity.
  - D. more satisfied customers.
58. Which of the following facility components are inspected by authorized officials to ensure that safety ordinances are met:
- A. Elevators**
  - B. Photocopiers
  - C. Computer networks
  - D. Portable cameras
59. It is important for businesses to provide employees with safety and health information and training in order to
- A. prevent accidents.**
  - B. ensure greater profits.
  - C. increase employee morale.
  - D. control employee sick leave.
60. Which of the following activities should be an employee's top priority:
- A. Making reservations at a local restaurant for a business luncheon that is going to be held in two weeks
  - B. Preparing a purchase order that needs to be faxed to the vendor in two days
  - C. Completing a status report that takes 45 minutes to prepare for a meeting that will occur in an hour**
  - D. Photocopying a three-page document for a meeting with a customer that is scheduled to occur five hours from now
61. Robert forgot that he told Sabrina to update the price list, so he asked Todd to do it. Due to the lack of coordination among the team members, what is most likely to happen?
- A. High efficiency
  - B. Duplicate work**
  - C. Accurate calculations
  - D. Effective collaboration
62. When proposing delegated tasks to her team, Becca asked for feedback so that she could
- A. establish openness.**
  - B. promote her authority.
  - C. discourage over-reporting.
  - D. set expected outcomes.

63. Which of the following is a true statement about projects:
- A. They are short-term undertakings.
  - B. They rely on traditional management structures.
  - C. They create goods, not services.
  - D. Their processes are more important than their results.
64. A useful communications strategy in project planning is
- A. determining how much funding the project will take.
  - B. assigning responsibility for meeting quality requirements.
  - C. asking yourself how long each deliverable will take to complete.
  - D. grouping team members according to type and level of information.
65. What is required of businesses to maintain positive, long-term relationships with their suppliers?
- A. Rigid policies
  - B. Flexible lead times
  - C. Autocratic management
  - D. Ongoing communication
66. Which of the following is an example of an item that most likely requires a retailer to place a special order with a manufacturer:
- A. Blinds for a nonstandard-size window
  - B. Windshield wipers for a 2008 Honda Accord
  - C. A cellphone charger for a popular smartphone
  - D. A color ink cartridge for a computer printer
67. Which of the following are examples of raw materials that a business might keep on hand for production:
- A. Oil, grain, shoes, and household cleanser
  - B. Leather, bolts, stapler, and ore
  - C. Minerals, tables, leather, and paper
  - D. Grain, minerals, leather, and oil
68. Because the ILM Manufacturing Company orders large amounts of bolts and washers, the company's buyer asks its parts vendor for an additional five percent off the invoice total. This is an example of a business negotiating
- A. delivery terms.
  - B. a quantity discount.
  - C. service terms.
  - D. a cash rebate.
69. Production processes that rely heavily on expensive equipment and materials are \_\_\_\_\_ processes.
- A. intermittent
  - B. labor-intensive
  - C. standardized
  - D. capital-intensive
70. Which of the following quality-control tools is a graphical representation of two variables that is used to determine cause and effect:
- A. Flow chart
  - B. Histogram
  - C. Check sheet
  - D. Scatter diagram
71. A business manager expected an increase in sales during the holiday season and hired two extra part-time employees. What would result if sales did not increase?
- A. The business would lose money.
  - B. The business would close early.
  - C. The business would expand.
  - D. The business would make a profit.

72. Which of the following best describes a goal of effective supply chain management:
- A. Managing customer relations
  - B. Reducing inventory
  - C. Storing marketing data
  - D. Planning promotional strategies
73. When employees review and analyze financial reports and income data from different time frames, they are
- A. informing customers.
  - B. comparing data.
  - C. submitting evidence.
  - D. influencing others' opinions.
74. A manufacturing company is required by the local government to dispose of its waste in an environmentally safe way. This is an example of how process design can be affected by \_\_\_\_\_ factors.
- A. human
  - B. regulatory
  - C. technological
  - D. natural
75. Technology impacts just-in-time inventory management by
- A. increasing warehouse storage costs.
  - B. eliminating the need for supplier relationships.
  - C. causing disruptions in the supply chain.
  - D. allowing inventory to be monitored regularly.
76. Which of the following is a strategy to help manage risks in a global supply chain:
- A. Work with experienced partners abroad
  - B. Hire only local workers
  - C. Work only within the same time zone
  - D. Accept lower quality levels
77. To protect customer data such as credit card information, businesses should
- A. use a shared server to store information.
  - B. accept payments in cash only.
  - C. require that all customers show an ID.
  - D. keep sensitive records encrypted.
78. When you keep your workspace organized, you are less likely to
- A. misuse office equipment.
  - B. misplace important documents.
  - C. forget important phone numbers.
  - D. discard unnecessary paperwork.
79. Which of the following statements is true of time management:
- A. It is a matter of common sense and just involves using a calendar.
  - B. It refers to how people use the 24 hours in their day.
  - C. It requires a significant amount of extra work.
  - D. It makes it more difficult for you to plan for the future.
80. Even when times are tough for Caitlin's business venture, she tends to remain positive—she looks at the glass as half full rather than half empty. What characteristic of entrepreneurship is Caitlin exhibiting?
- A. Determination
  - B. Organization
  - C. Innovation
  - D. Optimism

81. Department manager, small business manager, and regional manager are \_\_\_\_\_ positions.
- A. supply chain management
  - B. business analytics
  - C. operations management**
  - D. general management
82. What is often the first step in conducting a job search?
- A. Identifying leads**
  - B. Completing applications
  - C. Contacting employers
  - D. Scheduling interviews
83. Is it **ever** appropriate for an individual looking for a job to send a letter of application to a business that has not advertised a job opening?
- A. No, the business will discard the letter if it has no openings.
  - B. Yes, the worker should write to each business in the industry.
  - C. Yes, the worker can write if s/he has heard about a job opening.
  - D. No, a letter is used only in response to job advertisements.**
84. To perform his job, Andrew works with a complex database program. Recently, a new version of the database program that he uses was released. The new program is more powerful, efficient, and user friendly. To learn how to use the program effectively, Andrew signed up to take a class at the community college. In this situation, Andrew is continuing his education so that he can
- A. update his technical skills.**
  - B. change his career path.
  - C. ensure his employability.
  - D. obtain professional licensure.
85. What is a primary advantage of developing a work breakdown structure (WBS) to manage large projects?
- A. Eliminates unexpected circumstances**
  - B. Prevents the duplication of work
  - C. Reduces the need to set project milestones
  - D. Decreases the need to manage each task
86. A project manager has determined that the team completed the software-development phase of the project four days ahead of schedule. What control activity is the project manager performing?
- A. Evaluating a time constraint
  - B. Tracking a milestone**
  - C. Changing a process
  - D. Assessing a setback
87. When team members disagree about the best way to complete an activity, the project manager may need to
- A. help resolve the conflict.**
  - B. negotiate with external sources.
  - C. evaluate the reward system.
  - D. change the project scope.
88. Releasing equipment, materials, and team members are tasks that are completed during the \_\_\_\_\_ phase of a project.
- A. planning
  - B. scheduling
  - C. closing**
  - D. initiating

89. The overall purpose of the Six Sigma quality-management framework is to satisfy customers and
- A. identify needs.
  - B. simplify activities.
  - C. improve technology.
  - D. lower costs.
90. What step in the continuous improvement process will indicate if quality is increasing?
- A. Documentation
  - B. Evaluation
  - C. Recommendation
  - D. Implementation
91. A business risks losing its good reputation if it
- A. requires new suppliers to provide credit information.
  - B. provides accurate information to stockholders.
  - C. encourages employees to report questionable behavior.
  - D. uses questionable tactics to achieve profitability.
92. To reduce the risk of unauthorized access to confidential data, businesses use security software to protect their
- A. corporate policies.
  - B. intranet systems.
  - C. intercom systems.
  - D. spam email.
93. When businesses continuously monitor the laws and implement changes to remain in compliance, they are
- A. interpreting contracts.
  - B. demonstrating negligence.
  - C. controlling their risks.
  - D. increasing their liabilities.
94. When managers have the ability to understand how all of the functions of the company are interrelated, they possess
- A. innovative ideas.
  - B. interpersonal skills.
  - C. technical competence.
  - D. conceptual skills.
95. What must occur before any management functions can be carried out?
- A. Analyzing
  - B. Planning
  - C. Processing
  - D. Brainstorming
96. The organizing function of management is important to a business because it
- A. defines workplace roles and relationships.
  - B. ensures efficient performance levels.
  - C. encourages creativity and problem solving.
  - D. motivates employees to achieve goals.
97. Which of the following is a true statement about human resources needs:
- A. They are harder to meet in high-tech industries.
  - B. They are always changing.
  - C. They are the same at every business.
  - D. There is no way to know when they will change.

98. What management function involves motivating and encouraging an employee?
- A. Planning
  - ☒ B. Directing
  - C. Organizing
  - D. Recruiting
99. Measuring the productivity of a business's employees is an example of
- ☒ A. managerial control.
  - B. formal authority.
  - C. leadership style.
  - D. positional analysis.
100. Which of the following employees would most likely be described as “innovative” by his/her supervisor:
- A. Elizabeth, because she gets frustrated when she needs to learn new skills
  - B. Madison, because she prefers to stick to traditional ideas and processes
  - ☒ C. Jake, because he is always willing to adapt to changes during a project
  - D. Anthony, because he is usually quiet during brainstorming sessions



**KEY**

Test Number 1144

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1. B

They can reduce a business's profits. Although government regulations are designed to protect the economy, the environment, and the consumer, they can sometimes result in economic risk. Laws or regulations that require businesses to pay for environmental clean-ups or special licenses can reduce a business's profits. And, if a government agency recalls a product, it can cost a company a huge amount of money. Government laws and regulations are typically designed to make businesses safer, to protect customers, and to protect the environment.

SOURCE: BL:001

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (3<sup>rd</sup> ed.) [p. 719]. Woodland Hills, CA: Glencoe/McGraw-Hill.

2. D

Jurisdiction. Jurisdiction involves whether a specific court has the authority to hear a case. Not all courts are able to hear all types of cases. For example, depending on the business dispute, a legal procedure might take place in a state court or a federal court. Also, a court in one state might, or might not, have jurisdiction over a business that is incorporated in another state. Freedom is not a factor that affects the legal procedure. Misdemeanor and larceny are types of crimes.

SOURCE: BL:070

SOURCE: Cornell University Law School. (2016). *Jurisdiction*. Retrieved September 15, 2016, from <http://www.law.cornell.edu/wex/jurisdiction>

3. B

Enforce agency regulations. Administrative law deals with the rules and regulations that have been established by governmental agencies. Government and independent agencies have the authority to enact and enforce regulations for various administrative functions, including aviation, taxation, and commerce. The legislative branch of government establishes congressional/parliamentary committees. The judicial branch of government interprets constitutional law and in some instances may overturn a lower court's judicial decision.

SOURCE: BL:074

SOURCE: Beatty, J.F., & Samuelson, S.S. (2008). *Essentials of business law* (3<sup>rd</sup> ed.) [pp. 88-90]. Mason, OH: Thomson/South-Western.

4. B

File a formal complaint to the court alleging the Bremen Company's illegal use of the Tafoya trademark. The first step in a legal case is filing a formal complaint. All other processes occur after the complaint has been filed. A pretrial cannot be established until the case has been created through the filing of a complaint, a response from the defense, and the completion of the discovery process, including interrogatories and examinations.

SOURCE: BL:160

SOURCE: SmallBiz.ca. (2016, September 19). *The litigation process—step by step*. Retrieved September 19, 2016, from <http://www.smallbiz.ca/2009/04/08/the-litigation-process-step-by-step/>

5. A

Businesses are governed by law at the local, national and international levels. Businesses have to be aware of many laws that affect the individuals they conduct business with as well as the communities they conduct business in. Businesses do have to concern themselves with criminal law; they can be held accountable for criminal acts committed by employees while conducting business. Corporate laws are just one type of law that businesses need to be concerned with; there are many others. Companies should concern themselves with ethical behavior as well as legal issues.

SOURCE: BL:161

SOURCE: Samuelson, B. (2012). *Essentials of business law* (3<sup>rd</sup> ed.) [pp. 9-13]. Mason, OH: Thomson Higher Education.



6. A

Conducting research about the company prior to the interview. From the research, Shawn can write a few questions that directly relate to the company or its industry. Even though additional questions may come up during the interview, it is always best to be prepared with relevant questions based on research. It is important that Shawn confirms that the questions are relevant by researching them himself instead of taking his friends' (or anyone else's) advice. Questions about the interviewer's personal life are not relevant to the job interview.

SOURCE: CO:058

SOURCE: Zhang, L. (2016). *The ultimate guide to researching a company pre-interview*. Retrieved September 15, 2016, from <https://www.themuse.com/advice/the-ultimate-guide-to-researching-a-company-preinterview>

7. B

Problem/Solution. The problem/solution method of organizing information first states the problem and then explains the solution. Alphabetical order arranges facts in the order of the alphabet. Deductive order begins with the recommendation or conclusion and follows with facts or examples to support it. Chronological order organizes information into a sequence of dates.

SOURCE: CO:086

SOURCE: *Organizing information*. (n.d.). Retrieved September 15, 2016 from <http://courses.washington.edu/css301/zander/Notes/organizeinfo.doc>

8. D

Salutation. The salutation is the greeting that follows the inside address (e.g., Dear Mr. Robinson). The dateline precedes the inside address. The body is the message. It comes between the salutation and the complimentary close. The signature lines of a letter give the writer's name and title.

SOURCE: CO:133

SOURCE: Northern Michigan University. (2016). *Parts of a business letter*. Retrieved September 15, 2016, from <https://www.nmu.edu/writingcenter/parts-business-letter>

9. D

To make the message more convincing. Messages usually are more persuasive if they are supported by logical evidence. Logical evidence is based on fact rather than on opinion. If businesses are writing persuasive messages to encourage customers to do something, such as buy a product, they should include logical evidence to make the message more convincing. Logical evidence is factual, however, it may not be interesting. Strong language may offend the recipient rather than help to explain the idea. Logical evidence is intended to be persuasive. It does not force the recipient to respond.

SOURCE: CO:031

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [pp. 302-303]. Upper Saddle River, NJ: Pearson Prentice Hall.

10. D

Logical arguments. An analytical report is a document that explains and evaluates an issue, opportunity, or problem. When developing an analytical report that addresses a controversial issue or contains information that readers might disagree with, the writer should provide logical arguments that explain and support their conclusions. By providing logical arguments, the writer is more likely to persuade readers to accept the conclusions. Technical statistics may distract the reader. Personal opinions should not be expressed during an analytical report. Enthusiastic statements that do not provide logical arguments or supporting evidence are less likely to convince readers that the conclusions are reasonable.

SOURCE: CO:185

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [pp. 411-412]. Upper Saddle River, NJ: Pearson Prentice Hall.

11. C

Staff. Messages for all employees are considered staff communication. This is a form of downward communication in which information is presented to employees by management. Upward communication occurs when employees present information to management. Informal communication is the unofficial exchange of information among members of an organization. Lateral, or horizontal, communication involves the exchange of information between employees on the same level.

SOURCE: CO:014

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [p. 5]. Upper Saddle River, NJ: Pearson Prentice Hall.

12. A

Email. The most appropriate communication channel for routine workplace messages such as Odessa's reminder to employees is email. Since her message is likely to be the same each week, she can write the reminder once and then set up her email program to automatically send the message to each employee at the end of each week. Phoning each employee to remind him/her would be very time-consuming. Every employee probably does not have her/his own fax machine. Sending a letter to each employee every week via the postal service would be expensive.

SOURCE: CO:092

SOURCE: Cherp, A. (2013, September 28). *When and how to use email reminders*. Retrieved September 15, 2016, from <http://blog.macademic.org/2013/09/28/when-to-use-email-reminders/>

13. D

Listen and look interested when someone is speaking. If Maureen wants to be a good participant in her company's staff meeting, she should listen and look interested when someone is speaking. She should not use the meeting as a time to bring up unrelated concerns. If she doesn't agree with someone's ideas, she should speak up and respectfully disagree. She should listen while others are speaking, not think about how she will respond.

SOURCE: CO:063

SOURCE: Mckenzie, I. (2012, February 28). *6 tips for effective participation in meetings*. Retrieved September 15, 2016, from <http://www.ismckenzie.com/6-tips-for-effective-participation-in-meetings/>

14. C

Dependable. Employees who are dependable do what they say they will do and keep their commitments to customers. When employees offer to do something for customers, they must live up to the terms of the commitment in order to build positive relationships. Customers appreciate dependable employees and often return to a specific business because of them. Assertive employees stand up for their rights. Sociable employees are friendly. Creative employees develop unique ideas and solutions to problems. These are good characteristics for employees to have, but they do not involve keeping commitments.

SOURCE: CR:003

SOURCE: Lister, J. (2016). *Why is dependability important for a person to have in the workplace?* Retrieved September 15, 2016, from <http://smallbusiness.chron.com/dependability-important-person-workplace-15463.html>

15. C

Yes. Oliver should do some research on Scottish culture so he doesn't do or say something offensive. The Western culture may share some similar beliefs and customs, but countries within the culture do vary in terms of time, space, language, dining habits, gestures, etc. Oliver should do some research to learn about how Scottish culture differs from his own. By doing so, he can adapt his verbal and nonverbal communication to reduce the risk of doing or saying something that may offend the Scottish businesspeople and jeopardize the deal. Scottish people speak English and/or Gaelic. The meanings of English words can vary among the English-speaking countries. Not all Scottish people dislike all Americans.

SOURCE: CR:019

SOURCE: (2015, July 20). *The importance of cross cultural awareness in business*. Retrieved September 15, 2016, from <http://blog.internationalstudent.com/2015/07/the-importance-of-cross-cultural-awareness-in-business/>

16. B  
You gain valuable communication skills. Solving difficult-customer situations benefits you personally because you gain valuable communication skills that you will use in many situations throughout your life. It doesn't mean that you will encounter these situations less frequently. Making your customers happy is a good thing, but isn't necessarily a personal benefit for you. You'll be a more valuable employee, but that doesn't necessarily mean your boss will automatically give you a raise.  
SOURCE: CR:009  
SOURCE: CR LAP 9—Making Mad Glad (Handling Difficult Customers)
17. B  
Searching for oil on the ocean floor. The ocean is another place we can look for oil besides land. Natural gas is an alternative resource. Conserving oil to prevent waste and paying a higher price for it are not ways of finding more oil.  
SOURCE: EC:003  
SOURCE: EC LAP 14—Be Resourceful (Economic Resources)
18. B  
A satisfaction gauge. Both utility and the marketing concept consider the consumer's point of view about a product. In the implementation of the marketing concept, utility functions as a gauge of the consumer's satisfaction. Utility is used as a measurement tool—not as a payment method, a cost-saving tool, or a delivery process.  
SOURCE: EC:004  
SOURCE: EC LAP 13—Use It (Economic Utility)
19. C  
Planning in advance for change. Proactive management is characterized by anticipating and planning in advance for change. Proactive managers make both short and long-term plans. They encourage teamwork over individualism. They take calculated risks.  
SOURCE: EC:107  
SOURCE: EC LAP 25—Keep the Change (Adapting to Markets)
20. D  
Perfect monopoly. Perfect monopoly is not a term used to refer to market structure. The four main idealized market structures used in trade theory are perfect competition, monopoly, oligopoly, and monopolistic competition. Perfect competition is an idealized market structure that includes large numbers of buyers and sellers. A monopoly is a market structure in which there is only one seller. An oligopoly is a market structure in which there are a number of small sellers. A monopolistic competition is a market structure in which there are many sellers producing differentiated products.  
SOURCE: EC:012  
SOURCE: EC LAP 8—Ready, Set, Compete! (Competition)
21. D  
Zoning laws. Government passes zoning laws to protect the value of business property by allowing only certain types of businesses to occupy an area. Minimum-wage laws, safety standards, and consumer-protection laws are all examples of areas of government involvement, but they are not related to protecting business property.  
SOURCE: EC:008  
SOURCE: EC LAP 16—Regulate and Protect (Government and Business)
22. D  
Progressive. In a progressive income tax system, those who have a higher income pay a larger percentage of their income to the government. In a regressive tax system, those who have a higher income pay a comparatively smaller percentage of their income as tax than those who have a smaller income. In a proportional tax system, all individuals of all incomes pay the same proportion of their incomes to the government. In a flat tax system, all individuals pay the same amount to the government regardless of their income.  
SOURCE: EC:072  
SOURCE: EC LAP 27—Pay Your Share (Business Taxes)

23. B

Cost-push inflation. Cost-push inflation occurs when limited commodities drive up the costs of creating products and, in turn, their prices. Price stability is a state in which prices don't change rapidly and the value of money is stable; it is not caused by limited commodities. Demand-pull inflation happens when the money supply grows faster than the economy does. Inflation targeting is an effort by a government to hit a set inflation rate.

SOURCE: EC:083

SOURCE: EC LAP 28—Up, Up, and Away (Inflation)

24. C

Estimates. While most figures used in GDP computations are reliable, there are some that have to be estimated. It is impossible to maintain 100% accuracy when dealing with the vast amounts of information relating to an economy. Government bases its economic forecasts, or predictions, on the GDP figures. Transfer payments are payments made by the government for which no goods or services are received in exchange, and they are not counted in GDP.

SOURCE: EC:017

SOURCE: EC LAP 1—Measure Up? (Gross Domestic Product)

25. D

Valuable. Individuals with a high self-concept typically believe that they can make significant contributions in their endeavors. You may see yourself as aggressive or witty on such occasions, but not necessarily. Feeling unimportant is indicative of low self-concept.

SOURCE: EI:016

SOURCE: Cherry, K. (2016, August 31). *What is self-concept and how does it form?* Retrieved September 15, 2016, from <https://www.verywell.com/what-is-self-concept-2795865>

26. D

Admit it. When you make a mistake, the responsible thing to do is admit it. Then, you can try to fix it, but you shouldn't hide your error from those who need to be aware of it. You shouldn't lay the blame on anyone else. It shouldn't be necessary to quit a project just because you made a mistake—learn from it and move on.

SOURCE: EI:021

SOURCE: EI LAP 21—Make the Honor Role (Acting Responsibly)

27. B

Constructive criticism. Constructive criticism is evaluative information designed to help you improve. It is a part of a supervisor's responsibilities to provide you with feedback in the form of constructive criticism. Harassment is any kind of behavior toward another person that is intended to annoy or threaten the person. Interpersonal relationships are the ways you interact with others, and self-control is restraint of your feelings, words, and actions.

SOURCE: EI:025

SOURCE: EI LAP 14—Control Yourself! (Demonstrating Self-Control)

28. D

Depression. Depression is a serious disorder in which the sufferer sees no way out of his/her problems and often feels hopeless. It can result from too much negative feedback such as constant criticism. Positive effects, such as enthusiasm, result from praise and other positive feedback. Optimism is a positive attitude toward life that could help an individual withstand criticism and avoid depression. Self-importance may result when people are overly impressed with the positive feedback they receive.

SOURCE: EI:003

SOURCE: EI LAP 15—Grin and Bear It (Using Feedback for Personal Growth)

29. D

Persuasion. Persuasion is the effort of an individual or group of individuals to influence the attitudes or behavior of another individual or group of individuals. Employees doing research and preparing a report to recommend change is an example of using persuasion. The employees are trying to persuade the business, with the use of valid information, that changing certain policies would be beneficial. Leadership is the ability to guide or direct the actions of others in a desired manner. Management is the process of coordinating resources in order to accomplish an organization's goals. Enthusiasm is intense interest or excitement.

SOURCE: EI:012

SOURCE: EI LAP 121—Win Them Over (Persuading Others)

30. B

Level of stress. Employees who set realistic goals and standards for themselves rather than expecting perfection all the time are usually able to control and manage their level of stress. It is important for employees to understand that they cannot perform perfectly in all situations and that they will make some mistakes. Being aware of this helps employees to manage stress because they will not set their goals so high that they will often be unable to achieve them. Striving to obtain perfection all the time increases stress and may cause employees to think that they are failures if they don't live up to those expectations. Employees usually advance based on their ability to perform satisfactorily on the job. Managers usually establish work schedules and expect employees to work in groups when necessary.

SOURCE: EI:028

SOURCE: EI LAP 25—Keep Your Cool (Stress Management)

31. B

Helps to ease any tension that arises. A sense of humor can ease the kinds of difficult situations and conflicts that often affect the team effort. It also helps you to avoid taking yourself too seriously or being overly impressed with your own importance. Keeping your emotions under control requires self-discipline. A sense of humor does not help to improve your decision-making skills or increase your self-confidence.

SOURCE: EI:045

SOURCE: Will, C. (2015, June 29). *Laugh in the face of adversity: Maintaining a sense of humor in the workplace*. Retrieved September 15, 2016, from <https://blogs.mtu.edu/worklife/2015/06/laugh-in-the-face-of-adversity-maintaining-a-sense-of-humor-in-the-workplace/>

32. D

A goal is concrete and measurable. A goal and a vision are two different things. A goal is a concrete achievement that you want to complete. Goals tend to be more specific and measurable than visions. Since a goal is specific, it means the same thing to all people. It isn't abstract and indefinite like a vision.

SOURCE: EI:063

SOURCE: Bacon, N. (2014, April 28). *Goals vs. vision*. Retrieved September 15, 2016, from <http://www.thefinancegirl.com/goals-vs-vision/>

33. D

A hostile work environment. Sexual harassment in the workplace includes any sexual remarks, advances, conduct, or requests made by one employee to another without the recipient's approval or consent. Some sexual harassment creates a hostile work environment and makes its victims feel their jobs are threatened. Sexual harassment does not annoy all employees or else it would not occur. It is illegal, and its occurrence would cause bad publicity for the business. It also makes the workplace less comfortable or enjoyable and damages employees' motivation.

SOURCE: EI:036

SOURCE: EI LAP 36—Everyone's Worthy (Treating Others With Dignity and Respect)

34. B

A veterinarian invents and sells a device to prevent horse water troughs from freezing. Creating a product to solve a problem and selling that product is a good example of an entrepreneurial venture because a need has been identified and met; the product solves a problem for consumers, while the resulting sales benefit the veterinarian. A juice bar selling juice on location during special events expands its business but does not represent a new idea or problem solved. A pumpkin farm offering pumpkin carving and costume contests to create more interest is not creating something new or solving a problem. A “cretzel” might be a new creative pastry, but there is no indication that it meets an identified consumer need.

SOURCE: EN:039

SOURCE: Hisrich, R., Peters, M., & Shepherd, D. (2010). *Entrepreneurship* (8th ed.) [pp. 6-7]. New York, NY: McGraw-Hill Irwin.

35. A

Annual percentage rate. Finance charges are expressed as an annual percentage rate (APR). This makes it easier for credit users to compare the costs of various credit plans. Finance charges are not expressed as monthly percentage rates, annual balance rates, or monthly balance rates.

SOURCE: FI:002

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

36. C

Cosigner. When a borrower agrees to a loan, s/he is making a contractual agreement to pay back the loan in a certain manner within a specific period of time. When the borrower does not have the collateral or credit history to obtain the loan, the lender often requests that another person cosign for the loan. A cosigner is responsible for paying back the loan if the borrower does not. The credit union, Treasury Department, and debt collectors are not responsible for repaying a loan unless they agree to be cosigners on loan contracts.

SOURCE: FI:063

SOURCE: Federal Trade Commission. (2016). *Co-signing a loan*. Retrieved September 15, 2016, from <https://www.consumer.ftc.gov/articles/0215-co-signing-loan>

37. B

Tax deductions. Tax deductions are expenses that can be subtracted from gross income. For example, charitable donations can be claimed as tax deductions on an individual's personal tax return. The tax filer may need to provide a receipt for donations that exceed a certain amount of money. Other examples of tax deductible expenses include college tuition, home-mortgage interest, and child care. Charitable donations are not claimed on tax returns as public property, living expenses, or discretionary income.

SOURCE: FI:074

SOURCE: Campbell, S.R. (2010). *Foundations of personal finance: Teacher's edition* (p. 164). Tinley Park, IL: Goodheart-Willcox Company.

38. B

Complete. For financial information to be reliable, it must not only be accurate, but also complete. Financial information may be understandable and relevant, but this does not necessarily make it reliable. Financial information is not reliable if it's biased.

SOURCE: FI:579

SOURCE: FI LAP 9—By the Numbers (The Need for Financial Information)

39. B

Accounting. Accounting is the process of keeping financial records. Accurate accounting records can show the owner how the business is doing at any point in time, and enable the owner to plan for the future. Production creates the products that businesses offer for sale. Marketing provides the avenue for businesses to sell their products and consumers a way to obtain needed products. Management oversees all of the other business activities.

SOURCE: FI:085

SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)

40. B

Economic trends. Budgets should be flexible because they are estimates. Many factors can affect budget outcomes; therefore, businesses might need to adjust their budget figures. Economic trends are factors that might cause a business to adjust its budget. The way the economy is moving, either expanding or contracting, will affect a business's ability to meet its budget expectations. Local elections do not affect a business's budget. Sales procedures are the step-by-step processes that sales personnel follow in order to sell. Operating policies are general rules established by the business.

SOURCE: FI:106

SOURCE: FI LAP 3—Money Tracks (Nature of Budgets)

41. B

Sky High. Investors often calculate the price-to-cash flow ratio (P/CF) of potential investments to compare their relative worth. If particular investment's P/CF is lower compared to others in the same industry, the market has probably undervalued that stock. To determine which of the four airline's stock is most likely to be undervalued, calculate the price-to-cash flow ratio of each company. The price-to-cash flow ratio can be found by dividing the current stock price by the cash flow per share (Sky High:  $\$14.36 / \$5.21 = 2.76$ ; Smooth Flying:  $\$22.78 / \$4.12 = 5.53$ ; Soar the Sky:  $\$18.50 / \$3.59 = 5.15$ ; White Clouds:  $\$25.81 / \$6.94 = 3.72$ ). Since Sky High's price-to-cash flow ratio is lowest, it is most likely to be undervalued.

SOURCE: FI:541

SOURCE: Investopedia. (2016). *Price-to-cash-flow ratio*. Retrieved September 15, 2016, from <http://www.investopedia.com/terms/p/price-to-cash-flowratio.asp>

42. C

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 September 15, 2016, from <http://www.entrepreneurship.org/resource-center/eight-elements-of-an-ethical-organization.aspx>

43. D

An employee deliberately doesn't share information with management that will help the company meet its goals. Knowledge management is the process of leveraging the expertise, insight, and information of internal and external resources to help an organization achieve its goals. If an employee is unwilling to share information that will help the company improve its performance, achieve a competitive advantage, or develop innovative processes, an ethical issue may exist. For example, the employee might be unwilling to share information because s/he has a grudge against a certain manager. Or, the employee might be unwilling to share information with coworkers because s/he wants to use the knowledge as leverage with management for career-advancement purposes. The remaining examples do not provide enough information to determine if an ethical issue exists in relation to knowledge management.

SOURCE: KM:002

SOURCE: Mack, E. (2011, February 9). *Ethics are the foundation of effective knowledge management*. Retrieved September 15, 2016, from <http://www.ericmackonline.com/ica/blogs/emonline.nsf/dx/ethics-are-the-foundation-of-effective-knowledge-management>

44. D

Groupware. Groupware or collaborative computer software allows many employees to access and share information, including tacit knowledge. Some applications, such as e-mail and instant messaging, allow employees to instantly transmit messages to coworkers who are in remote locations. The primary use of spreadsheet applications is to show numerical information in a logical format. Businesspeople use presentation software to develop visual aids that support their business presentations. Businesses use recovery applications to back up their computer data. The backed up data can be used if the computer systems break or fail.

SOURCE: KM:003

SOURCE: UsabilityFirst. (2002-2015). *Introduction to collaborative software*. Retrieved September 15, 2016, from <http://www.usabilityfirst.com/about-usability/web-application-design/collaborative-software-groupware/introduction-to-collaborative-software/>

45. D

Reverse engineering. Reverse engineering is the process of examining the chemical makeup of an existing product on the market. By reviewing the components of the product through independent discovery, a competitor can apply the findings to recreate the product. Although this is a legal practice under trade secret laws in Canada and the U.S., it does hinder the ability to maintain trade secrets for certain types of processes, ingredients, etc. Process fragmentation involves limiting the amount of information employees have about an entire process, which lessens the risk that the company's trade secret will be revealed. Copyrights legally protect written and artistic works rather than trade secrets. Therefore, any reforms to copyright laws would not affect trade secrets. Systematic neutralizing is a fictitious term.

SOURCE: KM:004

SOURCE: Business Dictionary. (2016). *Reverse engineering*. Retrieved September 15, 2016, from <http://www.businessdictionary.com/definition/reverse-engineering.html>

46. A

Channeling discussion. Tacit knowledge is knowledge consisting of personal opinions, experiences, expertise, or understanding that is not easily articulated, stored, or quantified. Employees' tacit knowledge is important to a business because this type of knowledge is often instrumental in helping the business succeed and achieve its organizational goals. Businesses use different techniques to capture their employees' tacit knowledge. A channel discussion involves gathering a group of people together to talk about the ways in which they perform their work, the challenges that they encounter, and the actions they take to overcome their challenges. By sharing this type of information, other group members may learn new techniques to use to perform their jobs. When an individual (Sophia) takes notes, the information can be synthesized, evaluated, and used to implement positive changes throughout the entire organization. Parliamentary procedure is the standard set of rules used to officiate and document a formal meeting. Repetitious feedback and critical interaction are not techniques used to capture tacit knowledge.

SOURCE: KM:005

SOURCE: Nosrati, S. (2014, May 21). *Capture tacit knowledge*. Retrieved September 15, 2016, from <http://www.slideshare.net/sajadnosrati52/capture-tacit-knowledge>

47. A

They can't be accomplished without employees' dedication. No company can accomplish its goals without the dedication and hard work of its employees. Each company has a unique set of goals—they are not the same at every company. Some goals are general, but others are specific. Goals are important for all companies, not just new ones.

SOURCE: MK:015

SOURCE: MK LAP 2—Act Now! (Employee Actions and Company Goals)



48. D

Factual. Factual information is proven, true, and objective. The capital of a country is a fact. You can find factual information in sources like dictionaries and atlases. Criticism is an analysis of something or someone that identifies any shortcomings. Opinion is a person's point of view or belief about a topic. It is proven that Helsinki is the capital of Finland.

SOURCE: NF:077

SOURCE: The Free Dictionary. (2016). *Factual*. Retrieved September 15, 2016, from <http://www.thefreedictionary.com/factual>

49. C

Information. Information is knowledge, facts, or data. A company collects and analyzes a variety of information to make wise decisions—decisions that are in the best interest of the company and its success. Because the company makes a variety of decisions, it needs to effectively manage all of the information so that it is available when the business wants it. Some types of information the company needs in order to make business decisions include product demand levels, markets, and product ratings (e.g., government grades).

SOURCE: NF:110

SOURCE: NF LAP 110—In the Know (Nature of Information Management)

50. C

Use computer passwords to limit access to certain data. Businesses have the responsibility to protect their customers' confidential information. One way to protect confidential information is to limit the access to employees who need or use the information. Requiring qualified employees to use computer passwords to access the confidential information can reduce the risk of unethical behavior—such as snooping or spying. Anti-virus software, client-tracking capabilities, and a resignation request would not prevent the employee from obtaining the information. The business would likely reprimand or fire the employee for his/her unethical behavior after the incident occurred.

SOURCE: NF:111

SOURCE: Pruitt, S. (n.d.). *How to secure customer data from your employees*. Retrieved September 15, 2016, from <http://www.allbusiness.com/technology/software-services-applications-online/7310538-1.html>

51. A

Operating system. The computer's operating system consists of the components needed to run all of the computer applications and programs. The power cords connect the computer's central processing unit (CPU) to the electrical supply needed to turn on and operate the computer system. Navigation keys (e.g., arrow keys) are the function keys on the computer keyboard that enable a computer user to move around the computer screen. A modem is a device that connects the computer to the Internet. It sends and receives information via a telephone or cable line.

SOURCE: NF:085

SOURCE: Goodwill Community Foundation. (1998-2016). *Computer basics: Understanding operating systems*. Retrieved September 15, 2016, from <http://www.gcflearnfree.org/computerbasics/2>

52. C

+business +license -driver. By placing a "+" before a word, you can tell most search engines to look for websites containing that word. Likewise, by placing a "-" before a word, you are telling the search engine to disregard all websites that contain that word. So, by entering "+business +license -driver," Bobbi is telling her search engine to look for websites that contain the words "business" and "license" but don't contain the word "driver." That way, Bobbi won't have to weed through search results focusing on drivers' licenses before finding quality information about business licenses. "+business +license" would tell the search engine to look for websites containing "business" and "license," but websites about drivers' licenses could potentially appear in the search results. The search phrase "'business license' driver" would command the search engine to look for websites that contain the exact phrase "business license" as well as the word "driver." Search engines are not typically case-sensitive, so capitalizing the words "BUSINESS LICENSE" would not have an impact on search results.

SOURCE: NF:006

SOURCE: Shah, D. (2015, November 24). *How to search on Google: 31 advanced Google search tips*. Retrieved September 15, 2016, from <http://blog.hubspot.com/blog/tabid/6307/bid/1264/12-Quick-Tips-To-Search-Google-Like-An-Expert.aspx#sm.000013bb971vctfbizbupvslthjnl>

53. D

Groupware. Groupware is specialized software that allows users to work on documents together, share files, and communicate quickly and easily. While some groupware requires users to collaborate through an intranet, much of today's groupware is Internet-based, allowing group members in multiple locations to work together online. Many Web 2.0 tools such as Google Apps are groupware applications. Shareware is essentially sample software. It gives consumers an opportunity to try software free of charge before purchasing it. Because it is merely a sample, the shareware is likely to be limited in functionality or time. Spyware is malicious software installed on computers to gather users' personal information. Freeware is software available at no cost to consumers.

SOURCE: NF:011

SOURCE: Pinola, M. (2016, February 18). *What is groupware?* Retrieved September 15, 2016, from <http://mobileoffice.about.com/od/glossary/g/what-is-groupware.htm>

54. D

Find input errors. Humans input the data into the computer, so if they enter it incorrectly, the computer has no way of detecting errors. The benefits of project-management software are that it can generate reports, sort data, and track resources.

SOURCE: NF:130

SOURCE: Techopedia. (2016). *Project management software*. Retrieved September 15, 2016, from <http://www.techopedia.com/definition/13132/project-management-software>

55. B

Check to make sure that no data were lost in the moving process. Immediately after moving data, the company should make sure that all information was transferred correctly and that no data were lost in the process. Sending out a press release, holding a company meeting, and training employees on data-migration practices are not the most important actions to take immediately after a data-migration.

SOURCE: NF:264

SOURCE: Salazar, A. (2015, January 15). *4 steps to a successful data center migration*. Retrieved September 16, 2016, from <http://www.datacenterknowledge.com/archives/2015/01/15/4-steps-successful-data-center-migration/>

56. C

Update the customer's record in the company database. Businesses keep a variety of customer information in a central location—a computer database. When customers change phone numbers and email addresses, move, or go out of business, companies need to update their customer database to reflect those changes. If the information is not changed, the business does not have current contact information. This can be costly to the business in situations that involve delinquent accounts and returned mail. The business does not need to create a new record to reflect changes—this would clutter the system with unnecessary data—nor does the business need to create a new database every time a customer's contact information needs to be updated. Employee records, rather than customer records, appear in the company or employee directory.

SOURCE: NF:002

SOURCE: Interface Management. (2013). *Ten rules for maintaining your customer database*. Retrieved September 16, 2016, from <http://www.interfaceonline.co.za/ten-rules-for-maintaining-your-customer-database.html>

57. B

Lost sales. Running out of inventory can result in lost sales, lowered productivity, unhappy customers, and a decrease in profits. These are known as stockout costs, and businesses try to avoid them as much as possible. Running out of inventory should not increase a business's taxes.

SOURCE: OP:189

SOURCE: OP LAP 189—Smooth Operations (Nature of Operations)

58. A

Elevators. Governments develop regulations to ensure the public's safety. Government regulations require businesses to have their elevators inspected on a regular basis by a government agent or independent entity to ensure that elevators are running correctly. During the inspection, the inspector might identify problems with the elevators that compromise the employees' and visitors' safety. By identifying the problems, the business can repair the elevators, so they operate correctly and are in compliance. Photocopiers, computer networks, and portable cameras are equipment rather than a component of the facility.

SOURCE: OP:339

SOURCE: Maryland Department of Labor, Licensing, & Regulation. (2016). *Elevator and escalator safety - Safety inspection*. Retrieved September 16, 2016, from <http://www.dllr.state.md.us/labor/safety/elev.shtml>

59. A

Prevent accidents. Preventing accidents is very important because accidents cost businesses millions of dollars every year. Providing employees with adequate safety information and training helps to prevent accidents. Accident-prevention programs do not control employee sick leave since employees often take sick leave for reasons that are not related to job injuries. Profits and employee morale are not necessarily increased or improved by attempts to prevent accidents.

SOURCE: OP:009

SOURCE: Arbill. (2016). *5 best practices to prevent workplace accidents*. Retrieved September 16, 2016, from <http://www.arbill.com/safety-resources/prevent-workplace-accidents>

60. C

Completing a status report that takes 45 minutes to prepare for a meeting that will occur in an hour. An important aspect of prioritizing work is determining how long a task will take to complete in relation to the due date or timeline. Completing a report that takes 45 minutes to prepare for a meeting that is occurring in an hour should be the employee's top priority because the meeting is scheduled to occur before any of the other tasks listed need to be completed. The employee can photocopy the document, prepare the purchase order, and make restaurant reservations after completing the report and presenting it during the meeting.

SOURCE: OP:228

SOURCE: eHow.com. (n.d.). *How to prioritize at work*. Retrieved September 16, 2016, from [http://www.ehow.com/how\\_2293060\\_prioritize-work.html](http://www.ehow.com/how_2293060_prioritize-work.html)

61. B

Duplicate work. Coordinating the work effort involves applying resources and tasks in ways that accomplish the business's goals in the most efficient way. Coordination helps the business run smoothly. An important aspect of work coordination is collaboration and open communication. Often, when team leaders and team members do not collaborate and communicate effectively about how and when to do the work, team members perform the work incorrectly or duplicate their efforts. In the example, Robert told two team members to perform the same task, so the price list was updated twice. Duplicated work is an inefficient use of resources because Todd could have completed another task while Sabrina updated the price list. There is not enough information to determine if Sabrina and Todd calculated the new prices accurately.

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.

62. A

Establish openness. When delegating tasks, it is important to create an open environment in which team members feel comfortable being honest and up front about their progress. Because Becca began her delegation process by inviting her team to provide feedback, they will feel that they can be honest and open throughout the process. Becca is not promoting her authority, discouraging over-reporting, or setting expected outcomes in this instance.

SOURCE: OP:354

SOURCE: Free Management eBooks. (2015). *Monitoring delegated tasks*. Retrieved September 19, 2016, from <http://www.free-management-ebooks.com/faqps/delegation-05.htm>

63. A  
They are short-term undertakings. Projects are short-term undertakings that produce unique goods or services. Though the project-management process is important, projects' results are their reason for existing. They do not rely on traditional management structures.  
SOURCE: OP:158  
SOURCE: OP LAP 6—Projected to Win (Nature of Project Management)
64. D  
Grouping team members according to type and level of information. A useful communications strategy in project planning is grouping team members according to type and level of information. This allows project managers to send out e-mails or invitations to meetings without having to choose individual recipients each time. Assigning responsibility for meeting quality requirements is part of creating a quality-management plan. Asking yourself how long each deliverable will take to complete and how much funding the project will need are parts of identifying needed resources.  
SOURCE: OP:001  
SOURCE: OP LAP 7—Chart Your Course (Developing a Project Plan)
65. D  
Ongoing communication. Ongoing communication is necessary to build trust, respect, and a mutually beneficial partnership which, in turn, helps build a long-term business relationship. The amount of lead time depends on the nature of the product and cannot always be flexible. Policies that are too rigid may have negative effects on the relationship rather than positive effects. Autocratic management involves a dictatorial leadership style in which the leader determines all policies, maintains close control, and lets employees know only what they need to know to do the job.  
SOURCE: OP:241  
SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 122-125]. South-Western Cengage Learning.
66. A  
Blinds for a nonstandard-size window. A special order is a request for a custom product or a product that a vendor does not normally carry in stock. Window blinds may need to be custom made or special ordered for windows that are an unusual size. Standard replacement parts for popular items on the market are usually carried in stock and do not require special ordering.  
SOURCE: OP:250  
SOURCE: Delanghe, J. (2012, September 17). *Top tips for managing custom orders*. Retrieved September 16, 2016, from <https://www.etsy.com/seller-handbook/article/top-tips-for-managing-custom-orders/22821490639>
67. D  
Grain, minerals, leather, and oil. Businesses (e.g., manufacturers) usually maintain an inventory of items that they use to produce their goods. Grain, minerals, leather and petroleum are examples of products that a business might use to make cereal, jewelry, coats, and gasoline, respectively. Paper, bolts and leather may be classified as raw materials, if they are being used to produce finished goods. Ore is a mineral. Staplers, tables, and household cleansers are finished goods.  
SOURCE: OP:336  
SOURCE: Udemy. (2014, June 11). *Types of inventory: The five supply inventories*. Retrieved September 16, 2016, from <https://blog.udemy.com/types-of-inventory-2/>
68. B  
A quantity discount. Businesses negotiate many terms when establishing and maintaining relationships with vendors. Often, a business may negotiate a quantity discount, which is a deduction from the seller's (vendor's) price for purchasing large volumes or dollar amounts of goods. Delivery terms address the manner in which the business will receive the product (e.g., delivery charges, transportation mode). Service terms address issues such as warranties, service calls, service fees, etc. A rebate is a return of part of the price that a customer pays for a product.  
SOURCE: OP:337  
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 555-556). Woodland Hills, CA: Glencoe/McGraw-Hill.

69. D  
Capital-intensive. Capital-intensive production processes rely heavily on the use of expensive equipment and materials rather than on the activities of workers. Facilities that generate electrical power are examples of capital-intensive production processes because they use expensive equipment but few workers. Intermittent production processes stop and restart at a later time. Labor-intensive production processes cannot take place without skilled workers. Standardized production processes require simple, repetitive tasks.  
SOURCE: OP:017  
SOURCE: OP LAP 17—Can You Make It? (Nature of Production)
70. D  
Scatter diagram. A scatter diagram, or scatter plot, is a graphical representation of two variables that is used to determine cause and effect. A histogram is a bar graph. A check sheet is simply a form for collecting data on the spot. A flow chart is used to analyze a sequence of events and uncover the relationships within it.  
SOURCE: OP:163  
SOURCE: OP LAP 8—Take Control (Quality-Control Measures)
71. A  
The business would lose money. Personnel expenses must be controlled in order for a business to make a profit. Paying salaries is expensive and needs to be covered by adequate sales. When salaries exceed sales, companies lose money. Businesses have regularly scheduled operating hours and would not close early. Without an increase in sales, the business would not expand or make a profit.  
SOURCE: OP:025  
SOURCE: OP LAP 5—Buck Busters (Employee Role in Expense Control)
72. B  
Reducing inventory. Supply chain management is the supervision of the process of getting products into the marketplace and managing the flow of goods. Reduced inventory means that products are flowing from manufacturer to customer efficiently, so reducing inventory is a goal of supply chain management. Supply chain management does not relate to managing customer relations, storing marketing data, or planning promotional strategies.  
SOURCE: OP:303  
SOURCE: Rouse, M. (2008-2016). *Supply chain management (SCM)*. Retrieved September 16, 2016, from <http://searchmanufacturingerp.techtarget.com/definition/supply-chain-management>
73. B  
Comparing data. Business analysis is the process of investigating and evaluating a business issue, problem, process, or approach. Companies analyze different types of business activities including finances, marketing trends, sales, and production. One aspect of effective analysis involves comparing data. In many situations, comparing data from one period with similar data from another period will help a company determine if it is accomplishing goals, or if it needs to make adjustments to accomplish its goals. When employees are reviewing and analyzing financial reports and income data, they are not informing customers, submitting evidence, or influencing others' opinions.  
SOURCE: OP:327  
SOURCE: B2T Training. (2016). *Essential skills for business analysis*. Retrieved September 16, 2016, from <http://www.b2ttraining.com/course/essential-skills-for-business-analysis/>
74. B  
Regulatory. Because the manufacturing company is required by local government to dispose of its waste safely, the company must design its waste disposal process to abide by the regulations. This is an example of regulatory factors affecting business process design. Human factors affecting process design include stress, employee morale, and fatigue. Technological factors that can affect process design include the cost of any equipment or hardware that is necessary for the process. The term “natural factors” is not usually used to describe factors affecting process design.  
SOURCE: OP:475  
SOURCE: Taylor, H. (2016). *Factors that affect process design*. Retrieved September 19, 2016, from [http://www.ehow.com/list\\_7444011\\_factors-affect-process-design.html](http://www.ehow.com/list_7444011_factors-affect-process-design.html)

75. D

Allowing inventory to be monitored regularly. Technology such as enterprise resource systems allows inventory to be constantly monitored and automatically alerts businesses when levels are running low. Technology does not eliminate the need for supplier relationships, cause disruptions in the supply chain, or increase warehouse storage costs.

SOURCE: OP:478

SOURCE: Business Development Bank of Canada. (n.d.) *How to implement just-in-time inventory management*. Retrieved September 16, 2016, from <https://www.bdc.ca/en/articles-tools/operations/inventory-management/pages/inventory-management-build-smoother-supply-chain.aspx>

76. A

Work with experienced partners abroad. Working with a partner that has experience in a particular market can help companies learn about and mitigate the risks particular to that market. Hiring only local workers will not necessarily help manage risks; in fact, it could bring more risks due to different labor laws. Working within the same time zone might help eliminate some risks, but it will also limit the company's ability to expand into most markets. Finally, accepting lower quality levels will not manage risks; it can create more risk by making the company liable for defects.

SOURCE: OP:480

SOURCE: Brosch, A. (2015, July). *6 global supply chain challenges to ignore at your own risk*. Retrieved September 19, 2016, from <http://www.inboundlogistics.com/cms/article/6-global-supply-chain-challenges-to-ignore-at-your-own-risk/>

77. D

Keep sensitive records encrypted. Encrypting sensitive data such as credit card information, phone numbers, and addresses can prevent security breaches that can lead to information theft. Accepting payments in cash only may prevent security breaches but would most likely hurt a business' sales. Requiring customers to show a form of identification would not prevent sensitive information from being leaked or stolen. Businesses should use their own dedicated server for storing sensitive data. Using a shared server is a risk because other people or companies may have access to the information stored on it.

SOURCE: OP:518

SOURCE: Magill, L. (2016). *8 ways to protect your customers' information*. Retrieved September 19, 2016, from <http://quickbooks.intuit.com/r/marketing/8-ways-to-protect-your-customers-information/>

78. B

Misplace important documents. Maintaining files in a systematic way helps you keep reports, forms, notes, and other documents in a particular location. By keeping files and documents in a specific order, you are less likely to misplace important information. It also enables you to quickly access the documents when needed because they are always in the same place. To maintain an organized workspace, you should periodically discard papers that you don't need anymore. Maintaining an organized workspace does not prevent the misuse of office equipment. Forgetting or remembering telephone numbers is a cognitive ability and is not directly impacted by how well your workspace is organized.

SOURCE: PD:009

SOURCE: Malugani, M. (n.d.). *Give tips to get organized at work*. Retrieved September 16, 2016, from <http://career-advice.monster.com/in-the-office/workplace-issues/get-organized-at-work/article.aspx>

79. B

It refers to how people use the 24 hours in their day. Time itself is not under our control, but our actions are. And, if we learn to act in a way that makes the most of our time, then we are using the resource wisely. Learning time-management skills does not require a lot of extra work. Spending just a few minutes a day on time management can save you many hours on the job. Learning time-management skills is not just a matter of common sense. It takes more than just writing down appointments and project deadlines in your calendar. Time management can help you plan for the future and take major steps toward achieving your goals and becoming the person you want to be.

SOURCE: PD:019

SOURCE: PD LAP 1—About Time (Time Management)

80. D

Optimism. Successful entrepreneurs possess an optimistic attitude. An optimistic person has a positive outlook on life, and looks for the opportunities to grow, even when s/he experiences challenges and setbacks. Organizational skills involve developing and executing processes or activities in a systematic way. Innovation is the process or ability to develop a new product, process, position, or paradigm. Determination is the drive or willpower to achieve a goal.

SOURCE: PD:066

SOURCE: PD LAP 66—Own Your Own (Career Opportunities in Entrepreneurship)

81. D

General management. Department manager, small business manager, and regional manager are general management positions. They are not supply chain management, business analytics, or operations management positions. General management professionals are responsible for planning, organizing, directing, and evaluating all or part of a business organization through the allocation and use of financial, human, and material resources.

SOURCE: PD:297

SOURCE: PD LAP 19—Career Opportunities in Business Management and Administration

82. A

Identifying leads. The first step in conducting a job search often involves identifying possible job leads. Job leads are usually available from friends or family members who may be aware of positions at their places of employment. Other job leads include newspaper ads, employment agencies, and school counselors. Identifying where to start looking for a job is the first step in getting one. Completing applications, contacting employers, and scheduling interviews are activities that take place after leads are identified.

SOURCE: PD:026

SOURCE: Hansen, R. (2016). *10 ways for job-seekers to develop job leads*. Retrieved September 16, 2016, from <https://www.livecareer.com/quintessential/developing-job-leads>

83. C

Yes, the worker can write if s/he has heard about a job opening. In some cases, a worker looking for a job will hear about a job opening from some other source than a job advertisement. It is acceptable for the worker to write a letter stating that s/he has heard of an opening and ask to be considered for the position. In some cases, this results in an interview and a job. Most companies do not discard such letters but keep them on file in case of future need. It would not be appropriate or practical to send letters to all businesses in the industry.

SOURCE: PD:030

SOURCE: Eduers.com. (2009). *Writing your job application letter*. Retrieved September 16, 2016, from [http://www.eduers.com/resume/Job\\_Application\\_Letter.htm](http://www.eduers.com/resume/Job_Application_Letter.htm)

84. A

Update his technical skills. Because technology is constantly changing, workers must keep up with the changes to enhance their employability. Taking short- or long-term computer classes helps workers to learn skills they need to perform their work. There is not enough information to determine if Andrew is changing his career path or obtaining a licensure.

SOURCE: PD:033

SOURCE: Jacowski, T. (2008, February 29). *The importance of continuing education*. Retrieved September 16, 2016, from <http://ezinearticles.com/?The-Importance-of-Continuing-Education&id=1017765>

85. B

Prevents the duplication of work. Creating a work breakdown structure (WBS) involves dividing project tasks into meaningful components to complete the project. Dividing the entire project into smaller components helps the project manager identify tasks and effectively schedule, assign, and monitor complex project activities. By dividing the work into smaller packages, the project manager defines each task and the team member(s) who will perform the tasks, which prevents the duplication of work. Project managers cannot eliminate unexpected circumstances, although they must be able to handle them. Developing a WBS does not reduce the need to set project milestones (incremental goals) or decrease the need to manage project tasks.

SOURCE: PJ:006

SOURCE: Gordon, A. (2014, October 24). *What is a work breakdown structure?* Retrieved September 16, 2016, from <http://www.brighthubpm.com/templates-forms/2645-what-is-a-work-breakdown-structure/>

86. B

Tracking a milestone. Tracking milestones is a control activity that project managers perform. Milestones are the major points or phases in a project's life cycle that have been reached. In the situation described, the software-development phase is a milestone because it was completed, which means the project can proceed to the next stage of the project. Because this phase of the project was running ahead of schedule, the project manager is not evaluating a time constraint or assessing a setback. There is no information provided to determine if the project manager has decided to change a process.

SOURCE: PJ:009

SOURCE: Bowen, R., & McDonough, M. (2009, August 13). *Best metrics for project management*. Retrieved September 16, 2016, from <http://www.brighthubpm.com/monitoring-projects/13534-best-metrics-for-project-management/>

87. A

Help resolve the conflict. Conflict resolution is the process of resolving or ending a conflict. Project managers may need to help resolve conflicts if the team members cannot reach resolution by themselves. When team members disagree, the project manager would not negotiate with external sources, evaluate the reward system, or change the project scope.

SOURCE: PJ:007

SOURCE: Portny, S., Mantel, S.J., Meredith, J.R., Shafer, S.M., & Sutton, M.M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 296-297). Hoboken, NJ: John Wiley & Sons.

88. C

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: Project Insight. (1997-2016). *5 basic phases of project management*. Retrieved September 16, 2016, from <http://www.projectinsight.net/project-management-basics/basic-project-management-phases>



89. D

Lower costs. Quality management involves the coordination of resources to ensure the degree of excellence of a process, good, or service. Six Sigma is a quality-management framework that involves continuously setting higher goals of perfection. The Six Sigma framework builds upon previous goals to set higher goals in order to continuously improve the quality of the business's goods, services, or processes. The ultimate goal is to maximize outputs, have no process or product defects, and minimize production costs. Therefore, an important aspect of the Six Sigma philosophy is to continuously lower costs while improving quality. When quality improves, customer satisfaction tends to improve. To continuously improve, the business may determine that it needs to simplify activities, obtain better technology, or reevaluate its needs.

SOURCE: QM:002

SOURCE: iSixSigma. (n.d.). *Six sigma: What is six sigma?* Retrieved September 16, 2016, from [http://www.isixsigma.com/sixsigma/six\\_sigma.asp](http://www.isixsigma.com/sixsigma/six_sigma.asp)

90. B

Evaluation. To determine if quality has improved, the business needs to compare the product or process before the improvement was made with the product or process after improvements were implemented. After evaluating the improvements, the business can document results and recommend additional improvements, if necessary.

SOURCE: QM:003

SOURCE: Duggan, T. (n.d.). *Continuous improvement process definition*. Retrieved September 16, 2016, from <http://smallbusiness.chron.com/continuous-improvement-process-definition-4534.html>

91. D

Uses questionable tactics to achieve profitability. A business that continuously "pushes the limit" by using questionable tactics to earn or show profits may get a poor reputation. Customers may become distrustful of the business and decide to purchase elsewhere. Providing accurate information to stockholders, encouraging employees to report questionable or potentially unethical behavior, and requiring new suppliers to provide credit information are ethical actions and are less likely to damage a business's reputation than the use of questionable tactics.

SOURCE: RM:041

SOURCE: Zeiger, S. (n.d.). *Effects of a lack of ethics on a business environment*. Retrieved September 16, 2016, from <http://smallbusiness.chron.com/effects-lack-ethics-business-environment-23332.html>

92. B

Intranet systems. An intranet system is a business's internal computer network. It allows for the electronic exchange of information among the business's employees. Because businesses often store confidential information (e.g., customer financial data, employee payroll data) on its intranet, they must take steps to ensure that unauthorized individuals do not obtain the information. Businesses use computer software applications to minimize security risks. Encryption techniques and passwords are examples of methods that businesses use to protect the confidential information that is stored on their intranet systems. Businesses do not use security software to protect their corporate policies, intercom systems, or spam email.

SOURCE: RM:042

SOURCE: Interact. (2016). *Features: Intranet security and admin*. Retrieved September 16, 2016, from <http://www.interact-intranet.com/product/feature/intranet-security-admin/>

93. C

Controlling their risks. Risk management is a business activity that involves the planning, controlling, preventing, and procedures to limit business losses. An important aspect of risk management involves complying with laws. If a business does not comply with laws, then it may be sued or fined, which could result in substantial financial losses. A failure to comply with laws may also affect the business's credibility with its customers. If customers feel that the business behaves in a legally negligent manner, they may believe that the business is untrustworthy and may decide not to buy from the business. A business that effectively controls its risks is more likely to reduce its liabilities than increase them. A contract is a legal agreement between two or more businesses stating that one party is to do something in return for something provided by the other party.

SOURCE: RM:043

SOURCE: Investopedia. (2016). *Risk management*. Retrieved September 16, 2016, from <http://www.investopedia.com/terms/r/riskmanagement.asp>

94. D

Conceptual skills. Conceptual skills involve the ability to see the "big picture" and think about how things will work together. The ability to see the "big picture" and how things fit together facilitates sound decision making, idea generation, and creative problem-solving activities because the manager understands how various changes can impact other departments and employees. Interpersonal skills involve the ability to communicate, interact, and build relationships with others. Technical skills or competence is the ability to understand the specialized aspects of jobs.

SOURCE: SM:001

SOURCE: SM LAP 3—Manage This! (Concept of Management)

95. B

Planning. Planning is the management function of deciding what will be done and how it will be accomplished. Brainstorming is a creative-thinking technique that is often used during the planning process. Deciding what will be done involves establishing objectives. After establishing objectives, the business can implement processes to achieve those objectives. The business analyzes its performance to determine if it achieved its objectives.

SOURCE: SM:063

SOURCE: CliffsNotes. (2016). *Functions of managers*. Retrieved September 16, 2016, from <https://www.cliffsnotes.com/study-guides/principles-of-management/the-nature-of-management/functions-of-managers>

96. A

Defines workplace roles and relationships. Organizing is the management function of setting up the way the business's work will be done. It involves establishing levels of authority and assigning responsibilities within the organization. When the business assigns responsibilities, it is defining its employees' roles in the organization and outlining how each role relates to one another. Motivating employees is a directing activity. The type of business and the organizational work culture are factors that determine the degree of creativity and problem solving required, and if these activities are encouraged. The controlling function of management monitors the work effort, which helps ensure that employees are performing their tasks efficiently.

SOURCE: SM:064

SOURCE: Archer, C. (n.d.). *Five functions of management & leading*. Retrieved September 16, 2016, from [http://www.ehow.com/info\\_12025560\\_five-functions-management-leading.html](http://www.ehow.com/info_12025560_five-functions-management-leading.html)

97. B

They are always changing. Human resources needs are always changing. Managers look toward several different indicators to predict upcoming changes. HR needs are not necessarily more difficult to meet in high-tech industries, and they vary from business to business.

SOURCE: SM:065

SOURCE: SM LAP 4—Dream Team Maker (Staffing)

98. 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. (2016). *Directing function of management*. Retrieved September 16, 2016, from [http://www.managementstudyguide.com/directing\\_function.htm](http://www.managementstudyguide.com/directing_function.htm)

99. A

Managerial control. One part of the controlling function involves measuring the performance of the business to determine if it is achieving the established objectives. One type of performance measurement involves measuring the productivity of employees. Managers often establish standards that employees are expected to meet, such as number of items produced per hour or the quality of the items produced. Then, managers use these controls to determine if employees are performing as expected. Formal authority is the authority and responsibility officially assigned to an individual who holds a position and/or a title on an organizational chart. Leadership style is the way or manner in which a leader goes about the task of influencing others. Positional analysis is a study of the tasks and responsibilities of a position and its place in an organization.

SOURCE: SM:004

SOURCE: Business Dictionary. (2016). *Management control*. Retrieved September 16, 2016, from <http://www.businessdictionary.com/definition/management-control.html>

100. C

Jake, because he is always willing to adapt to changes during a project. To innovate new ideas and processes, employees must be willing to adapt to unforeseen circumstances. This flexibility is essential to successfully innovate. Sticking to traditional ideas and processes, getting frustrated with learning new skills, and staying quiet during brainstorming sessions are all indications that these employees are not likely to be called innovative by their supervisors.

SOURCE: SM:094

SOURCE: Bagley, R. (2014, January 15). *The 10 traits of great innovators*. Retrieved September 19, 2016, from <http://www.forbes.com/sites/rebeccabagley/2014/01/15/the-10-traits-of-great-innovators/#5429e812ed50>