

1. Shamir and Frieda both own salons in the same town. In a newspaper interview, Shamir presents several untrue and negative facts about Frieda's salon, and her business suffers as a result. Frieda is likely to file a tort action against Shamir for
 - A. negligence.
 - B. appropriation.
 - C. defamation.
 - D. wrongful interference.
2. Megan is working with a group member who's explaining her part of a project. Megan wants to make sure her group member knows she's listening, so she says things like, "I see," "Okay," and "I understand." Which active listening skill is Megan demonstrating:
 - A. Paraphrasing the message to test her understanding
 - B. Repeating critical information
 - C. Using a verbal acknowledgement response
 - D. Collecting all the information possible
3. You have a customer on the phone who always ends up talking about his personal life for far too long. Today, he's telling you a long story about his recent vacation. However, you have several other calls on the line and tons of work to do. How should you handle this situation?
 - A. Tell the caller you're happy to hear about his vacation, but you have to take another call.
 - B. Tell the customer you don't have time to talk about personal issues, so he should stay on topic.
 - C. Transfer the call to someone else who has more time to talk to the customer.
 - D. Talk to the customer as long as he wants to appear more interested.
4. Alexis and her team are working on a new project proposal to show their boss. She knows that doing the project their way will be costly and time-consuming, but she also knows that the results will be great. She and her team decide to first present the benefits of the project and then draw the conclusion that investing company time and money would be a good idea. Alexis hopes to convince her boss using
 - A. geographical order.
 - B. deductive organization.
 - C. chronological order.
 - D. inductive organization.
5. It's appropriate to write a letter of inquiry when
 - A. you're summarizing a business report.
 - B. thanking a potential employer for an interview.
 - C. informing employees of a payroll change.
 - D. requesting more information about a company.
6. In a detailed document, Rachel explains the possible implications of implementing a cooperative advertising program for her employer's major customers. In this situation, Rachel developed a
 - A. sales analysis.
 - B. troubleshooting proposal.
 - C. feasibility report.
 - D. request for proposal.
7. "With fewer staff members available to conduct extensive testing, Calhoun Software has experienced several product-release failures last year that resulted in costly product returns." This is an example of a research report
 - A. executive summary.
 - B. problem statement.
 - C. recommendation.
 - D. pronouncement of intent.
8. What type of information should be included in the methodology section of a research report?
 - A. References and reliability data
 - B. The significance of the study and conclusions
 - C. Research procedures and the purpose of the study
 - D. A description of the sampling plan and research technique
9. Sophia needs to distribute a sales report to her employees. There are lots of numbers and figures, but the report is pretty self-explanatory. Sophia should communicate this information to her staff via a
 - A. conference call.
 - B. face-to-face meeting.
 - C. memo.
 - D. voicemail.

10. There are several auto repair shops in town, but Patricia's stands out. Her auto repair shop does great work, but what really sets her shop apart is the customer service. Every customer is greeted by a friendly employee, and s/he is given snacks and drinks while s/he waits for the repairs to be completed. The great customer service that people can expect from Patricia's business is considered her _____.
- A. brand promise.
 - B. tagline.
 - C. vision.
 - D. mission statement.
11. Simone's business doesn't advertise much. Instead, she relies on happy customers to tell their friends, family, and coworkers about her company. Simone's business uses _____ to gain customers.
- A. advocacy
 - B. relationship buying
 - C. corporate culture
 - D. business process management
12. Bryant Technical College is offering an online degree in landscape design. This product is considered a(n) _____.
- A. virtual service.
 - B. low-quality product.
 - C. outsourced service.
 - D. merger.
13. Nadia's assistant, Roger, rarely does what he's supposed to do. He routinely forgets to schedule her appointments, orders the wrong supplies for her office, and misses work at least a few times a month. An employee like Roger is an example of a(n) _____ risk.
- A. financial
 - B. hazard
 - C. strategic
 - D. operational
14. Vince is very excited to get his first paycheck from his part-time job. He's expecting about \$200, but when he sees his weekly paystub, he's disappointed to find out he's actually getting much less. Which tax did Vince forget to take into account:
- A. Excise tax
 - B. Property tax
 - C. Sales tax
 - D. Income tax
15. Randy used to work in a factory. However, after technological advances brought robots that could do the same job for less money, he was laid off. Randy is looking for a new job in a factory, but everything requires knowledge of computer programs, which he doesn't have. Randy is facing _____ unemployment.
- A. structural
 - B. frictional
 - C. cyclical
 - D. seasonal
16. Which of the following is an advantage of a weak dollar:
- A. It creates more consumer spending.
 - B. It encourages exports.
 - C. Employee wages go up.
 - D. More jobs are created.
17. American businesspeople believe that maintaining direct eye contact during conversation indicates an individual's sincerity, interest, and confidence level, while some cultures believe that ongoing direct eye contact is rude. This is an example of how _____ differs among cultures.
- A. social status
 - B. nonverbal communication
 - C. personal appearance
 - D. gender perception
18. In some cultures, it is common for businesspeople to discuss business matters during meals, but Canadians typically do not. This is a cultural issue related to _____.
- A. dining etiquette.
 - B. negotiating style.
 - C. language barriers.
 - D. cognitive intelligence.
19. During a meeting with German businesspeople, an American businessperson introduced a change to the agenda. Because the German businesspeople were caught off guard by this change, they became upset, which indicates that German culture tends to _____.
- A. prefers a less-structured environment.
 - B. be highly ethnocentric.
 - C. take greater risks than other cultures.
 - D. have a low tolerance for uncertainty.

20. Latin-American businesspeople often hold several meetings to build trust and get to know their business partners. Businesspeople from other cultures often find this practice frustrating because they want to get down to business. This example illustrates how _____ differs among cultures.
- A. regulation
 - B. language
 - C. ethical behavior
 - D. communication style
21. Japanese businesspeople believe that arriving late at an appointment is extremely disrespectful. This illustrates the importance of understanding cultural issues that relate to
- A. decision making.
 - B. assertiveness.
 - C. time.
 - D. location.
22. An individual's status and title are very important in all aspects of Japanese culture, including business situations. For example, the Japanese businessperson with the most authority sits in the chair furthest from the door, and the remaining employees sit in descending rank around the table, so the lowest ranking employee sits nearest to the door. This situation indicates that Japan
- A. is a hierarchical society.
 - B. has liberal social standards.
 - C. is an individualist culture.
 - D. has a traditional economic system.
23. Jim Martin is a Canadian businessperson who is traveling to Saudi Arabia to close a business deal. Jim should dress conservatively by wearing a
- A. vest, corduroy pants, and long-sleeve T-shirt.
 - B. suit, long-sleeve dress shirt, and tie.
 - C. short-sleeve golf shirt, wristwatch, and casual pants.
 - D. suit, short-sleeve T-shirt, and a vest.
24. Because Indian businesspeople value their personal space, foreigners should
- A. maintain physical distance during conversation.
 - B. shake hands as a gesture of goodwill.
 - C. speak loudly and clearly to be heard and understood.
 - D. begin with social talk before launching into business discussions.
25. Taking responsibility for your actions involves
- A. responding to criticism in a defensive manner.
 - B. letting others accept the blame for your mistakes.
 - C. justifying your errors.
 - D. admitting your mistakes.
26. To manage their work commitments in a timely manner, businesspeople should
- A. work on enjoyable tasks before tackling the unpleasant tasks.
 - B. ask their coworkers to help them with routine activities.
 - C. estimate the time that it takes them to perform their tasks.
 - D. identify shortcuts that they can take get their work done quickly.
27. Because Tim is not a "morning person," it takes a little while for him to feel alert and focused. Which of the following tasks is best for Tim to work on when he first arrives at the office:
- A. Prepare a presentation
 - B. Update the departmental budget
 - C. Write a research report
 - D. Read e-mail
28. Gabriel's boss just assigned him a new project. He needs to create a video presentation, which he has no idea how to do. He starts to get discouraged, but then he reminds himself that this is an opportunity to learn an important new skill. It will look great on his résumé and score him some bonus points with the boss. This is an example of which step for maintaining a positive attitude:
- A. Surround yourself with positive people
 - B. Have a sense of humor
 - C. Look good
 - D. Think positively

29. Which of the following statements is true of diversity:
- A. Valuing diversity means ignoring or minimizing differences.
 - B. Diversity applies only to minorities.
 - C. In group settings, diversity increases creativity and innovation.
 - D. Diversity in the workplace is decreasing.
30. Rob has a job interview this afternoon. In the morning, he goes over his other job offers to figure out which job he will accept (and what the salary and benefits are) if this employer doesn't offer him a position. Rob is developing his
- A. BATNA.
 - B. role.
 - C. walk-away point.
 - D. style.
31. Which of the following is a factor that often leads to workplace stress and burnout:
- A. Lack of task variety
 - B. Adequate compensation
 - C. Sufficient time to meet deadlines
 - D. High control of work assignments
32. Hector's team member isn't motivated to work on their project. She says it looks like too much work, and she doesn't think it's possible to have it all done in their time frame. To motivate her, Hector's first priority should be to demonstrate the project's
- A. importance.
 - B. desirability.
 - C. feasibility.
 - D. reward.
33. Which of the following is an organizational vision:
- A. Penelope's department wants to offer the best customer service in the state.
 - B. Margaret's company wants to be the best sporting goods store in the country.
 - C. Franco wants to get his project done by the end of the week.
 - D. Omar's shoe store plans to increase sales by 15% this quarter.
34. Amira is trying to choose a financial institution. She likes to do her banking in person, and she wants to make sure she selects an institution that's customer friendly. She wants good interest rates and low fees, and she'd also prefer to invest with a not-for-profit institution. Amira should invest her money in a(n)
- A. investment bank.
 - B. Internet bank.
 - C. commercial bank.
 - D. credit union.
35. Claire is the owner of a small consulting firm and has two employees working for her. What type of insurance can Claire purchase to limit her tort liability?
- A. Professional
 - B. Property
 - C. Workers' compensation
 - D. Economic protection
36. Liana, an accountant, is auditing a business. Would it be ethical for her to buy stock in that business?
- A. No, this is considered embezzlement.
 - B. No, because it's a conflict of interest.
 - C. Yes, as long as she tells the company about it.
 - D. Yes, as long as she is careful not to let it affect her accounting decisions.
37. Claudia is creating a balance sheet for her business. She lists the full value of all of her assets, even some office equipment she hasn't completely paid for. However, to find the true net worth of her business, Claudia must subtract the money she owes on the equipment, since the debt is considered a(n)
- A. liability.
 - B. liquid asset.
 - C. accounts receivable.
 - D. dividend.
38. Aisha wants to buy new ovens for her bakery. They'll be expensive, but she has some money saved up that she can use for the purchase. Aisha plans to finance her new equipment using
- A. dividends.
 - B. equity.
 - C. debt.
 - D. accounts receivable.

39. Effective budgets should always be
- A. evaluated.
 - B. optimistic.
 - C. inflexible.
 - D. secretive.
40. Latisha, a human resources manager at a hospital, is writing a list of the skills, knowledge, and characteristics for a nurse position she hopes to fill. She focuses on what education a nurse in that position should have, what personal traits s/he should have, and what s/he should be like. Latisha is working on a(n)
- A. onboarding activity.
 - B. job description.
 - C. strategic plan.
 - D. job specification.
41. To implement a successful knowledge-management system in the workplace, it is important to
- A. focus more on organizing knowledge than gathering it.
 - B. gain the cooperation of employees and support from ownership.
 - C. select three or more employees to serve as knowledge managers.
 - D. develop an organizational reward structure that focuses on financial gains.
42. Which of the following is a reason that organizations undertake knowledge management:
- A. They know that new knowledge is only created outside the organization.
 - B. They want to ensure that organizational knowledge isn't wasted.
 - C. They don't value an organizational culture of learning.
 - D. They must follow the laws and regulations of their industries.
43. Which of the following is an internal factor that influences employees' willingness to share their tacit knowledge with coworkers and managers:
- A. Economic conditions
 - B. Organizational culture
 - C. Public agendas
 - D. Regulatory environment
44. What technological tool can help businesses understand the types of knowledge that employees need to perform their jobs efficiently?
- A. Probability chart
 - B. Accountability matrix
 - C. Systems register
 - D. Navigation log
45. Which of the following are examples of intellectual property that are protected by trade-secret legislation:
- A. Research techniques and artistic works
 - B. Chemical compounds and manufacturing processes
 - C. Novels and customer lists
 - D. Inventions and trade characters
46. Mara recently accepted a job with the Sweet Treat Cookie Company. Her new employer required her to sign a document stating that she will not reveal the ingredients in the company's cookie recipes to external sources. This is an example of a(n)
- A. injunction.
 - B. indictment.
 - C. noncompete provision.
 - D. nondisclosure agreement.
47. Jack is a computer programmer who is struggling to fix a glitch with his company's new computer network. During a get-together with some friends who also work in technology, Jack brings up his dilemma. His friend Janelle suggests a process that helped her solve a similar problem that she experienced a few weeks ago. Two other friends, Tim and Susan, provide some suggestions as well. In this situation, Jack and his friends are transferring knowledge by
- A. applying Groupthink strategies.
 - B. participating in a community of practice.
 - C. forming a strategic alliance.
 - D. conducting a formal interview.

48. Dahlia just started her own business last month. Eventually she'll be concerned with other company goals, but right now she just wants to make sure her business gets off the ground. She knows many businesses fail within the first few years, so for now she needs to focus on
- A. building a larger facility.
 - B. hiring more employees.
 - C. achieving stability.
 - D. developing new goods and services.
49. Reese is writing a paper for his business class. He wants to include an idea he found in one of his sources. He includes just the main points and rewrites the paragraph in his own words, making sure to attribute his ideas to the original source. Reese is
- A. quoting.
 - B. paraphrasing.
 - C. summarizing.
 - D. plagiarizing.
50. What is the primary function of the Random Access Memory (RAM) component of a computer?
- A. Serves as a temporary holding area for files and programs
 - B. Reads the computer code that provide visual effects
 - C. Stores data and programs permanently
 - D. Enables the user to apply point and click commands
51. Which of the following is a primary factor that should be considered when choosing project-management software:
- A. Distribution intensity
 - B. Personal goals
 - C. Group consensus
 - D. Project complexity
52. Which of the following is a project-management software application that duplicates the project database and enables project managers to evaluate potential changes to the project plan and assess "what if" scenarios:
- A. Transaction processing
 - B. Test environment
 - C. Encryption
 - D. Digital scanning
53. What's one way to maintain secure customer records?
- A. Avoid collecting any confidential customer information.
 - B. Make sure the records are easily accessible for all employees.
 - C. Link customers' names with their personal information.
 - D. Encrypt the information customers give you online.
54. Samantha works in a shoe store. Her eight most recent customers wore the following shoe sizes: 9, 7.5, 5.5, 6, 8, 10, 9, and 9. What is the mode of this data set?
- A. 9
 - B. 8
 - C. 8.5
 - D. 4.5
55. The local government fined Lenny's Grille because there were 75 more patrons in the facility at one time than legally permitted. In this situation, the business violated a
- A. maximum capacity code.
 - B. federal property law
 - C. traffic ordinance.
 - D. construction permit.
56. Ruben works in the kitchen of a restaurant. His coworker cut herself on a kitchen knife and she's bleeding profusely. If Ruben wants to help her, what's the most important thing he can do?
- A. Clean the wound so it won't get infected
 - B. Get proper medical training
 - C. Stay calm and call an emergency number
 - D. Interview witnesses and fill out an accident report
57. Which of the following is the most important factor to consider when prioritizing work tasks:
- A. Employee's aptitude
 - B. Enjoyment of tasks
 - C. Coworkers' opinions
 - D. Due dates of tasks

58. Sally, Joe, Tim, and Jane are team members who perform different tasks by themselves at the same time to create a single output. The method of work coordination that the team members are using is the _____ task interdependence.
- A. reversed
 - B. sequential
 - C. reciprocal
 - D. pooled
59. During the execution-and-monitoring stage of project management, the project manager's job is to
- A. deliver the project's final product.
 - B. make sure the project stays on track.
 - C. secure enough funding to complete the project.
 - D. assign roles to team members.
60. 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. Changing a process
 - B. Evaluating a time constraint
 - C. Tracking a milestone
 - D. Assessing a setback
61. A project's stakeholders asked the project manager to revise three components of a long-term project. The project manager should share this information with the project's team members because changes often affect the
- A. team members' competence.
 - B. company's image.
 - C. project's workflow.
 - D. team members' performance reviews.
62. Which of the following statements is true of the bidding process:
- A. Pre-bid meetings are used to address potential bidder questions.
 - B. A bid can be signed by any person at the supplier's company.
 - C. All bids should be shared with each competitor as a bargaining tool.
 - D. The supplier with a substantially lower bid is usually the best choice.
63. Cookery Manufacturing orders heating elements from the Kenton Company to produce ovens. Recently, customers complained to Cookery that their ovens were not heating properly. Cookery researched the issue, and determined that the customers purchased ovens with defective heating elements. Kenton and Cookery took action by replacing the defective parts for the customers. In this situation, Cookery and Kenton maintained a positive working relationship by
- A. working together to resolve a problem.
 - B. collecting information about a new product.
 - C. changing the production process.
 - D. developing a standards plan.
64. When a handbag company embroiders a customer's name or monogram on a cloth tote bag, it is processing a(n)
- A. open requisition.
 - B. blanket requisition.
 - C. special order.
 - D. reorder.
65. Which of the following is an example of a reorder:
- A. The Powell Company did not order enough paper towels for the month, so it ordered an additional four cases.
 - B. Sims Steakhouse received six out of eight cases of glassware on Monday because the vendor ran out of stock.
 - C. Mr. and Mrs. Travis ordered a dining-room set in a wood finish that the furniture store doesn't normally carry.
 - D. Henry's Hardware Store ordered 35 model-N1 hammers and 2 cases of ¼" stainless steel bolts from Franklin Tool Manufacturers.

66. Which of the following is an example of a business obtaining raw-materials inventory:
- A. An accounting firm orders pencils, copy paper, and post-it notes for its staff.
 - B. A department-store chain orders shirts, ties, and socks from different vendors for resale.
 - C. A petroleum processing plant orders a replacement part for a large piece of equipment.
 - D. A snack-food manufacturer orders potatoes, oil, and salt to make its potato chips.
67. "We can accept the volume pricing that you are offering, but we would like the merchandise to leave your facility within 24 hours rather than 48 hours, after the order is placed." In this situation, the negotiator wants to obtain
- A. additional discounts.
 - B. more technical support.
 - C. better lead time.
 - D. an extended warranty.
68. Which of the following is a non-price issue that a business might negotiate with a vendor when purchasing expensive, complex equipment:
- A. Post-sale service
 - B. Payment terms
 - C. Volume reductions
 - D. Compensation
69. Which of the following statements is true of quality control:
- A. It consists mostly of common sense procedures.
 - B. It's necessary only for large businesses.
 - C. It must be measured in some way to be effective.
 - D. It doesn't require much planning to implement.
70. What's the most effective way to save money on business and equipment maintenance?
- A. Create a maintenance schedule, and stick to it.
 - B. Only allow outside technicians to maintain equipment.
 - C. Use the least expensive supplies you can find.
 - D. Invest in cleaning equipment only when absolutely necessary.
71. Wellston Industries wants to compare a current business situation with a target situation. Which of the following tools will help Wellston obtain the information that it wants:
- A. Decision tree
 - B. Mind map
 - C. Gap analysis
 - D. Critical path study
72. Christine is buying a new computer. If she's making her decision logically, which of the following is true:
- A. Her decision-making process is highly subjective.
 - B. She's listening to her friends' opinions.
 - C. She's looking at her alternatives from a neutral point of view.
 - D. Her decision is influenced by how the computers are presented.
73. Perry is thinking about being a project manager, but he's not sure. His guidance counselor suggests he have a discussion with someone who is currently employed as a project manager. What benefit will Perry get from an informational interview like this one?
- A. The project manager will help him with his college application.
 - B. The project manager will probably give him a job.
 - C. The project manager can tell Perry whether or not project management is the right career for him.
 - D. The project manager can tell him what a real day on the job is like.
74. Javier had an interview with a potential employer, Dan Martinez. The interview was pretty casual and informal. How should Javier begin his thank you note?
- A. Hi Dan
 - B. Dear Dan
 - C. Dear Mr. Martinez
 - D. He doesn't need to send a thank you note for a casual interview.

75. Marjane's been at her job for a few years, and she always shows up on time and works hard. However, she keeps being passed over for a promotion. When she talks to her boss about it, her boss says that while Marjane's a good employee, she'll need to work on her soft skills if she wants to be promoted to a managerial position. What should Marjane do?
- A. Take a course in teamwork and communication
 - B. Go to graduate school and get an advanced degree
 - C. Become proficient in a new computer program
 - D. Get another year of work experience and then ask for a promotion again
76. Which of the following provides a business's employees with a foundation for acceptable behavior in the workplace:
- A. Articles of incorporation
 - B. Organizational chart
 - C. Grievance procedures
 - D. Rules of conduct
77. The production manager of a company that produces wrenches, hammers, and electric drills would most likely report to the
- A. operations assistant.
 - B. quality control line supervisor.
 - C. director of purchasing.
 - D. vice president of manufacturing.
78. Which of the following is a tool that businesses should use to set their overall organizational goals:
- A. Mission statement
 - B. Financial budget
 - C. Marketing plan
 - D. Productivity benchmarks
79. A boutique owner set a goal to open two additional stores in the next three years. What type of organizational goal has the boutique owner set?
- A. Control
 - B. Growth
 - C. Profit
 - D. Market share
80. Employees are more likely to be successful in helping a company achieve its organizational goals when they
- A. are promoted to management.
 - B. have appropriate training.
 - C. work independently.
 - D. socialize with their coworkers.
81. In which of the following documents does the project manager clearly define the project's terms and conditions for stakeholders:
- A. Statement of work
 - B. Team agenda
 - C. The project audit
 - D. Project schedule
82. Many experts believe that providing too much detail in the work breakdown structure (WBS) work packages often causes the project manager to
- A. micromanage the project.
 - B. allocate project resources.
 - C. simplify project deliverables.
 - D. develop a SWOT analysis.
83. Which of the following is a true statement about the work breakdown structure (WBS) in project management:
- A. The project scope remains the same after making changes to the WBS.
 - B. Each work package should take between eight and 80 hours to complete.
 - C. The project manager should require team members to approve the WBS.
 - D. Team members develop the WBS dictionary after they carry out their work tasks.
84. The team's project manager said, "Leah, your efficiency rate increased by 10 percent this week, which is far above average. You have made great progress in a short time!" In this situation, the project manager is
- A. providing evaluative information.
 - B. making a suggestion for improvement.
 - C. requesting a project update.
 - D. supporting a team member's decision.

85. After providing the stakeholders with the project deliverables, Lisa analyzed and documented the project's actual results with the initial project goals. What did Lisa do?
- A. Conduct a post-implementation review
 - B. Prepare a lessons-learned report
 - C. Develop a project-issues log
 - D. Compose final delivery instructions
86. The focus of quality management should be on
- A. satisfying customers.
 - B. beating the competition.
 - C. staying within the bounds of the law.
 - D. encouraging employees.
87. Francine likes the auto shop where she takes her car for an oil change because it has a comfortable waiting room with good magazines. This illustrates which important characteristic of quality service providers?
- A. Assurance
 - B. Reliability
 - C. Responsiveness
 - D. Tangibles
88. The focus of the Six Sigma framework involves maximizing overall quality and
- A. expanding product lines.
 - B. hiring qualified employees.
 - C. preventing problems.
 - D. emphasizing innovation.
89. The Hastings Company implemented a series of gradual changes throughout the company over time that resulted in more durable products and greater employee efficiency. What type of continuous improvement does this situation exemplify?
- A. Accelerated
 - B. Breakthrough
 - C. Recovery
 - D. Incremental
90. Jack asked a customer to provide some information about his company's competitors. In return, Jack told the customer that he would give him/her the lowest possible price for the company's new line of products. The customer was not comfortable with Jack's behavior and ended the 15-year partnership with the company. This is an example of how unethical business behavior can negatively affect
- A. prospecting practices.
 - B. product pricing and quality.
 - C. buyer/seller relationships.
 - D. management style.
91. What technology can businesses use to reduce the risk of network security breaches?
- A. Concurrency control applications
 - B. Teleprompter devices
 - C. Intrusion detection systems
 - D. Pirated software programs
92. Companies use risk-matrix software applications to
- A. determine the amount of their insurance premiums.
 - B. prevent identity-theft activities and eliminate external risks.
 - C. organize their financial data in secure locations.
 - D. identify and prioritize their primary business risks.
93. To lower risks associated with noncompliance, a company should
- A. monitor changes in laws affecting its business activities.
 - B. hire an environmental attorney to oversee all business functions.
 - C. limit the potential of personal injury by purchasing property insurance.
 - D. encourage all employees to understand the advanced principles of contract law.
94. The core activity of managerial planning involves
- A. modifying behavior.
 - B. determining objectives.
 - C. implementing procedures.
 - D. identifying gains.
95. What type of plan do businesses often implement when an original plan fails to produce the desired results?
- A. Production
 - B. Communications
 - C. Contingency
 - D. Strategic

96. An important activity associated with the organizing function of management is
- A. developing a blueprint.
 - B. defining employees' roles.
 - C. evaluating performance.
 - D. creating tangible outputs.
97. Coordinating business activities is an important aspect of the organizing function of management because it
- A. defines the company's mission statement.
 - B. enables the business to prepare precise forecasts.
 - C. establishes clear relationships among the company's resources.
 - D. ensures that the employees understand all the business's activities.
98. Which of the following has a negative effect on an understaffed business:
- A. Fewer premiums
 - B. Decreased turnover
 - C. Increased errors
 - D. Higher property taxes
99. Kate says, "I am very pleased with your progress on the project, Devon. Take the rest of the day off, and we'll talk about the next phase of the project tomorrow." What directing activity is Kate performing?
- A. Delegating responsibility
 - B. Establishing a schedule
 - C. Motivating an employee
 - D. Training a worker
100. Effective managerial control often involves
- A. providing incentives.
 - B. setting long-term goals.
 - C. taking corrective action.
 - D. assigning tasks.

1. C

Defamation. A tort action occurs when one party (in this case, Frieda) brings a personal suit against another party to gain money or other relief in exchange for any harm. In Frieda's case, her business suffered after Shamir's untrue accusations were printed in the newspaper. Making false statements with the intent of harming someone else (or their business) is known as defamation. Appropriation is the use of another person's likeness or any other identifying characteristic without their permission. If Shamir had used Frieda's name or picture in his advertising materials without getting her permission, that would be considered appropriation. Negligence is an unintentional tort that occurs when a party doesn't live up to duties and causes unplanned harm to another party. Shamir intended to cause damage to Frieda's business, so this wasn't a tort of negligence. Wrongful interference occurs when a third party interferes in a contractual (or business) relationship between two other parties.

SOURCE: BL:069

SOURCE: Miller, R.L., & Jentz, G.A. (2005). *Fundamentals of business law* (pp. 82-102). Ohio: West Legal Studies in Business, Thomson Learning.

2. C

Using a verbal acknowledgement response. In one-on-one or small group conversations like Megan's, a short verbal response lets the speaker know you are paying close attention. By saying things like, "I see," or "Uh-huh," you let the other person know that you're actively listening. Repeating critical information is another important active-listening skill that involves repeating things like phone numbers, names, or web addresses. When you paraphrase the message, you repeat what the other person said, but in your own words. When you collect all the information possible, you observe gestures, interpret body language, and listen to the person's tone of voice. All of these are important active-listening skills, but they aren't what Megan is doing in this example.

SOURCE: CO:017

SOURCE: QS LAP 1—Listen Up (Active Listening Skills)

3. A

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

SOURCE: CO:114

SOURCE: Bucki, J. (n.d.). *How to end a phone call professionally*. Retrieved January 30, 2013, from <http://operationtech.about.com/od/informationtechnology/tp/Phone-Call-End-Professionally.htm>

4. D

Inductive organization. Inductive organization starts with examples, facts, or reasons and saves conclusions for last. When you need to persuade someone of something, inductive organization can be especially helpful. This is the case for Alexis and her team. She knows that her boss won't necessarily want to spend a lot of time and money on the project, so she starts by listing the benefits. If she started out with the costs, her boss would likely be scared off before she even had the chance to convince him. Deductive organization is the opposite of inductive organization. It starts with the conclusion, and then moves to examples, facts, and reasons. This method of organization is best when delivering routine information or business writing. Chronological order presents information in time sequence. This is useful when describing history or sales figures. Geographical order involves organizing your information around location. This method of organization isn't used that often, since there aren't many topics that are easily organized by location.

SOURCE: CO:086

SOURCE: College of Marin. (n.d.). *Chapter 10 lecture: Six methods for organizing data*. Retrieved January 29, 2013, from http://www.marin.edu/buscom/index_files/Page1347.htm

5. D

Requesting more information about a company. When you need to request information or ask a question, you send a letter of inquiry. Letters of inquiry can be written for many different reasons—to request more information about a company, to ask a question about a product, to inquire about a job opening, to ask for advice, to request paperwork, etc. A letter that thanks a potential employer for an interview is a follow-up letter, not a letter of inquiry. When informing employees of a payroll change, you'd likely write a memo. A business report summary is known as an executive summary. This is meant for people who don't have time to read the entire business report, and it's not the same thing as a letter of inquiry.

SOURCE: CO:040

SOURCE: McMurrey, D.A. (n.d.). *Chapter 1: Business correspondence-Inquiry letters*. Retrieved February 4, 2013, from www.gel.ulaval.ca/~poussart/gel64324/McMurrey/texte/inquire.htm

6. C

Feasibility report. A feasibility report summarizes the positive and negative consequences or implications of taking a certain course of action. Troubleshooting reports address specific problems, such as a problem with a process. A sales analysis is an examination of a company's sales for a certain period of time. A request for proposal is an invitation that a business extends to suppliers to bid on a particular project or program.

SOURCE: CO:185

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

7. B

Problem statement. The problem statement is the heart of the research report—it defines the issue at hand and summarizes the purpose of the research. In the example, the company defines the problem as product-release failures due to understaffing. In a few additional paragraphs, the report writer should go into more detail about the problem. The executive summary is an overview of the entire report. The audience typically uses the executive summary to determine whether it is worthwhile to read the report any further. The recommendations section is the proposed course of action and is the last component presented in the report. A pronouncement (statement) of intent is an agreement to do something.

SOURCE: CO:186

SOURCE: Walonick, D.S. (2005). *Elements of a research proposal and report*. Retrieved January 28, 2012, from <http://www.statpac.org/research-library/research-proposal.htm>

8. D

A description of the sampling plan and research technique. A research report is a written document that summarizes an investigation of a particular issue or problem. The methodology section of the report outlines the research plan and includes a description of the sampling plan, research technique (e.g., survey or interview), research procedures, and reliability of the results. The purpose and significance of the study appear in the introduction section of the research report. References appear at the end of the report, after the conclusions and recommendations section.

SOURCE: CO:186

SOURCE: Walonick, D.S. (2005). *Elements of a research proposal and report*. Retrieved January 28, 2012, from <http://www.statpac.org/research-library/research-proposal.htm>

9. C

Memo. If Sophia needs to transmit a message to her staff that involves lots of numbers and figures but doesn't require much explanation, a memo is her best bet. This way each employee will have a record of the information to keep on file. A face-to-face meeting would be an inconvenient way to transmit the necessary information. Sophia would waste valuable time going over each figure, when employees could just as easily read the information themselves. A conference call and voicemails would also not be ideal. With either of those options, the employees wouldn't have the information in front of them. The numbers would also be confusing to explain over the phone. It's always important to choose the correct information channel. If Sophia chooses the wrong one, she could confuse her employees or distort the message.

SOURCE: CO:092

SOURCE: Fennell, Z. (1999-2013). *The importance of communication channels in business*. Retrieved February 11, 2013, from http://www.ehow.com/about_6511827_importance-communication-channels-business.html

10. A

Brand promise. A business's brand promise is its (spoken or unspoken) agreement with its customers that it will consistently meet their expectations. When Patricia's customers visit her business, they know they'll receive outstanding customer service every time. A brand promise should go above and beyond goods and services and focus on something other businesses don't offer. For example, the other auto repair shops in town may do repairs that are just as good, but it's Patricia's outstanding customer service that sets her apart. A tagline is a company's slogan. Taglines often change based on marketing campaigns and cultural shifts, but a company's brand promise is permanent. A vision is the future a business desires to create. Providing great customer service may be part of Patricia's vision, but that alone is not a vision. A mission statement is a brief summary of what a business owner wants to be doing. This is not the same as a brand promise.

SOURCE: CR:001

SOURCE: Webalue. (2009). *What is brand promise?* Retrieved February 7, 2013, from <http://communications.webalue.com/2009/08/13/what-is-brand-promise>

11. A

Advocacy. Word-of-mouth promotion and referrals to other potential customers are known as advocacy. This is what Simone uses when she relies on happy customers to spread the word about her business. Advocacy is a main goal of customer experience management (CEM). Relationship buying occurs when customers find businesses they like and stick with them. Instead of shopping around, they prefer to stay with the business they currently patronize. Corporate culture refers to the values and ideals that an organization encourages among its employees. Business process management focuses on aligning a business's objectives and activities with customer needs by stressing innovation, flexibility, and most importantly, technology.

SOURCE: CR:016

SOURCE: CR LAP 2—Know When to Hold 'Em (Nature of Customer Relationship Management)

12. A
Virtual service. A service offered through a means of communication such as the Internet is known as a virtual service. Offering virtual services has an impact on business activities. An online degree is not considered a low-quality product, an outsourced service, or a merger.
SOURCE: EC:071
SOURCE: EC LAP 19—Strictly Business (Business Activities)
13. D
Operational. Operational risks are the possible events and situations that can result from employee actions, core processes, and daily business activities. Unfortunately, people and processes aren't perfect—as long as a business deals with people, it will always have some degree of operational risk. Take Nadia's employee Roger, for example, whose human errors are considered operational risks. Hazard risks are potential events or situations that can cause injury or harm to people, property, or the environment. Most hazard risks can only cause business losses, not gains. Strategic risks are broad risks that often concern the overall business environment. Financial risks are possible events or situations that directly influence a company's cash flow.
SOURCE: EC:011
SOURCE: EC LAP 3—Lose, Win, or Draw (Business Risk)
14. D
Income tax. Income tax is based on the amount of money you earn. Because of income tax, part of each of Vince's paychecks is given to the government. Income tax is the biggest source of federal tax revenue. Property tax is a tax on real estate and personal possessions. Sales tax is a tax on the sale/exchange of goods. Sales taxes are placed on most retail transactions. An excise tax is a type of sales tax that's placed on something specific, such as alcohol or tobacco. Excise taxes are typically either used on goods that are harmful to consumers or commodities that are in short supply.
SOURCE: EC:072
SOURCE: AmosWEB. (2000-2011). *Taxes*. Retrieved February 5, 2013, from http://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=taxes
15. A
Structural. Structural unemployment occurs when workers' skills don't match up with the jobs available. This often happens when there are technological advances, like in Randy's situation. Although he is a skilled worker, the jobs available need a different set of skills. In Randy's case, his best option is to get more education or training so he will have the necessary skills to become employed again. Frictional unemployment occurs when the right jobs and workers just haven't been matched up. Unlike with structural employment, there is a job that utilizes the employee's skills, but s/he just hasn't found it yet. Cyclical unemployment happens when there's an overall decline in the economy. For example, when a recession hits, fewer people are able to find employment. This is not the case for Randy, as there are plenty of jobs. He just doesn't have the skills necessary for any of them. Seasonal unemployment is predictable and expected in many industries. For example, teachers aren't usually employed in the summer.
SOURCE: EC:082
SOURCE: AmosWEB. (2000-2011). *Structural unemployment*. Retrieved January 30, 2013, from http://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=structural+unemployment
16. B
It encourages exports. A weak dollar is a dollar that's worth less than another (foreign) currency. A weak dollar creates many disadvantages for the economy, but one advantage is that it encourages exports. A weak dollar means that foreign currency is able to buy more goods. A weak dollar actually creates less consumer spending because imported products become more expensive, meaning that consumers can't afford to buy as much. Employee wages typically go down, since employers have to pay more for their supplies. In addition, employers usually can't afford to hire new employees. In fact, they often have to lay off workers.
SOURCE: EC:100
SOURCE: Taylor, G. (n.d.). *The disadvantages of a weak dollar*. Retrieved February 5, 2013, from <http://smallbusiness.chron.com/disadvantages-weak-dollar-39297.html>

17. B

Nonverbal communication. Nonverbal communication involves the use of gestures or facial expressions rather than the use of words. The meaning of gestures and facial expressions vary by culture. As described in the example, maintaining eye contact indicates interest in the American culture; however, some cultures rarely maintain eye contact because they consider it a rude gesture. Social status refers to a person's social class, which may be influenced by education, money, surname, title, occupation, and geographic location. Clothing, makeup, and hygiene are issues that relate to appearance. Gender refers to an individual's sex—male or female.

SOURCE: EC:130

SOURCE: Roberts, K., & Taylor, S. (n.d.). *United States communications*. Retrieved January 4, 2012, from <http://www.cyborlink.com/besite/us.htm>

18. A

Dining etiquette. Because dining customs and traditions vary, foreign businesspeople should learn about the proper dining etiquette before visiting another country. Researching a country's dining etiquette can prevent embarrassing situations such as talking about business matters at an inappropriate time (e.g., dinner). Negotiating style is the manner in which a person behaves during the negotiation process. Language barriers are obstacles that hinder the understanding of messages among cultures that speak different languages. Cognitive intelligence is a person's capacity to learn and understand.

SOURCE: EC:130

SOURCE: Roberts, K., & Taylor, S. (n.d.). *Behavior in Canada*. Retrieved January 4, 2012, from <http://www.cyborlink.com/besite/canada.htm>

19. D

Have a low tolerance for uncertainty. Cultures that have numerous rules and like to know what to expect tend to have a low tolerance for uncertainty and ambiguity. Because these cultures prefer structure and order, they do not easily accept new ideas or change, nor do they feel comfortable taking risks. The example does not indicate that Germans are highly ethnocentric, which is the belief that your own culture is naturally better than other cultures.

SOURCE: EC:131

SOURCE: Priest, M. (n.d.). *Geert Hofstede analysis for Germany*. Retrieved January 8, 2013, from <http://www.cyborlink.com/besite/germany.htm>

20. D

Communication style. Communication style is the way in which people interact and exchange information. Cultures vary in the way they communicate. Some cultures are direct and prefer to get down to business. Others, such as the Latin-American culture, prefer to take time to get to know their business partners. The example does not illustrate language, ethical, or regulatory differences.

SOURCE: EC:132

SOURCE: Kwantessential. (n.d.). *Bolivia—Language, culture, customs, and etiquette*. Retrieved January 8, 2012, from <http://www.kwantessential.co.uk/resources/global-etiquette/bolivia.html>

21. C

Time. The concept of punctuality differs among cultures. In Japan, arriving late to an appointment indicates a lack of consideration or importance to the other party. In business situations, a late arrival may affect the ability to reach a business agreement. On the other hand, some cultures view the concept of time differently. A businessperson might keep a client waiting because s/he wants to finish a task so that the client has his/her undivided attention. Assertiveness is a communication factor. Decision making is the process of choosing among alternatives. Location is a space or geographic consideration.

SOURCE: EC:133

SOURCE: Kwantessential. (n.d.). *Japan—Language culture, customs, and etiquette*. Retrieved January 9, 2013, from <http://www.kwantessential.co.uk/resources/global-etiquette/japan-country-profiles.html>

22. A

Is a hierarchical society. A hierarchy is a system in which people or groups have roles in society based on authority, rank, or status. In the situation presented, each Japanese employee sits according to the rank or position that s/he holds in the company, which is a characteristic of a hierarchical organization. Because the Japanese culture embraces this attitude in other aspects of day-to-day life, such as family and social settings, Japan is a hierarchical society. Hierarchical societies tend to have strict social standards. A collectivist culture is a society that values a strong and loyal group orientation. Japan is a collectivist culture that has a capitalist economic system.

SOURCE: EC:133

SOURCE: Kwintessential. (n.d.). *Japan—Language culture, customs, and etiquette*. Retrieved January 9, 2013, from <http://www.kwintessential.co.uk/resources/global-etiquette/japan-country-profiles.html>

23. B

Suit, long-sleeve dress shirt, and tie. In Saudi Arabia, it is inappropriate to display bare shoulders, legs, and arms. To project the proper image and not offend Saudi Arabians, foreign businesspeople should wear conservative clothing that covers most of the body. Men should wear dark suits (jacket and slacks), a long-sleeve dress shirt, and a tie. Vests may be worn under suit jackets. Corduroy or casual pants, long-sleeve T-shirts, and short-sleeve golf shirts are casual attire. A wristwatch is an accessory.

SOURCE: EC:134

SOURCE: Butler, P. (n.d.). *Saudi Arabia appearance*. Retrieved January 9, 2013, from <http://www.cyborlink.com/besite/saudi-arabia.htm>

24. A

Maintain physical distance during conversation. Personal space is the physical distance between two or more individuals. Culture influences the amount of personal space that a person is comfortable with. Indians tend to prefer a lot of personal space, so foreigners should maintain some physical distance from their Indian business partners during face-to-face interactions. Shaking hands is a greeting. Vocal volume and clarity are verbal communication considerations. The importance of social talk is a factor that relates to the culture's communication style.

SOURCE: EC:135

SOURCE: eDiplomat. (2013). *India: Body Language*. Retrieved January 9, 2013, from http://www.ediplomat.com/np/cultural_etiquette/ce_in.htm

25. D

Admitting your mistakes. Taking responsibility for your actions often involves admitting that you made a mistake and that you are willing to accept the consequences of your actions. Although it is difficult to admit your mistakes, taking responsibility for them indicates that you are an honest person, which is a trait that employers value. Letting others accept blame for your mistakes, justifying your errors, and responding to criticism in a defensive manner are not ways in which you take responsibility for your actions.

SOURCE: EI:075

SOURCE: Shannon, E. (2011, November 4). *How to handle your mistakes like a pro*. Retrieved January 25, 2013, from <http://academy.justjobs.com/accept-responsibility-for-your-mistakes/>

26. C

Estimate the time that it takes them to perform their tasks. When businesspeople estimate the time that it takes to perform their tasks, it helps them to plan, prioritize, and manage their workloads effectively. Planning their work helps businesspeople avoid scheduling activities too close together, which can affect the quality of their work. For example, if it takes a businessperson one hour to prepare a status report that is due at 4:00 p.m., s/he should not start the report at 3:30 p.m. Because coworkers have their own work commitments, they only should help in emergencies with management's approval. Pleasant tasks are not always priorities for businesspeople. Taking shortcuts and performing work too quickly often results in errors and low-quality work.

SOURCE: EI:077

SOURCE: Time Management. (n.d.). *Manage your scheduling commitments—Six effective guidelines to get things done (part 2)*. Retrieved January 25, 2013, from <http://www.timemanagment.info/111/manage-your-time-scheduling-commitments-six-effective-guidelines-to-get-things-done/2/>

27. D

Read e-mail. Most people have times of the day when they feel more energetic and focused. Some people, like Tim, need a few minutes to get going in the morning. If possible, it is best for these individuals to first work on simple or routine tasks, such as reading e-mail or listening to voicemail messages. When Tim feels more alert and focused, he is better prepared to work on more cognitive-based or complex tasks, such as updating the departmental budget, writing a research report, or preparing a presentation.

SOURCE: EI:077

SOURCE: Time Management. (n.d.). *Manage your scheduling commitments—Six effective guidelines to get things done (part 2)*. Retrieved January 25, 2013, from <http://www.timemanagment.info/111/manage-your-time-scheduling-commitments-six-effective-guidelines-to-get-things-done/2/>

28. D

Think positively. Gabriel's behavior in this situation illustrates the step "think positively" in the list of steps to maintain a positive attitude. Gabriel found the good aspects of what seemed like a bad situation, and this allowed him to turn his problem into an opportunity. While having a sense of humor, looking good, and surrounding yourself with positive people are all important steps towards maintaining a positive attitude, they aren't shown in Gabriel's actions.

SOURCE: EI:019

SOURCE: EI LAP 3—Opt for Optimism (Positive Attitude)

29. C

In group settings, diversity increases creativity and innovation. Diversity brings different views, experiences, and strengths to the table. This is invaluable in a group setting. Think of it this way: If you fill a brainstorming session with people who are exactly like you, you won't get any new ideas. However, if you find people who have different backgrounds and experiences, they will likely have solutions you might not have thought of. Diversity doesn't just apply to minorities, and it doesn't refer only to race or ethnicity. Diversity includes *everyone*, which is why it's so important to learn to value diversity. Although some people think that valuing diversity means ignoring or minimizing differences, that's not the case. Instead, we should openly acknowledge differences and see them as assets, not problems. Diversity in the workplace is actually greatly increasing. A few decades ago, the workforce consisted predominantly of white males. Today, white males make up less than half the workforce in the United States. That's why employees who value diversity are in high demand, and companies without them will find it difficult to succeed.

SOURCE: EI:033

SOURCE: EI LAP 11—Getting to Know You (Cultural Sensitivity)

30. A
BATNA. Rob is developing his Best Alternative to a Negotiated Agreement, also known as his BATNA. If this job interview doesn't result in an offer, Rob is prepared with another option. Rob's BATNA also gives him leverage if he needs to negotiate salary or benefits. He won't feel pressured to take whatever the employer offers him because he knows he has another alternative. Rob is not developing his role—knowing your role is primarily useful in group negotiations, where different group members may take on different roles (such as "good cop" or "bad cop"). The walk-away point is the point at which it is no longer feasible or profitable to do business with the other party. This is also useful for Rob to determine before his interview, but it's not what he's doing in this example. Style refers to the way a person negotiates. Although everyone has a negotiating style, this is not what Rob is determining.
SOURCE: EI:062
SOURCE: EI LAP 8—Make It a Win-Win (Negotiation in Business)
31. A
Lack of task variety. Stress is a mental, physical, or emotional feeling of pressure or tension. Burnout is a type of exhaustion that results from too much stress, which is a mental, physical, or emotional feeling of pressure or tension. Many things can cause stress and burnout in the workplace including inadequate compensation (pay), unrealistic deadlines, little control over work assignments, and monotony. Monotony involves performing the same task repeatedly, which often leads to boredom, indifference, and a lack of motivation. When workers lack a variety of challenging tasks or assignments, they are more likely to suffer from stress and job burnout.
SOURCE: EI:028
SOURCE: Dalton, M., Hoyle, D.G., & Watts, M.W. (2006). *Human relations* (3rd ed.) [p. 309]. Mason, OH: South-Western Cengage Learning.
32. C
Feasibility. Feasibility is the achievability of a goal. If Hector can demonstrate to his team member that the project truly can be done within their time frame, she'll feel much more motivated. Desirability is also an important factor in increasing motivation, but even if a project seems valuable, employees won't be that motivated if they think it's impossible. They may give up easily if they see the project as a losing battle. Although it's wise to let employees know why a project is important, it's more important to first make sure they know that it can be done. Rewards are also important, since they let employees know that their work is recognized and appreciated. This often makes employees look forward to working on future projects, but in the case of this project, the first priority is making sure team members see the feasibility.
SOURCE: EI:059
SOURCE: Portny, S.E. (2010). *Project management: How to motivate team members*. Retrieved February 7, 2013, from <http://www.dummies.com/how-to/content/project-management-how-to-motivate-team-members.html>
33. B
Margaret's company wants to be the best sporting goods store in the country. Organizational vision refers to the future a company's leaders desire to create. Margaret's plan for her company's future is considered an organizational vision. A team vision complements an organizational vision, but it's more tailored to specific work tasks. Penelope's departmental plan, for instance, is considered a team vision. Franco's desire to get his project done by the end of the week is considered a goal, not a vision. His goal is likely part of a larger team or organizational vision. Omar's plan to increase his shoe store's sales is also considered a goal. Goals are typically short-term, while visions are long-term.
SOURCE: EI:060
SOURCE: EI LAP 13—Vision Quest (Enlisting Others in Vision)

34. D

Credit union. Amira would likely be happy banking with a credit union. Credit unions are not-for-profit financial institutions that are owned by their members. Because of this, they have the customers' best interests at heart. They also usually have better interest rates and lower fees than some other types of financial institutions. If Amira enjoys doing her banking in person, an Internet bank would likely be a bad choice for her. Internet banks do all of their transactions online. Amira also wouldn't be happy with a commercial bank. Although commercial banks offer a wide array of services, they do not always offer good interest rates. Investment banks don't accept deposits, so they wouldn't be a good choice for Amira. Instead of dealing with the general public, investment banks typically work with businesses.

SOURCE: FI:075

SOURCE: Investopedia. (n.d.). *Chapter one—Types of financial institutions and their roles*. Retrieved February 8, 2012, from <http://www.investopedia.com/walkthrough/corporate-finance/1/financial-institutions.aspx#axzz2Kb4hzk7e>

35. A

Professional. A tort is a private wrongdoing against a person or business. Professional liability insurance limits financial losses that occur if a client files a lawsuit against a business professional (e.g., accountant, attorney, and architect). Property insurance covers losses associated with theft, fire, flood, etc. Businesses purchase workers' compensation insurance to provide benefits to employees who are injured on the job. Economic protection insurance is a fictitious term.

SOURCE: FI:081

SOURCE: Bolt Insurance Agency. (n.d.). *The significance of professional liability insurance*. Retrieved January 2, 2013, from <http://www.boltinsurance.com/business-insurance/articles/article-the-significance-of-professional-liability-insurance/>

36. B

No, because it's a conflict of interest. Since Liana knows everything about the business's financial information, it's unethical for her to buy stock in the company. It's considered a conflict of interest for her to own stock in the company she's auditing, as this affects her objectivity and independence. She has a vested interest in making sure that the company's financial records are good, since she stands to profit. Embezzlement is when someone steals something that's been placed in his or her care. Although owning stock in the company she's auditing would be unethical, Liana wouldn't actually be stealing anything. Just because Liana tells the company about her stock doesn't make it ethical. She may think that she will be able to keep her personal investing and her work life separate, but it's still a conflict of interest that she should be careful to avoid.

SOURCE: FI:351

SOURCE: Accountants Professional Liability Risk Control. (2012). *Avoiding conflicts of interest*. Retrieved February 6, 2013, from <http://www.cpai.com/show-article?type=print&id=379>

37. A

Liability. Liabilities are the financial obligations a business has. In Claudia's case, the money she still owes on her office equipment is considered a liability. To find the net worth of her business, she must subtract her total liabilities from her total assets. This gives her an accurate picture of her business's health. A liquid asset is cash or any asset that can be quickly converted into cash. Accounts receivable are money owed to the business for purchases made by customers. Dividends are sums of money paid to investors or stockholders as earnings on investments.

SOURCE: FI:093

SOURCE: Businesstown. (2001-2003). *Balance sheets*. Retrieved February 11, 2013, from <http://www.businesstown.com/accounting/basic-sheets.asp>

38. B
Equity. Assets a company already owns and can use to finance a new venture are known as equity. Aisha's using equity when she purchases new ovens with money she already has saved up. Dividends are sums of money paid to investors or stockholders as earnings on investments. Debt refers to taking out a loan from a bank or other lending institution. Since Aisha already has her money, she doesn't have to go into debt to buy the new ovens. Accounts receivable refers to all the money owed to the business by others.
SOURCE: FI:354
SOURCE: FI LAP 7—Money Matters (Role of Finance)
39. A
Evaluated. An effective budget is one that is evaluated regularly. The real value of a budget comes in using it to assess the company's progress in achieving its goals. A budget must be evaluated from time to time to move the business forward. Budgets should not be optimistic; rather, they should be realistic. It's important to base budgets on realistic estimates. If a business isn't honest with its budget, the budget won't be very helpful. Because budgets are estimates, it's crucial that they remain flexible. There will always be factors outside a business's control that may require a change in the budget. Budgets shouldn't be secretive; instead, they should be clearly communicated with all employees. When each person in the company is aware of his/her effect on the company's profits, s/he will be more motivated to be cost-conscious.
SOURCE: FI:106
SOURCE: FI LAP 3—Money Tracks (Nature of Budgets)
40. D
Job specification. A job specification is an explanation of the skills, knowledge, and characteristics required for a job. It describes what a person in that position should be. When Latisha lists the education and personal traits she wants a nurse to have, she's creating a job specification. A job description is an explanation of the responsibilities and tasks associated with a specific job. It describes what an employee in the position does. If Latisha wrote a job description for the nurse position, she would explain the actual duties of the job. Strategic planning is long-range planning (about three to five years) for the company as a whole. Onboarding activities are part of the staffing process and include employee orientation and various types of paperwork, like insurance, tax-withholding, direct deposit, and citizenship information.
SOURCE: HR:410
SOURCE: HR LAP 35—People Pusher (Nature of Human Resources Management)
41. B
Gain the cooperation of employees and support from ownership. To collect, maintain, and use knowledge effectively, business owners need to encourage and support knowledge-management initiatives, and employees must be willing to share their knowledge. Challenges to an effective knowledge management system include focusing more on organizing the knowledge than gathering it and developing an organizational reward structure that focuses on financial gains. Businesses that implement a successful knowledge-management system typically have a knowledge leader or manager and a knowledge team that consists of employees from different departments.
SOURCE: KM:001
SOURCE: KM LAP 1—Know Go (Nature of Knowledge Management)
42. B
They want to ensure that organizational knowledge isn't wasted. Organizations undertake knowledge management because they want to make sure that organizational knowledge is available for use, not wasted. New knowledge comes from both within and outside of an organization. Organizations that undertake knowledge management value an organizational culture of learning. There are no laws or regulations forcing organizations to manage knowledge.
SOURCE: KM:001
SOURCE: KM LAP 1—Know Go (Nature of Knowledge Management)

43. B

Organizational culture. Tacit knowledge is expertise that is often difficult to explain or quantify. Businesses with positive work cultures tend to encourage openness and sharing, which builds trust among employees. When coworkers trust one another and feel valued by their employers, they are more likely to share their tacit knowledge with one another. Negative work environments tend to foster a distrustful environment, which often discourages employees from sharing their expertise. In these situations, employees are often fearful about losing their jobs and are more likely to keep helpful information to themselves. Economic conditions, public agendas, and regulations are external factors that affect business activities.

SOURCE: KM:002

SOURCE: Evans, A. & McKinley, M. (2010). *Paradigm and paradox: Knowledge management and business ethics*. Retrieved January 3, 2013, from <https://www.waset.org/journals/waset/v42/v42-173.pdf>

44. B

Accountability matrix. An accountability matrix is a table that businesses use to assign tasks to workers and track their progress in relation to various business or project activities. Because an accountability matrix shows relationships among resources, businesses can use it to capture organizational knowledge for future use. Businesses may design their own accountability matrices by using word-processing or spreadsheet applications or by using project-management software programs. A probability chart is a risk management tool. A navigation log is a tool that tracks the times and locations of aircraft. Systems register is a fictitious term.

SOURCE: KM:003

SOURCE: Ledbrook, L. (2012, April 5). *RACI matrix basics—How to use one*. Retrieved January 3, 2013, from <http://projectcommunityonline.com/raci-matrix-basics-how-to-use-one.html>

45. B

Chemical compounds and manufacturing processes. A trade secret is information that a business develops or owns that can be used to obtain a competitive advantage or financial gain. Chemical compounds, manufacturing processes, and research techniques are examples of trade secrets. Copyrights legally protect novels and artistic works such as musical compositions and paintings from unauthorized use by others. Trademarks legally protect trade characters, and patents legally protect inventions.

SOURCE: KM:004

SOURCE: Bellis, M. (2013). *All about trade secrets*. Retrieved January 3, 2013, from http://inventors.about.com/od/tradesecrets/a/trade_secret.htm

46. D

Nondisclosure agreement. A nondisclosure agreement is a contract between an employer and an employee that states that the employee will not reveal the employer's trade secrets (e.g., formula, recipe, manufacturing technique) to future employers for whom the employee might work. The purpose of a nondisclosure agreement is to provide businesses with legal protection if a competitor attempts to use revealed information for financial gain or benefit. Nondisclosure provisions or agreements are often part of the noncompete agreement, which is a contract between an employer and an employee that states that the employee will not work for a competitor for a certain length of time after leaving the company. An indictment is a court-issued statement that formally charges an individual with a crime. An injunction is a court order forbidding a business or a person to perform certain activities.

SOURCE: KM:004

SOURCE: Inc.com. (2009, December 1). *How to protect your trade secrets*. Retrieved January 3, 2013, from <http://www.inc.com/magazine/20091201/how-to-protect-your-trade-secrets.html>

47. B

Participating in a community of practice. A community of practice is an informal group that is formed by people who have common interests. In communities of practice, group members share ideas, discuss problems, and brainstorm solutions. By doing so, the group members are transferring their knowledge among themselves. One or all members can capture and record the collected knowledge for future personal or group use. In the example, Jack and his friends share a common bond because all of them work in technology. When the group met, Jack's friends offered suggestions for resolving his work dilemma; therefore, the group is a community of practice. Groupthink is a situation that occurs when conforming to the group becomes more important than expressing individual judgment and ideas. A strategic alliance is an arrangement that involves two or more businesses entering into a relationship by combining complementary resources such as technology, skills, capital, or distribution channels for the benefit of all parties; the relationship is usually short-term or for a single project/transaction. The situation is not an example of a formal interview.

SOURCE: KM:005

SOURCE: Dale, S. (2010, May). *Cultivating knowledge through communities of practice*. Retrieved January 2, 2013, from <http://www.slideshare.net/stephendale/cultivating-knowledge-through-co-ps-may-2010>

48. C

Achieving stability. As Dahlia knows, starting a new business isn't easy. Many businesses fail soon after opening. So, for many start-up companies, achieving stability is a main goal. Other goals can come later, after the business has stabilized. Hiring more employees and building a larger facility would be considered expansion. Dahlia will probably consider expanding in the future, but for now she needs to focus on achieving stability. The same is true of developing new goods and services—later on, when Dahlia has developed a strong customer base for the goods and services she already has, she may want to consider developing new ones.

SOURCE: MK:015

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

49. C

Summarizing. Quoting, paraphrasing, and summarizing are all ways to incorporate another writer's work into your own. Although they are similar, there are key differences among them. Quoting occurs when you use someone else's text word-for-word. Paraphrasing involves using a section of the source material, but putting it into your own words. What Reese is doing is summarizing—putting the ideas in the source material into his own words but including only the main points. His summary will be much shorter than the original text, since he's only including the most important information. Quoting, paraphrasing, and summarizing are not the same as plagiarizing. Plagiarizing occurs when you use someone else's words and don't credit him/her. That's not what Reese is doing, since he's being careful to cite the original source. Avoiding plagiarism is very important, since it's dishonest and it can have negative consequences at school or work.

SOURCE: NF:080

SOURCE: OWL Online Writing Lab. (1995-2012). *Quoting, paraphrasing, and summarizing*. Retrieved January 29, 2013, from <http://owl.english.purdue.edu/owl/resource/563/01/>

50. A

Serves as a temporary holding area for files and programs. Random Access Memory or RAM is a temporary workspace that stores data and programs that the user is actively using. A computer containing a lot of RAM enables users to open and work on several files and programs at one time. When the user has finished working with a file or program, s/he saves or stores the information permanently on the hard drive. The video card is a component of the system that converts code so the user can view items on the computer monitor. The computer mouse is a tool that enables computer users to enter commands.

SOURCE: NF:084

SOURCE: Computer Knowledge For You (n.d.). *Computer components knowledge*. Retrieved January 2, 2013, from http://www.computerknowledgeforyou.com/computercomponents/computer_components.htm
I

51. D

Project complexity. There are many programs available to track and manage projects. The complexity of the project is a primary factor to consider when choosing project-management software. Businesses that take on occasional, simple projects might consider using a program with basic applications (e.g., spreadsheet). Businesses that have several projects occurring at one time or that have a long-term, complex project with thousands of tasks to track may consider using software with advanced applications (e.g., scheduling, resource allocation, and report generators). Personal goals, group consensus, and distribution intensity are not primary factors to consider when choosing project-management software.

SOURCE: NF:130

SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 371-374]. New York: Penguin Group.

52. B

Test environment. Project-management software often includes test-environment applications that enable project managers to input different variables that provide different outcomes. The project managers review the results of each output in the duplicate database to determine if an action or change is feasible without altering the primary database. A transaction is an exchange of goods and services for money. Encryption is a method of securing data. Digital scanning involves duplicating an image of a document or graphic.

SOURCE: NF:130

SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [p. 371]. New York: Penguin Group.

53. D

Encrypt the information customers give you online. It's important to make sure that someone can't easily intercept the important information your customers give you online. They may be submitting addresses, credit card numbers, social security numbers, and more. You can install security features that will transmit information in a scrambled language that's understood by your computer but not hackers. Although it's a good idea to make sure some records are easily accessible to all employees, customer records should be off-limits for most people. Keep computers password-protected and file cabinets locked to ensure that everyone won't have access to your customers' personal information. You shouldn't identify customers' personal information with their names; instead, create a code to identify customers. That way, even if a criminal does access the paperwork, s/he will have a harder time identifying the customer. It's not practical to avoid collecting any confidential customer information. It's best to focus on keeping that information secure.

SOURCE: NF:002

SOURCE: Parker, M. (1999-2013). *How to maintain customer confidentiality*. Retrieved February 5, 2013, from http://www.ehow.com/how_7319963_maintain-customer-confidentiality.html

54. A

9. The mode is the number that appears most frequently in a data set. In this case, that's 9, since three of Samantha's customers wear a size 9. 8 is the mean, or average, of the shoe sizes. The mean is discovered by dividing the sum of all the shoe sizes (64) by the number of shoe sizes (8). 8.5 is the median, also known as the midpoint of the values when they are arranged from smallest to largest. 4.5 is the range. The range is the difference between the largest and the smallest number in the data set—in this case, 10 and 5.5.

SOURCE: NF:093

SOURCE: Lind, D.A., Marchal, W.G., & Wathen, S.A. (2005). *Statistical techniques in business & economics* (12th ed.) [pp. 56-73]. New York: McGraw-Hill/Irwin.

55. A

Maximum capacity code. Maximum capacity codes exist to protect a business's employees and customers from harm if an emergency (e.g., fire) occurs on the premises. If there are too many people in a facility that has only two exits, it becomes more difficult to get everyone out of the facility safely in emergencies. The maximum capacity for a business depends on the physical size and layout of the building, the number of exits in the building, and the jurisdiction's requirements. The business did not violate a federal property law, traffic ordinance, or construction permit.

SOURCE: OP:339

SOURCE: Adkins, W.D. (n.d.). *How to calculate the seating capacity of a restaurant*. Retrieved January 28, 2013, from <http://smallbusiness.chron.com/calculate-seating-capacity-restaurant-39808.html>

56. C

Stay calm and call an emergency number. When dealing with any type of emergency, it's important to stay calm. If Ruben panics, it will be hard for him to make good decisions. Remaining calm is also helpful when Ruben calls an emergency number; if he's panicking, the person on the other end of the line may not be able to understand him. Although having proper medical training is helpful in a situation like this, it's too late for Ruben to be trained if his coworker is already injured. That's why calling an emergency number is so important. Trained medical professionals will be much more helpful than untrained bystanders. Ruben should avoid cleaning the wound and leave all treatment to the professionals. Although it may be company policy to interview witnesses and fill out an accident report, that can wait until after Ruben's coworker has received treatment.

SOURCE: OP:010

SOURCE: *Emergency preparedness*. (n.d.). Retrieved February 1, 2013, from http://www.mbm.net.au/environment/work_enviro/emergency_preparedness.html

57. D

Due dates of tasks. Prioritizing involves ranking things in the order of their relative importance. Employees evaluate many factors when prioritizing their work, including the task's due date and the time that it will take to complete the task. For example, if an employee needs to submit an advertisement to a publication by the end of the day, and it takes six hours to create the advertisement, then the employee will need to work on the advertisement before s/he works on anything else that takes a lot of time to complete. Task enjoyment, coworkers' opinions, and the employee's aptitude are not important factors that employees should consider when they prioritize their work tasks.

SOURCE: OP:228

SOURCE: Cohen, J. (2006). *How to prioritize all your work*. Retrieved January 16, 2013, from http://www.solveyourproblem.com/time-management/how_to_prioritize_work.shtml

58. D

Pooled. Pooled task interdependence involves several employees working independently on different tasks at the same time. When the employees finish their tasks, they combine or pool their individual outputs to create the final output. Sequential task interdependence means that one worker must complete a task before the next worker can perform his/her task. Reciprocal task interdependence occurs when one team member's work is dependent on others' work and requires extensive sharing of information and working together on a regular basis. The example does not illustrate reversed task interdependence.

SOURCE: OP:230

SOURCE: Jones, G.R., & George, J.M. (2006). *Contemporary management* (4th ed.) [pp. 605-607]. New York: McGraw-Hill/Irwin.

59. B

Make sure the project stays on track. During the execution-and-monitoring stage of project management, the actual work of the project is performed. The project manager's job at this point is to make sure the project stays on track and to take corrective measures if it doesn't. Delivering the final product occurs during the closing stage. Securing funding for the project is often the project champion's task and occurs before the project is authorized. Assigning roles to team members occurs during the planning-and-development stage.

SOURCE: OP:158

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

60. C

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: OP:340

SOURCE: Bowen, R. & McDonough, M. (2009, August 13). *Best metrics for project management*. Retrieved January 30, 2013, from <http://www.brighthubpm.com/monitoring-projects/13534-best-metrics-for-project-management/>

61. C

Project's workflow. When the scope of the project increases, it usually means that team members will need to do additional tasks to complete the project. Therefore, it is important for the project manager to share information about the changes with his/her team members. Changes in the project's scope do not always affect the company's image, nor do they affect the team members' competence or performance reviews.

SOURCE: OP:340

SOURCE: Portny, S., Mantel, S.J., Meredith, J.R., Shafer, S.M., & Sutton, M.M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 320-321). Hoboken, NJ: John Wiley & Sons.

62. A

Pre-bid meetings are used to address potential bidder questions. Sometimes, if there are lots of questions about a project or if the project is very complicated, a company may decide to hold a pre-bid meeting. This meeting can clear up confusion and answer questions about the project. Bids shouldn't be signed by just anyone at a company—it's important that the bid is signed by someone who has the authority to actually make decisions. It might seem like a good idea to share bids to create competition among suppliers, but bids should always be kept confidential. Although a low price is hard to resist, it's best to be careful if one supplier offers a bid that's substantially lower than all the others. They may be cutting corners on service or quality to get such a low price.

SOURCE: OP:160

SOURCE: Woods Hole Oceanographic Institution. (2011, March 7). *Management bids & negotiating prices*. Retrieved February 5, 2013, from <http://www.whoi.edu/procurement/page.do?pid=13607>

63. A

Working together to resolve a problem. To maintain positive relationships, businesses and their vendors must work together to resolve problems. In the example, Cookery and Kenton worked together to replace defective heating elements supplied by Kenton that were used in ovens that Cookery produced and sold. The situation does not indicate that the two companies were collecting information about a new product, changing the production process, or developing a standards plan.

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.

64. C

Special order. A special order is a request for a custom product or an item that a vendor does not normally stock. A blanket order is an order that covers all or part of a business's product requirements for a certain period of time. An open order is placed with one of several available vendors who can meet the business's immediate requirements (e.g., time, price, quantity). A reorder is an order for the same goods previously ordered from the same vendor.

SOURCE: OP:250

SOURCE: Cash, R.P., Thomas, C., Wingate, J.W., & Friedlander, J.S. (2006). *Management of retail buying* (p. 208). Hoboken, NJ: John Wiley & Sons.

65. A

The Powell Company did not order enough paper towels for the month, so it ordered an additional four cases. A reorder involves ordering items that the company has previously ordered. The Powell Company placed a reorder because it submitted a second order for the same product (paper towels) to its vendor. A backorder occurs when a vendor ships part of an order on time and the rest of the order later when the stock is available. Mr. and Mrs. Travis placed a special order, which is a request for a custom item that a vendor does not normally carry in stock. Henry's Hardware Store placed a regular order, which involves providing the vendor with the specifications of items that the business wants to order.

SOURCE: OP:250

SOURCE: Cash, R.P., Thomas, C., Wingate, J.W., & Friedlander, J.S. (2006). *Management of retail buying* (p. 208). Hoboken, NJ: John Wiley & Sons.

66. D

A snack-food manufacturer orders potatoes, oil, and salt to make its potato chips. Raw-materials inventory are goods (inputs) that a business uses to make a finished good (output). Finished products are completed goods that are ready to be marketed to consumers. MRO goods are maintenance, repair, and operating supplies such as office supplies and replacement parts for equipment.

SOURCE: OP:336

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 587-588]. South-Western Cengage Learning.

67. C

Better lead time. When negotiating with vendors, businesses consider many issues including payment terms, shipping terms, discounts, and lead time. Lead time is the amount of time it takes to complete a process. In the example, the business wants the vendor to process and ship its orders within 24 hours, rather than 48 hours, which indicates that the business wants better lead time from the vendor. The negotiator is not asking for more technical support, additional discounts, or an extended warranty.

SOURCE: OP:337

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 465-466]. South-Western Cengage Learning.

68. A

Post-sale service. Businesses often negotiate terms that do not relate to price. Post-sale service issues for equipment might include installation, training, and free maintenance for a limited amount of time. Payment terms and (dollar) volume reductions are price-related issues. Compensation is wages or pay for work performed.

SOURCE: OP:337

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 465-466]. South-Western Cengage Learning.

69. C

It must be measured in some way to be effective. To truly monitor your quality control progress, it's important to have some sort of measurement system in place. The type of measurement you use depends on what your business provides or produces. Quality control is important for businesses of all sizes, not just large ones. Quality control doesn't consist of common sense procedures. In fact, it can be a very complicated process. That's why it's so important to plan your quality control system and extensively train all employees.

SOURCE: OP:164

SOURCE: Webber, L., & Wallace, M. (2011). *Applying fundamental quality control concepts*. Retrieved February 5, 2013, from <http://www.dummies.com/how-to/content/applying-fundamental-quality-control-concepts.html>

70. A

Create a maintenance schedule, and stick to it. The best way to save money on maintenance is to make sure you do it regularly. It's always cheaper to prevent a problem than it is to fix it. By creating a schedule and then sticking to it, you'll reduce the chance of equipment breakdowns. This can save you money in repairs and unexpected downtime. Instead of allowing only outside technicians to maintain equipment, it's better to train everyone in the office to follow the maintenance schedule. This way, when you run into problems, anyone at your company will be able to fix the equipment, and you won't have to spend the money to call in an outside technician. Although it's tempting to use the cheapest supplies you can find, sometimes you really do get what you pay for. Cheaper supplies often end up breaking down faster, so it's best to focus on quality. Cleaning and repairing equipment only when you absolutely have to can lead to unexpected problems and breakdowns—it's better to stick to a schedule and make maintenance a part of your everyday routine.

SOURCE: OP:032

SOURCE: Williams, S. (n.d.). *Ideas for preventative maintenance*. Retrieved February 8, 2013, from http://www.ehow.com/info_8091632_ideas-preventative-maintenance.html

71. C

Gap analysis. A business uses a gap analysis to compare the current status of an activity or process with the desired outcome for that activity or process. Businesses use gap analyses to evaluate many types of business functions and activities including necessary skills, training, technology, and profitability. A mind map is a creative thinking technique that involves generating ideas by making associations. A decision tree is a method that businesses often use to facilitate the decision-making process. It involves using a tree-shaped image in which each branch of the tree represents a possible occurrence or outcome. Critical path refers to a project management tool that illustrates all activities needed to complete a task in the order in which they need performed.

SOURCE: OP:327

SOURCE: wiseGEEK. (2003-2013). *What is gap analysis?* Retrieved January 31, 2013, from <http://www.wisegeek.com/what-is-gap-analysis.htm>

72. C

She's looking at her alternatives from a neutral point of view. If Christine makes her decision based on logic, she compares and contrasts information, apart from personal involvement or emotion. By logically choosing a new computer, she is looking at her alternatives from a neutral point of view, instead of from her own (or someone else's) perspective. If she listens to her friends' opinions, then she is being influenced by framing, not logic. Logic involves making a decision objectively, not subjectively. Christine's decision won't be influenced by how the situation is presented, as in framing, because she is focusing on the facts.

SOURCE: PD:017

SOURCE: PD LAP 10—Weigh Your Options (Decision Making in Business)

73. D

The project manager can tell him what a real day on the job is like. Perry can gain many benefits from doing an informational interview with a current project manager. The project manager can tell him what his/her typical work day is like, what sort of education or training s/he had, what s/he likes or dislikes about the job, and what sorts of skills it takes to excel in her/his position. Personal information like this may help Perry decide whether or not project management is the profession for him. Perry shouldn't assume the project manager will give him a job, although having a connection may come in handy when he's job hunting many years down the road. The project manager will not be able to make Perry's decisions for him; all s/he can do is tell Perry about his/his experience. It's probably not a good idea for Perry to expect the project manager to help him with his application; after all, it's a pretty big favor to ask someone to speak with him. He should make sure not to ask too much of the interviewee. He also should make sure to write a thank you note.

SOURCE: PD:022

SOURCE: Furlong, J.S. & Vick, J.M. (2009, March 24). *How to do an informational interview*. Retrieved February 11, 2013, from <http://chronicle.com/article/How-to-Do-an-Informational/44793>

74. C

Dear Mr. Martinez. Even if the interview was fairly casual, it's always better to err on the side of formality. If Javier isn't sure whether he should refer to his potential employer as Mr. Martinez or Dan, he should go with Mr. Martinez. It's very unlikely that his potential employer will take offense to that, but he may take offense to being referred to by his first name. Starting a thank you letter with "Hi Dan" is definitely too informal. It's important to send follow-up letters after every job interview. This includes casual interviews, interviews that didn't go well, and interviews for jobs you don't think you want.

SOURCE: PD:029

SOURCE: Mahalo. (2007-2012). *How to follow up after a job interview*. Retrieved January 31, 2013, from <http://www.mahalo.com/how-to-follow-up-after-a-job-interview/>

75. A

Take a course in teamwork and communication. While education and experience are certainly important when it comes to career advancement, soft skills can sometimes be even more important. These include skills like communication, teamwork, attitude, conflict negotiation, problem-solving, and adaptability. These aren't technical skills, but they can make the difference between a good manager and a bad one. Marjane's manager wants her to improve her soft skills before he promotes her, so she should focus on learning about things like teamwork and communication. She can do this by taking a course, asking a mentor at work to help her, or taking on a volunteer project where she can work on these skills. Either way, Marjane's boss will probably be pleased to see her take the initiative. Getting an advanced degree and becoming proficient in a new computer program are technical skills. These may be valuable, but they aren't the soft skills that Marjane's boss wants to see. Getting another year of experience won't help Marjane if she doesn't focus on learning about teamwork, communication, and other soft skills.

SOURCE: PD:035

SOURCE: Buhl, L. (n.d.). *Six soft skills everyone needs*. Retrieved February 8, 2013, from <http://career-advice.monster.com/career-development/getting-promoted/six-soft-skills-everyone-needs-hot-jobs/article.aspx>

76. D

Rules of conduct. The rules of conduct outline a company's policies, procedures, and expectations regarding employees' behavior in the workplace. An organizational chart is a graphical representation of the flow of authority within an organization. Formal methods of settling disagreements between workers and employers are grievance procedures. Articles of incorporation is a document outlining a corporation's name, purpose, location, amount of stock to be issued, names of the board of directors, and other information about the conditions under which the business will operate.

SOURCE: PD:251

SOURCE: Glenn, S. (n.d.). *The importance of the code of conduct*. Retrieved January 11, 2013, from http://www.ehow.com/about_6559640_importance-code-conduct.html

77. D

Vice president of manufacturing. The chain of command defines the level of authority in a business and specifies the individual who supervises particular employees. The advantage to having a chain of command is that it provides the business with structure and organization. Large companies often set up their chain of command by department. For example, the production manager of a tool manufacturing company would likely report to the vice president of manufacturing. The quality control line supervisor would most likely report to the production manager. The director of purchasing manages the business's purchasing department. An operations assistant provides administrative support for the operations function of the business and would most likely report to the operations manager.

SOURCE: PD:252

SOURCE: Daft, R.L., & Marcic, D. (2009). *Understanding management: Instructor's edition* (6th ed.) [p. 249]. Mason, OH: South-Western Cengage Learning.

78. A

Mission statement. The mission statement is a brief summary of what a business owner wants the business to do—it defines why the business exists. Businesses should use their mission statements to guide their organizational goal setting. Businesses use their organizational goals to develop financial budgets, marketing plans, and productivity benchmarks.

SOURCE: PD:254

SOURCE: *The importance and value of organizational goal setting*. (n.d.). Retrieved January 11, 2013, from <http://www.flexstudy.com/catalog/schpdf.cfm?coursenum=95086>

79. B

Growth. Growth goals are organizational goals that businesses set to expand and grow. Expansion may include merging with another company, adding more products to the product mix, adding a production shift, or opening additional stores. Control goals are the organization's goals for monitoring the work. A profit goal is the amount of money the business wants to make after its expenses are paid. A market-share goal is the desired portion of a total market that the business wants to attract.

SOURCE: PD:254

SOURCE: Barnat, R. (1998-2007). *Organizational goals*. Retrieved January 14, 2013, from <http://www.introduction-to-management.24xls.com/en104>

80. B

Have appropriate training. Because each business functions differently, it is important for a company to provide its employees with training. Well-trained employees have the skills and knowledge to do their work correctly and efficiently. When employees do their work correctly and efficiently, they are helping the company achieve its organizational goals. Employees who receive promotions, work independently, and socialize with coworkers may or may not help the company achieve its organizational goals.

SOURCE: PD:255

SOURCE: Kelly Services. (n.d.). *How to match your staff training with organizational objectives*. Retrieved January 11, 2013, from <http://www.bticonsultants.com/US/Business-Services/Management-Tips/Nov-2012-staff-objectives/>

81. A

Statement of work. The statement of work (SOW) is a document that outlines the terms, commitments, and conditions of the project. It includes information about the project's activities, timelines, and deliverables. An agenda is an outline of a meeting's discussion topics that is distributed to attendees before the meeting. A project audit is a review of an in-progress project to determine both the successes and the problems that need improvement to complete the project. A project schedule documents the elements of the project in the order of time in which they need to be completed.

SOURCE: PJ:005

SOURCE: Portny, S., Mantel, S.J., Meredith, J.R., Shafer, S.M., & Sutton, M.M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 42-43). Hoboken, NJ: John Wiley & Sons.

82. A

Micromanage the project. Micromanagement occurs when the project manager excessively controls project activities. This practice often involves making decisions that team members can typically make themselves to perform and complete their work. Micromanagement tends to frustrate team members because it hinders their ability to perform their work efficiently. To avoid this problem, project-management experts believe that the project manager should not provide too much detail in work packages, which allows the team members to make basic decisions that affect their work. This, in turn, frees the project manager's time to look at the "bigger picture" and address the major issues that come up during the execution phase of the project. Project managers must allocate project resources effectively to complete the project. Providing too much detail in work packages does not influence the need to allocate project resources, simplify project deliverables, or develop a SWOT analysis.

SOURCE: PJ:006

SOURCE: Mathis, M. (n.d.). *Work breakdown structure: Purpose, process, and pitfalls*. Retrieved January 16, 2013, from <http://www.projectsmart.co.uk/work-breakdown-structure-purpose-process-pitfalls.html>

83. B

Each work package should take between eight and 80 hours to complete. The 8/80 rule for dividing project work packages states that no package should take less than eight hours or more than 80 hours to complete. This rule intends to keep work packages in manageable units—not too small or too large. Making changes to the WBS changes the project scope. The project manager may get input from others when developing the WBS, but s/he does not need to get team members' approval. A WBS dictionary is a tool that helps inform project team members about the scope, status, milestones, and deliverables associated with each project activity. Team members do not develop the WBS dictionary after they carry out their work tasks.

SOURCE: PJ:006

SOURCE: Mathis, M. (n.d.). *Work breakdown structure: Purpose, process, and pitfalls*. Retrieved January 16, 2013, from <http://www.projectsmart.co.uk/work-breakdown-structure-purpose-process-pitfalls.html>

84. A

Providing evaluative information. The team manager is providing the team member with positive, evaluative information about her work performance. The team manager is not making a suggestion for improvement, requesting a project update, or supporting a team member's decision.

SOURCE: PJ:007

SOURCE: Business Performance. (2003-2013). *Project team management*. Retrieved January 16, 2013, from http://www.businessperform.com/project-management/project_team_management.html

85. A

Conduct a post-implementation review. After the stakeholders receive the project deliverables, the project manager develops a post-implementation review. The post-implementation review is a formal, detailed assessment of the completed project in relation to the project's objectives. The document assesses the project's budgets, deadlines, and processes, as well as the stakeholders' satisfaction with the results or deliverables. The "lessons-learned" document summarizes the project's successes and failures. Project managers often refer to the "lessons-learned" document when working on similar projects. A project-issues log is a documentation of problems or challenges that occur during the execution phase of the project. Lisa was not composing final delivery instructions.

SOURCE: PJ:008

SOURCE: Lewinson, M. (2011, January 17). *Project closure template—Key steps to closing a project*. Retrieved January 16, 2013, from <http://www.mymanagementguide.com/project-closure-template-key-steps-to-closing-a-project/>

86. A
Satisfying customers. The focus of quality management should be on satisfying customers. Meeting customer needs and wants is what keeps a business going. Although an organization should strive to beat the competition, stay within the bounds of the law, and encourage its employees, none of these are the main focus of quality management.
SOURCE: QM:001
SOURCE: QM LAP 1—Keep It Quality (Nature of Quality Management)
87. D
Tangibles. A comfortable waiting room with good magazines is an example of a service provider having quality tangibles—a characteristic that customers are looking for. Reliability means that the service is consistently well-performed. Responsiveness means that the service provider provides the service willingly and promptly. Assurance means that the customer finds the service provider to be knowledgeable and trustworthy.
SOURCE: QM:001
SOURCE: QM LAP 1—Keep It Quality (Nature of Quality Management)
88. C
Preventing problems. Six Sigma is a quality improvement framework that involves continuously setting higher goals of perfection. The framework builds upon previous goals to set higher goals that continuously improve the quality of the business's goods, services, or processes. The steps the business takes to improve quality help to prevent problems in the future. Hiring qualified employees is a human-resources activity. Expanding product lines is a product/service management consideration. Critics of Six Sigma claim that the framework tends to stifle innovation because the focus is on continuously improving existing processes.
SOURCE: QM:002
SOURCE: DuBrin, A. (2009). *Essentials of management: Instructor's edition* (8th ed.) [p. 286]. Mason, OH: South-Western Cengage Learning.
89. D
Incremental. Continuous improvement is the ongoing practice of looking for ways to increase the levels of excellence of a process, good, or service. Incremental improvement involves many employees carrying out small changes over time. Breakthrough improvements often occur suddenly and result in immediate, drastic changes. Accelerated improvements occur when a business makes a series of improvements very quickly in a short period of time. Recovery involves regaining control of something.
SOURCE: QM:003
SOURCE: BDC. (n.d.). *Continuous improvement*. Retrieved January 14, 2013, from http://www.bdc.ca/en/advice_centre/manage_the_bottom_line/operational_efficiency/Pages/AskAProfessional.aspx?PATH=/EN/advice_centre/ask_professionnal/Pages/continuous_improvement.aspx
90. C
Buyer/seller relationships. When employees behave unethically in business situations, they jeopardize the business's image and financial well-being. In the example, an employee asked a customer to do something that the customer did not feel was right, so the customer ended a long-term relationship with the business, which cost the business future sales and profits. The employee's behavior did not affect product pricing and quality, prospecting practices, or management style.
SOURCE: RM:041
SOURCE: Olsen, K. (n.d.). *The unethical behavior of management and employees in the workplace*. Retrieved January 14, 2013, from http://www.ehow.com/info_8247861_unethical-behavior-management-employees-workplace.html

91. C

Intrusion detection systems. An intrusion detection system monitors and detects computer hacking activities that compromise the security of a business's computer data. Typically used in television studios, a teleprompter is an off-camera device that projects a script for speakers or performers. The purpose of concurrency control applications is to address issues that occur when multiple computer users access the same data at the same time. Pirated software is computer programs that are illegally copied and used by individuals other than the software owners.

SOURCE: RM:042

SOURCE: Haag, S., & Cummings, M. (2008). *Management information systems for the information age* (7th ed.) [pp. 262-263]. New York: McGraw-Hill.

92. D

Identify and prioritize their primary business risks. Risk-matrix software applications help businesses evaluate different categories of risk such as information security, investments, development costs, etc. The purpose of the risk-matrix software application is not to organize financial data in secure locations or determine the amount of their insurance premiums. Risk-matrix software applications do not eliminate external risks such as identity theft.

SOURCE: RM:042

SOURCE: MITRE. (2012, May 12). *Risk management tools*. Retrieved January 28, 2013, from http://www.mitre.org/work/systems_engineering/guide/acquisition_systems_engineering/risk_management/risk_management_tools.html

93. A

Monitor changes in laws affecting its business activities. Compliance with the law is an important aspect of managing business risk. If a business does not monitor changes in the laws that affect its operations, the business may become noncompliant. Noncompliance often involves paying government fines, which are financial losses for the business. Environmental attorneys have specialized knowledge of laws that affect the natural environment (e.g., pollution and water quality). The degree to which a business's activities affect the environment influences the need to hire an environmental attorney. Businesses purchase property insurance to limit losses related to buildings and land. Contract law is a category of law that specializes in contracts or formal agreements. Encouraging all employees to understand the advanced principles of contract law does not lower a business's noncompliance risks.

SOURCE: RM:043

SOURCE: BizMove.com. (n.d.). *Effective risk management*. Retrieved January 14, 2013, from <http://www.bizmove.com/general/m6o.htm>

94. B

Determining objectives. The planning function of management involves deciding what will be done and how it will be accomplished. A primary aspect of the planning function is determining the organization's objectives or desired outcomes. Directing is the management function of providing guidance to workers and often involves modifying or changing employee behavior to achieve desired results. One aspect of the control function of management is to measure actual performance against established standards. If performance exceeds the standards, the manager can identify gains. If performance falls below the standards, the manager may need to implement new procedures for improvement.

SOURCE: SM:063

SOURCE: Rue, L.W., & Byars, L.L. (2005). *Management: Skills and application* (11th ed.) [pp. 125-126]. New York: McGraw-Hill/Irwin.

95. C

Contingency. A contingency plan is an alternative course of action. For example, a business that originally plans to hold an event outside might develop an alternative plan to hold the event indoors if the weather forecast calls for rain during the event. Strategic planning involves long-term planning (more than one year) and focuses on the general future of company. A production plan outlines the way the business will use inputs to create outputs. A communications plan outlines the way the business's information will be distributed.

SOURCE: SM:063

SOURCE: Education Portal. (2003-2013). *Types of planning: Strategic, tactical, operational, & contingency planning*. Retrieved January 3, 2013, from <http://education-portal.com/academy/lesson/types-of-planning-strategic-tactical-operational-contingency-planning.html>

96. B

Defining the employees' roles. Organizing is the management function of setting up the way the business's work will be done. Organizing involves assigning responsibility and tasks to human resources, which defines each employee's role in the business. The planning function of management involves deciding what will be done and how it will be accomplished. The planning function involves developing a blueprint for the organization's activities. Controlling is the management function that monitors the work effort, which includes evaluating productivity or performance against established standards. The production process involves creating or making outputs.

SOURCE: SM:064

SOURCE: Management Study Guide. (2008-2012). *Importance of organizing function*. Retrieved January 3, 2013, from http://www.managementstudyguide.com/organizing_importance.htm

97. C

Establishes clear relationships among the company's resources. Organizing involves determining the types of resources the business needs and how the various resources will work together to accomplish the business's goals in the most efficient ways. Therefore, the organizing function of business establishes clear relationships among employees and defines the ways in which the tasks that employees perform connect to one another. The organizing function does not enable the business to prepare precise forecasts, define the company's mission statement, or ensure that all employees understand all the business's activities.

SOURCE: SM:064

SOURCE: Management Study Guide. (2008-2012). *Importance of organizing function*. Retrieved January 3, 2013, from http://www.managementstudyguide.com/organizing_importance.htm

98. C

Increased errors. Staffing is the management function of finding workers for a business. An understaffed business does not have enough employees to carry out the work. When employees have more responsibilities than they can adequately handle, they are more likely to make errors, which is costly to the business. An understaffed business often experiences high turnover because employees burn out and find new jobs. A premium is an item that a business offers free to the purchaser of a particular product. Understaffing a business does not typically affect the number of premiums that a business offers its customers, nor does it affect the business's property tax rate.

SOURCE: SM:065

SOURCE: Mooney, L. (2013). *What occurs when an organization is understaffed for a prolonged period of time?* Retrieved January 3, 2013, from <http://yourbusiness.azcentral.com/occurs-organization-understaffed-prolonged-period-time-12198.html>

99. C

Motivating an employee. Directing is the management function of providing guidance to workers and work projects. Directing often involves motivating employees, which is getting employees to strive to achieve management's objectives because they want to achieve them. Managers motivate employees in a variety of ways, such as providing positive feedback, pay raises, and incentives (e.g., time off). Establishing a schedule and delegating responsibility are organizing activities. Training is a staffing activity.

SOURCE: SM:066

SOURCE: Management Study Guide. (2008-2012). *Functions of management: Directing*. Retrieved January 4, 2012, from http://www.managementstudyguide.com/management_functions.htm

100. C

Taking corrective action. Controlling is the management function that monitors the work effort. One of the main functions of managerial control is to make sure that the business is achieving its goals and objectives. If the business is not achieving its goals, it needs to determine the problem or obstacle and take corrective action to fix it. Goal setting is a planning activity. An aspect of the directing function of management is motivating employees, which often includes providing them with incentives or rewards. Assigning tasks is an organizing activity.

SOURCE: SM:004

SOURCE: Rue, L.W., & Byars, L.L. (2005). *Management: Skills and application* (11th ed.) [p. 366]. New York: McGraw-Hill/Irwin.