



KEY

Test Number 1072

Business Management and Administration Cluster Exam

BLTDM - Business Law and Ethics Team Decision Making Event

HRM – Human Resources Management Series Event

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1. C

MON Company. The debtor is the individual or business that owes money to another individual or business, which is the creditor. In the situation presented, MON Company is the creditor because the company has the finances to extend credit to Mrs. Jones (the debtor), allowing her to pay later. Pedro Sanchez is an employee of the creditor. The location of the company is not a factor in determining the debtor-creditor relationship.

SOURCE: BL:071

SOURCE: Business Owners Toolkit. (2012, May 24). *The debtor-creditor relationship*. Retrieved September 6, 2012, from http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P12_1110

2. C

Limited partnership. In a limited partnership, one or more partners has limited liability in terms of the amount of financial responsibility or the amount of involvement in the business. A sole proprietorship is owned by one person, and the owner has unlimited liability. A service organization is a provider of intangible products, not a type of business ownership. In a general partnership, all partners are liable for the debts or losses of the business.

SOURCE: BL:003

SOURCE: BL LAP 1—Own It Your Way (Types of Business Ownership)

3. A

Asking for clarification. Effective listeners give full attention to what is being said and ask questions to make sure that they understand the message. Listeners who interrupt are focusing on themselves rather than the speaker. Judging the speaker's appearance distracts the listener from what is being said. Thinking of what to say next instead of listening to what is being said is a common barrier to effective communication.

SOURCE: CO:147

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 180-182). New York: Glencoe/McGraw-Hill.

4. D

Follow-up with the customer after obtaining the requested information. When employees do not know the answer to their customers' questions, they should take steps to get the answers. This often involves researching the problem or issue. When extensive research is required, an employee should obtain the customer's contact information and call him/her back with the requested information after the research has been completed. The nature of the inquiry determines if literature should be sent to the customer or if another employee or manager should answer the customer's inquiry. For example, a question about a bill may be better answered by an accounts-receivable employee than a purchasing agent. And, in this situation, it would be inappropriate to send product information.

SOURCE: CO:060

SOURCE: Odgers, P. (2004). *The world of customer service* (p. 129). Mason, OH: South-Western.

5. A

Information is complex. In some situations, it is difficult to give effective verbal directions. One situation is if the information is complex. Managers sometimes make the mistake of believing that all directions can be given verbally. However, if the information is complex and requires an extensive explanation, it may be better to provide verbal directions as well as written instructions or diagrams. If the complex information is difficult to understand, employees will be better able to follow the directions if they are presented in several ways. It is not difficult to give effective verbal directions if time is important, managers are organized, or employees are focused.

SOURCE: CO:083

SOURCE: eHow.com. (1999-2012). *How to give verbal instructions*. Retrieved September 6, 2012, from http://www.ehow.com/how_2108584_give-verbal-instructions.html

6. A

Practicing the delivery. When preparing to deliver an oral presentation, practicing the delivery is most important because it uncovers any problems with timing, transitions, note cards, visual aids, and even language. Conducting research, writing useful note cards, and choosing the best visual aid are all important steps, but they do not affect other areas as much as practice does.

SOURCE: CO:025

SOURCE: QS LAP 9—Well Said!

7. A

Easily understand it. Effective written communications are those that are presented clearly, in simple language, and in an interesting style so that readers will easily understand the message. Written business messages do not need to be entertaining. When written communications are unclear, complicated, or difficult to understand, readers tend to lose interest and ignore them. Readers should not have to read written communications many times to find out what they really mean.

SOURCE: CO:016

SOURCE: Lesikar, R.V., & Flatley, M.E. (2005). *Basic business communication: Skills for empowering the Internet generation* (10th ed.) [pp. 23-25]. Boston: McGraw-Hill/Irwin.

8. C

No paragraph indents. Many businesses use the full-block method to format business letters. All components of the letter (date, address, greeting, body, closing, signature block) use left justification, which means all text is aligned on the left side of the margin. Writers using the full-block format do not indent the first sentence of each paragraph. Other formatting characteristics of full-block letters are the use of single-spacing within the paragraphs and the use of double-spacing between the paragraphs.

SOURCE: CO:088

SOURCE: Lesikar, R.V., & Flatley, M.E. (2005). *Basic business communication: Skills for empowering the Internet generation* (10th ed.) [pp. 564-565]. Boston: McGraw-Hill/Irwin.

9. A

Contact information. An inquiry is a request for information. Letters of inquiry are requests for information such as job openings with businesses, product specifications, prices, proposals, etc. To respond to an inquiry, the letter recipient must know to whom the information should be sent. Therefore, all inquiry letters should contain contact information—the inquirer's name, telephone number, mailing address, and/or e-mail address. Skills and qualifications might be included in a letter of inquiry that a job seeker sends to a potential employer. Project specifications might be included in a request for proposal. Letters of inquiry do not contain attention-getting titles.

SOURCE: CO:040

SOURCE: Luthy, M. (n.d.). *Write inquiries*. Retrieved September 6, 2012, from <http://www.writeexpress.com/inquiry.htm>

10. D

Weekly activity report. This is a brief summary of work accomplished that is submitted periodically for management's review. Periodic reports usually are short and informal. A project proposal is usually a longer and more formal report. Business owners and/or the business's executive management develop business plans and strategic plans.

SOURCE: CO:094

SOURCE: Bovée, C.L., Thill, J.V., & Schatzman, B.E. (2004). *Business communication essentials* (p. 271). Upper Saddle River, NJ: Pearson Education.

11. D

Receptive. An analytical report is a document that explains and evaluates an issue, opportunity, or problem. Often, the analytical report includes recommendations for a business to take a certain course of action. If the writer anticipates that most members of the audience are receptive and will agree with the recommendations, then using a direct approach to structure the report is optimal. The direct approach involves writing the report so it focuses the attention on the conclusions and recommendations. If the writer anticipates a skeptical, argumentative, or indecisive audience, the indirect approach may be the best way to structure the report. The indirect approach involves preparing a logical argument that supports the recommendations and focuses on the rationale behind the recommendations. Intellect refers to a person's level of understanding about a topic or concept, which varies per person and is not necessarily related to the structure of the report.

SOURCE: CO:185

SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [pp. 410-411]. Upper Saddle River, NJ: Pearson Prentice Hall.

12. D

Recommendations. The recommendations section is the last component of a research report and contains a proposed course of action (recommendation), which is based on the results or findings. The methodology section of the report outlines the research plan. It appears in the middle of the report and discusses the types of research tools used in the study and why they were selected. The analyses section of the report describes the findings based on the assumptions made and the methodology used to obtain the data.

SOURCE: CO:186

SOURCE: Walonick, D. (2005). *Elements of a research proposal and report*. Retrieved February 7, 2011, from <http://www.statpac.com/research-papers/research-proposal.htm>

13. A

Molly nodded and maintained eye contact as Ms. West explained the problem with her computer. Having a service orientation involves expressing a positive, helpful attitude with the business's customers. Employees' gestures and facial expressions convey their attitudes, which customers often believe is a reflection of the business's attitudes. Because Molly nodded and maintained eye contact with Ms. West while she was explaining a computer problem, Molly was indicating that she was listening and willing to help her customer. Employees are not exhibiting a service orientation by behaving rudely, which may include rolling their eyes, crossing their arms, and being impatient with customers. Tristan was demonstrating a service orientation through his verbal rather than his nonverbal communication.

SOURCE: CR:005

SOURCE: Odgers, P. (2004). *The world of customer service* (pp. 97-100). Mason, OH: South-Western.

14. C

Flexible. While policies should be consistent, they should also be flexible or subject to interpretation. In some businesses, management interprets policies, while in other businesses, employees are allowed to bend the rules in certain situations. Rules that are strict, firm, or rigid would not be subject to interpretation, which might not be fair to all customers.

SOURCE: CR:010

SOURCE: Greene, C.L. (2012). *Entrepreneurship: Ideas in Action* (5th ed.) [p. 284]. Mason, OH: South-Western Cengage Learning.

15. B

Purchasing irrelevant technology. Having clear customer relationship management goals before putting a program into place helps businesses to avoid purchasing irrelevant technology or enacting inappropriate procedures. It will not necessarily keep businesses from having unsatisfied customers or having to lay off employees. Businesses will most likely need to spend money on CRM programs, but having clear goals will keep them from spending money unnecessarily.

SOURCE: CR:016

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

16. C

Human. In economics, people are valued for the work that they do to produce goods and services. This includes both mental and physical work. Natural resources are found in nature and are used to produce goods. Capital resources, also called capital goods, include all of the manufactured or constructed items that are used to produce goods and services.

SOURCE: EC:001

SOURCE: EC LAP 6—Are You Satisfied? (Concept of Economics)

17. B

Location. Place utility is usefulness created by making sure that goods or services are available at the place where they are needed or wanted by consumers. Many businesses are located in places that make them easily accessible to consumers. Many types of businesses (e.g., small stores, service businesses) do not carry a wide selection of goods or have many salespeople. Their prices are often high.

SOURCE: EC:004

SOURCE: EC LAP 13—Use It (Economic Utility)

18. D

The main types of trade industries are retailers and wholesalers. Retailers sell to ultimate consumers, while wholesalers sell to other businesses. Trade industries do not modify or change the form of products. Instead, they are responsible for moving goods from producers to consumers or to industrial users. More than 80% of trade businesses are small, employing fewer than 20 people. These privately owned trade businesses have a great deal of flexibility.

SOURCE: EC:070

SOURCE: EC LAP 20—Business Connections (Business and Society)

19. A

The Internet. The technology that has had the most influence on globalization has been the Internet. It is literally the "world wide web," connecting people and businesses across the globe. Television, inexpensive telephone service, and wireless connections have all contributed to globalization, but none so much as the Internet.

SOURCE: EC:104

SOURCE: EC LAP 22—Stretch Your Boundaries (Global Environment's Impact on Business)

20. D

Benefit society as well as business. Profits benefit society and business by making it possible for businesses to grow and hire more employees. Earning profits does not guarantee the life of a business. Profits make it possible for employers to provide training, but training was not mentioned in this situation. Profits do not increase sales; increasing sales increases profits.

SOURCE: EC:010

SOURCE: EC LAP 2—Risk Rewarded (Profit)

21. D

Income. Income taxes are levied on income earned from a job or other sources. Employers withhold income tax from their employees' paychecks, and submit the monies to the government at certain intervals. Estate tax is paid on inherited property valued above a certain amount. Property taxes are paid on land and buildings. An excise tax is often referred to as a "sin tax," and it is levied on nonessential products such as gasoline, cigarettes, and alcohol.

SOURCE: EC:072

SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (pp. 381-382). New York: Glencoe/McGraw-Hill.

C
Inputs and outputs. Productivity is the amount and the value of goods and services produced (outputs) from set amounts of resources (inputs). The other terms are not related to the concept of productivity. The law of supply and demand states that the supply of a good or service will increase when demand is great and decrease when demand is low. Competition is the rivalry between two or more businesses to attract scarce customer dollars. In a monopoly, a single business influences the entire production of a particular good or service. Profit is the income left once all expenses are paid, and loss is the income that is lost due to poor sales, added expenses, etc.

SOURCE: EC:013

SOURCE: EC LAP 18—Make the Most of It (Productivity)

23. D

Personal consumption expenditures. Personal consumption expenditures include the final market value of all sales of goods and services purchased for direct consumption by an individual, by families, and by nonprofit organizations such as schools and churches. Personal consumption expenditures are one of the factors used to calculate gross domestic product (GDP). Private domestic investment, government transfer payments, and foreign trade deficits are other factors that are taken into consideration when calculating GDP.

SOURCE: EC:017

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

24. B

Although the Americans and British people speak English, the variations of the language can create barriers. In "American" English, Nigel said, "Hey Carolyn, I'm hungry. Would you like to go out for an appetizer, or perhaps a sandwich and fries?" The example indicates that vocabulary differences and word usage can create barriers and cause misunderstandings in the same general language. Both the British and Americans use slang. Because the example is written rather than spoken, it is not possible to determine if Carolyn was speaking slower and clearer than Nigel.

SOURCE: EC:131

SOURCE: Priest, M.(n.d.). *Great Britain: Communications*. Retrieved September 6, 2012, from http://www.cyborlink.com/besite/united_kingdom.htm

25. A

Translation problem. Before using a greeting or phrase in a foreign language, businesspeople need to make sure that they have the correct translation and pronunciation. Incorrect translations are embarrassing, and may offend the foreigners rather than impress them. The example may seem like a humorous situation to some people, but Hans did not intend to be humorous. The situation is a verbal blunder rather than a physical action or gesture. Ethnocentrism is the belief that your own culture is naturally better than other cultures. There is no evidence that Hans has this belief.

SOURCE: EC:132

SOURCE: Nicol, J. (n.d.). *Brazil: Communications*. Retrieved September 6, 2012, from <http://www.cyborlink.com/besite/brazil.htm>

26. D

Different cultures associate different meanings with color. Different cultures attach different associations to different colors. Therefore, it is important for businesspeople to know and understand these differences when conducting business in other countries. Nicole likely has positive associations with the color white, such as pure, clean, angels, brides, etc. However, Japanese people have negative associations with white because it symbolizes death and dying. After adding a red ribbon to the package, it's no wonder that Mr. and Mrs. Fukushima were confused, as red signifies luck to the Japanese people. Loosely interpreted, the gift wrapping indicates that Nicole is wishing them luck when they die. Because red is a bright color that has positive associations with it, one cannot assume that Japanese people prefer dark colors. In fact, the Japanese associate cheapness or low quality with the color gray.

SOURCE: EC:133

SOURCE: Williams, D. (n.d.). *Japan: Communications*. Retrieved September 6, 2012, from <http://www.cyborlink.com/besite/japan.htm>

27. D

Translation issues. Because some words are not easily translated into other languages, businesses must be careful when using an existing or selecting a new name for a product. By using an inappropriate name, a business might offend an international market segment. The meaning of the name is not an issue associated with pronunciation, readability, or the length of the product name.

SOURCE: EC:134

SOURCE: Ball, D.A., McCulloch, W.H., Frantz, P.L., Geringer, J.M., & Minor, M.S. (2006). *International business: The challenge of global competition* (10th ed.) [p. 200]. Boston: McGraw-Hill/Irwin.

28. A

Conservative pantsuit. Appropriate attire is an important consideration when doing business in another country. The Indian culture dresses modestly, so a conservative pantsuit is appropriate attire. In India, it is inappropriate for a person to show bare shoulders or legs, so a sleeveless dress is inappropriate clothing. Ornate jewelry does not project a conservative appearance. Cows are sacred to the Indian Hindus, so it would be offensive to wear a leather belt.

SOURCE: EC:135

SOURCE: Butler, P. (n.d.). *India: Appearance*. Retrieved September 6, 2012, from <http://www.cyborlink.com/besite/india.htm>

29. D

True, humor can make people around you more comfortable. It also helps individuals to handle stress and maintain self-control, especially during trying situations. Humor is not an indication of dependability. Humor may make you a better leader by improving your attitude and your ability to show patience and tolerance.

SOURCE: EI:018

SOURCE: EI LAP 9—You've Got Personality (Personality Traits in Business)

30. B

More than. Initiative is the willingness to act without having to be told to do so. Employees with initiative usually do more than they are asked to do. This is why they are valued by businesses.

SOURCE: EI:024

SOURCE: EI LAP 2—Hustle! (Taking Initiative at Work)

31. A

Taking credit for others' work. Ethical employees give credit where credit is due rather than taking all the credit for accomplishments themselves. Sometimes it is difficult for employees to share the credit with others, but management often rewards employees who are honest. Admitting to all mistakes, using benefits appropriately, and telling the truth to managers are examples of ethical behavior.

SOURCE: EI:004

SOURCE: EI LAP 4—Work Right (Ethical Work Habits)

32. A

Accepting responsibility for his decision. Because Jack is willing to accept the risks associated with his decision, he is accepting responsibility for the future outcome of a certain course of action. A person who takes responsibility for his/her actions often accepts a certain level of risk, and is willing to admit, learn from, and rectify mistakes. Jack acknowledges risks, but he is not indicating that he believes that he is making a bad decision. Jack is not asking others to accept blame, nor is he requesting that his staff support his decision.

SOURCE: EI:075

SOURCE: Edmunds, G. (2011, January 23). *General information on accepting responsibility*. Retrieved September 6, 2012, from <http://acceptingresponsibility4self.com/responsibility/2011/01/23/general-comments-on-accepting-responsibility-3/>

33. C

Suggest that they meet for lunch at 1:15 p.m. at a restaurant located between the airport and her office. Managing your commitments in a timely manner means that you allow yourself enough time to complete important tasks. An important aspect of allowing yourself enough time to complete tasks is making sure that you "pad" your time in case unexpected situations occur that require immediate attention. In Jana's case, she has several important commitments in one day. It is important for Jana to meet with the Susan because she could provide the business with needed financial support. The best way for Jana to handle the situation is to suggest they meet for lunch between the airport and Jana's office at 1:15. This way, if Jana's meeting with her boss goes a few minutes longer than expected, she still has time to arrive for her meeting with Susan on time. Susan will have a rental car, so transportation is not an issue for her. It may not be convenient for Susan to meet with Jana the following week. Because Susan arrives at 11:30 a.m. and has a 45-minute drive from the airport, she could not meet at Jana's office at noon. A late meeting at the airport will not allow Jana enough time to get back to the office to lead her videoconference at 4:30.

SOURCE: EI:077

SOURCE: Time Management. (n.d.). *Manage your scheduling commitments—six effective guidelines to get things done (part 1)*. Retrieved September 6, 2012, from <http://www.timemanagment.info/111/manage-your-time-scheduling-commitments-six-effective-guidelines-to-get-things-done/>

34. A

Positive. Employees with positive attitudes help to create a positive work atmosphere. Employees with negative attitudes expect the worst and may actually do the company harm by lowering the morale of fellow employees or criticizing the company. Employees who are neutral or indifferent would have little to contribute because of their lack of interest.

SOURCE: EI:019

SOURCE: EI LAP 3—Opt for Optimism

35. A

Showing an understanding of customers' feelings. Empathy is the ability to put yourself in another person's situation. Salespersons can demonstrate their empathy by showing customers they understand how the customers feel. Giving customers reasons to buy is feature/benefit selling. Creating a favorable impression with the customer may be a result of showing empathy. Selling items to go with what customers have already purchased is selling related items through suggestion selling.

SOURCE: EI:030

SOURCE: EI LAP 12—Have a Heart (Empathy)

36. D

Interests. The key to successful negotiation is to focus on interests. Interests are the things that you and the other party want or need. You must consider the other party's interests as well as your own. Ability is a skill someone uses to perform a task through knowledge, training, and practice. When negotiating, one party may not necessarily know the other party's skills. Standards are specifications or statements that are used as a basis for comparing or judging goods or services. Procedure refers to the step-by-step process someone follows when performing a specific task.

SOURCE: EI:062

SOURCE: QS LAP 3—Get to Yes!

37. D

Creativity. Creativity is the ability to generate unique ideas, approaches, and solutions. An effective leader must have the ability to be creative and be able to imagine a better way of doing things. Leadership demands imagination, enthusiasm, and openness to new ideas. A leader knows that out of a hundred off-the-wall ideas, there may be one that works. Discipline involves acting in a controlled manner. Empathy is the ability to put yourself in another person's place.

SOURCE: EI:009

SOURCE: QS LAP 27—Follow Me!

38. B

Recognizing and rewarding progress toward the vision. One way that team leaders can show enthusiasm while enlisting others to work toward a shared vision is by recognizing and rewarding progress toward the vision. This will pass the enthusiasm on to other team members. Applying for promotions within the organization does not show enthusiasm toward the team vision. Team leaders should share the vision with *all* team members and make an effort to get to know suppliers and vendors as well.

SOURCE: EI:060

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

39. D

Cultures. The cultures of ethnic groups from all parts of the world are the customs, habits, and traditions that have been developed over time. Many people whose ancestors are from other countries retain their cultures and celebrate different holidays. The United States has one government that is a democracy which includes many different courts; but these were established to carry out different kinds of legal functions, not because U.S. citizens are from all over the world. Sanctions are trade restrictions placed by one country against another country that is violating international law.

SOURCE: EI:036

SOURCE: EI LAP 20—Fair and Square (Treat Others Fairly at Work)

40. A

Credit cards. They do not qualify as a medium of exchange because they only delay payment; they are not the payment itself. Legal tender and currency are two names for the same thing: government issued specimen that are accepted as payment for goods and services. Bonds are an example of legal tender.

SOURCE: FI:059

SOURCE: Investopedia.com. (2012). *Medium of exchange*. Retrieved September 6, 2012, from <http://www.investopedia.com/terms/m/mediumofexchange.asp#axzz25hjBOX28>

41. C

The first step in creating a financial plan. Knowing how you spend your money—understanding your spending habits—is the first step in creating a financial plan. Knowing your spending habits does not guarantee that you will exceed your financial goals. Although it's helpful to know how many checks you expect to write in a month, you don't need to understand your spending habits to open a bank account.

SOURCE: FI:065

SOURCE: QS LAP 31—Set Yourself Up (Setting Financial Goals)

42. B

Subtract fees and charges. To complete checkbook balancing, Matt needs to subtract fees and charges. Some financial institutions charge a monthly fee on bank accounts, especially those with less than a certain balance. They also have charges for new checks, bounced checks, etc. All of these charges must be subtracted from the balance in the check register to obtain an accurate monthly balance.

Interest is added to, not subtracted from, the check register balance. Matt does not need to call the bank for a new statement just because the latest deposit is not on his current statement. He does need to subtract fees and charges and add any interest before he can consider everything done.

SOURCE: FI:070

SOURCE: Kapoor, J.R., Diabay, L.R., & Hughes, R.J. (2005). *Personal finance* (p. 147). New York: Glencoe/McGraw-Hill.

43. B

Call the car dealership. It is more important for her to contact the credit agency and have them contact the dealership. She should file a police report immediately, because doing so will allow her to take legal action against the identity thief. Checking her credit report to make sure that it has not been affected is also something she should immediately do.

SOURCE: FI:073

SOURCE: Federal Trade Commission. (n.d.) *About identity theft*. Retrieved September 6, 2012, from <http://www.ftc.gov/bcp/edu/microsites/idtheft/consumers/about-identity-theft.html>

44. B

Avoiding. Avoidance is a risk-response strategy that involves choosing not to do something that is considered risky. Transference is a risk-response strategy that involves moving the impact of a risk to someone or something else. Mitigation involves reducing or controlling the impact of a risk if it occurs. Acceptance, also known as risk retention or assumption, involves accepting a risk's consequences because the potential payoff is higher than the losses.

SOURCE: FI:084

SOURCE: FI LAP 8—Prepare for the Worst; Expect the Best (Nature of Risk Management)

45. C

Filing tax returns online. Filing tax returns online (via the Internet) is a quick, easy way to transmit tax information to government tax agencies. By electronically transmitting tax returns, businesses reduce the lead time that is needed to send the documents by postal mail. Electronic transmission also eliminates the risk of loss by the postal service. The purchasing department usually obtains quotes for the business. Tax codes are established by the government. Small businesses do not use accounting software programs to develop institutional policies.

SOURCE: FI:352

SOURCE: eHow.com. (1999-2012). *About QuickBooks software*. Retrieved September 6, 2012, from http://www.ehow.com/facts_5027301_quickbooks-software.html

46. C

Cost of goods. Cash payments are the specific sources of money flowing out of a business. Cash payments include cost of goods, variable expenses, and fixed expenses. Cost of goods is the amount of money a business pays for the products it will sell and often is a sizeable expense. Previous month's balance is the amount of cash a business has left at the end of the previous month. Total credit sales equal the amount of purchases that customers make on credit and will pay later. Interest from loans is income, often from credit sales.

SOURCE: FI:091

SOURCE: FI LAP 6—Count the Cash (Cash Flow Statements)

47. C

Financial ethics. An important aspect of financial ethics is making sure the business makes a profit and serves the best interests of its stakeholders (e.g., employees, customers, investors). This would include honest communication, transparent financial reporting, and fair pricing practices. Creative processes, maintenance activities, and forecasting methods are important business considerations; however, these activities are not directly related the business's profitability and the stakeholders' best interests.

SOURCE: FI:355

SOURCE: Peavler, R. (n.d.). *Financial ethics will improve the profitability of your small business*. Retrieved September 6, 2012, from http://bizfinance.about.com/od/fraud/a/Financial_Ethics.htm

48. B

Reduces turnover. The purpose of orienting new employees is to introduce them to the business and their new work environment, which includes supervisors and coworkers. When new employees are oriented properly, the turnover rate decreases because the new employees feel comfortable in their new surroundings and understand their role. One cause of high turnover among new employees is a lack of proper orientation because they do not know what is expected of them. Orienting new employees does not necessarily increase profit or eliminate training. The purpose of orientation is to provide information.

SOURCE: HR:360

SOURCE: Barbazette, J. (n.d.). *Make new employee orientation a success*. Retrieved September 6, 2012, from <http://www.ideasandtraining.com/New-Employee-Orientation-Article.html>

49. D

A willingness to share expertise. Knowledge management involves leveraging the expertise, insight, and information of internal and external resources to help an organization achieve its goals. To leverage knowledge, employees must be willing to share information with their coworkers and managers. When employees are willing to share their ideas and expertise, it often makes it easier to resolve problems, develop new (tangible and intangible) products, and find connections among seemingly unrelated processes that will enhance efficiency.

SOURCE: KM:001

SOURCE: DuBrin, A. (2010). *Leadership: Research findings, practice, and skills* (6th ed.) [pp. 395-399]. Mason, OH: South-Western Cengage Learning.

50. C

Camilla is exhibiting ethical behavior by passing along personal knowledge to help Cecily learn how to do her job. Many times, employees find ways that help them manage their workload—things that aren't always written in their job descriptions. This personal knowledge is acquired by trial and error, which occurs by repeating tasks and activities over time. Personal knowledge might include tips that help the employee work with or around deficit computer processes, or shortcuts that eliminate waste or improve efficiency. If Camilla did not provide these tips, it would likely take Cecily more time to become proficient at her job, which can affect the company's efficiency and ability to achieve its goals. Therefore, Camilla is behaving in an ethical manner by providing Cecily with tips and personal knowledge. Until Cecily gets acclimated with her job, she will not know if she has a better way to complete tasks than the way that Camilla suggests. There isn't evidence to indicate that Camilla would provide incorrect information.

SOURCE: KM:002

SOURCE: Keyes, J. (2008, September). *Identifying the barriers to knowledge sharing in knowledge intensive organizations*. Retrieved September 6, 2012, from <http://www.newarttech.com/KnowledgeSharing.pdf>

51. C

Employees' knowledge is limited to a specific part of the process. By limiting the amount of information employees have about an entire process, there is less risk that the company's trade secret will be revealed. For example, to protect Kentucky Fried Chicken's secret breeding recipe (11 herbs and spices), the company mixes small increments of the breeding in different locations. Then, the company collects and mixes the smaller increments to create the famous recipe. By fragmenting the mixing process, no single employee knows all of the ingredients. Fragmentation of processes does not replace the need to copyright written or artistic works, eliminate the need for non-compete agreements, or reduce the need to monitor all aspects of the production process.

SOURCE: KM:004

SOURCE: Inc.com. (2009, December 1). *How to protect your trade secrets*. Retrieved September 6, 2012, from <http://www.inc.com/magazine/20091201/how-to-protect-your-trade-secrets.html>

52. A

Comparing and ordering concepts. Knowledge management involves leveraging the expertise, insight, and information of internal and external resources to help an organization achieve its goals. An important aspect of knowledge management involves capturing the expertise, insight and information, so the business can use it in meaningful ways. A business can use many different tools to capture knowledge in an organization. Sorting techniques allow the business to compare all of the data and information that it has collected, categorize it, and place it in a meaningful order or sequence. This process allows the business to look at all of the knowledge that it has gathered in different ways. This often helps the business determine efficiencies and inefficiencies within the business. Sorting techniques often help a business determine if any of the information that it has collected is confidential or relevant. After sorting and analyzing the information, the business may decide to take corrective action by changing some of its objectives.

SOURCE: KM:005

SOURCE: Cairns, G., & Tolstenkov, A. (2011, September). *Capturing tacit knowledge*. Retrieved September 6, 2012, from http://www.iaea.org/nuclearenergy/nuclearknowledge/schools/NKM-School/archive/2011/pdfs/d2/3_4-Capturing-Tacit-Knowledge.pdf

53. D

Annabelle calls on her customers to determine if they need additional products. A company should communicate its business goals to its employees, so the employees understand how their work contributes to the company's growth and well-being. A sales goal is just one of many types of company goals. Sales are critical to the company's financial well-being because they generate income and profit for the company. Annabelle is taking action to increase sales because she is calling on her customers with the goal of making sales that meet their needs. Kevin is advising a customer about a policy change. Although Nancy is taking advantage of lower prices by ordering additional inventory, there is no guarantee that the inventory will sell. Increasing prices may increase the profit margin, but it doesn't result in higher sales. In fact, if the prices are too high, customers may not purchase the product, and sales may decrease.

SOURCE: MK:015

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

54. B

An opinion. It is important to separate opinion from fact, when analyzing information. An opinion is a person's point of view or belief. In the example, the author (Dr. Garrett) is expressing her opinion about another individual's (Dr. Sanderson) research. The author does not provide specific facts or data to support her opinion. Facts contain true data or information. Hearsay is gossip or rumor.

SOURCE: NF:077

SOURCE: Ertl, S. (n.d.). *Fact vs. opinion*. Retrieved September 6, 2012, from <http://www.learnnc.org/lp/pages/4017>

55. B

Fire. Businesses should manage their information in ways that minimize risk. A natural risk is the possibility of loss resulting from natural causes such as floods, tornadoes, earthquakes, fire, etc. To minimize losses due to natural causes, businesses should keep hard copies or digital backups of crucial business records in a different location. A tax audit is an example of a financial risk. Failing to upgrade or keep up with new technical products is a technological risk. Businesses often have confidential information (e.g., customer credit-card information, business trade secrets), which should be secured to prevent risks associated with the invasion of privacy.

SOURCE: NF:110

SOURCE: NF LAP 3—In the Know (Nature of Information Management)

56. B

Track their appointments. Cellular telephones are available with many options. Many cell phones have calendar and scheduling applications that allow users to set and track their tasks and appointments. Cell phones may also include Internet access to check e-mail, text-messaging functions to send text messages to clients, and global positioning systems (GPS), which are navigational tools that help users to obtain driving directions.

SOURCE: NF:005

SOURCE: eHow.com. (1999-2012). *How to use a cell phone calendar*. Retrieved September 6, 2012, from http://www.ehow.com/how_4444117_use-cell-phone-calendar.html#

57. B

Integrated. Integrated software applications consist of two or more related computer programs that work together to record information or perform specific business tasks or functions. An example of integrated software is Microsoft Office—it consists of several related programs, such as word-processing (Word), spreadsheet (Excel), presentation (PowerPoint), and database (Access). Trajectory software is used to measure velocity, wind drift, momentum, etc.

SOURCE: NF:088

SOURCE: eNotes.com. (2012). *Integrated software*. Retrieved September 6, 2012, from <http://www.enotes.com/business-finance-encyclopedia/integrated-software>

58. B

Audio conferencing. Audio conferencing is a communication method that allows several individuals to simultaneously hold a discussion by telephone. Although each person is in a different location, each person can speak and hear all of the conference participants. Switchboards and teleprompters are not business tools that allow several people to communicate simultaneously. Video cameras record data in a digital format.

SOURCE: NF:011

SOURCE: InterCall. (2011). *Audio conferencing services*. Retrieved September 6, 2012, from <http://www.intercall.com/services/audio-conferencing/>

59. B

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

SOURCE: NF:130

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

60. B

\$1,197.52. Many businesses generate account statements to summarize their customers' purchasing activities and amounts due for a specific time frame. Because the customer sent a partial payment for a purchase, the balance due should be added to the next statement. To calculate the balance due, first subtract the amount paid from the original purchase amount ($\$2,456.29 - \$1,725 = \$731.29$). Then, add this figure to the total of the most recent purchases ($\$731.29 + \$466.23 = \$1,197.52$). The customer owes Webster \$1,197.52.

SOURCE: NF:002

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 349-351). Woodland Hills, CA: Glencoe/McGraw-Hill.

61. C

Award purchasing contracts. Businesses maintain records about their vendors and use the information in the records to award contracts to the most appropriate vendor. When selecting a vendor, a business usually wants to buy from the vendor that offers the best price for the value, has reasonable delivery terms, and favorable credit policies. By comparing the information about each vendor, a business can make an informed decision about the best vendor. This type of information does not help a business to negotiate higher discounts, monitor inventory levels, or follow safe shipping procedures.

SOURCE: NF:014

SOURCE: Burrow, J.L. (2006). *Marketing* (2nd ed.) [pp. 120-121]. Mason, OH: South-Western.

62. C

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

SOURCE: OP:339

SOURCE: Maryland Department of Labor, Licensing, and Regulation. (2012, September 6). *Safety inspections-elevator and escalator safety inspections*. Retrieved September 6, 2012, from <http://www.dllr.state.md.us/labor/elev.html>

63. B

Improper lifting. Many people hurt their backs because they have not learned proper lifting techniques. They lift a load that is too heavy, stand too far from the load, or use their back and arms to do the lifting. Poor posture and sitting in one position may cause some problems, but are not common causes of back injuries. Hard physical labor does not necessarily cause back injuries.

SOURCE: OP:007

SOURCE: Demby, G. (2005, May 24). *Provide basic lifting instructions to prevent back injuries*. Retrieved September 6, 2012, from <http://www.safetyxchange.org/health-safety/provide-basic-lifting-instructions-to-prevent-back-injuries>

64. B

To protect the integrity of the business's logo. Trademarks protect unique symbols, designs (e.g., logo), or words that businesses use to identify their brands. A business can legally protect its logo from unauthorized use by registering the logo with the appropriate government agency. If an unauthorized entity compromises or uses the logo in harmful, embarrassing, or negative ways, trademark protection provides the business with legal recourse. Copyrights provide legal protection for written, musical, and artistic works. Patents are obtained to legally protect inventions and certain types of processes (e.g., unique manufacturing processes) for a limited amount of time.

SOURCE: OP:153

SOURCE: Beatty, J.F., & Samuelson, S.S. (2008). *Essentials of business law* (3rd ed.) [pp. 796-800]. Mason, OH: Thomson/South-Western.

65. A

Prioritizing. Prioritizing involves ranking things in the order of their relative importance. When employees prioritize their work, they evaluate several factors, including due dates and the time it will take to complete a task. In Luke's situation, he determined that he needed to start acquiring bids before working on the inventory report, even though the report was due before the bids. Because Luke realized that he had to allow vendors time to provide the bids, he needed to give them the order specifications promptly. Delegating is assigning authority or responsibility to others. Luke is not delegating, simplifying, or communicating information about his workload to others.

SOURCE: OP:228

SOURCE: Snell, S. (2011, April 21). *7 tips for prioritizing tasks effectively*. Retrieved September 6, 2012, from <http://vandelaydesign.com/blog/business/how-to-prioritize-tasks/>

66. A

Sequential. When one task needs to be completed before another task can be started, then the work must be done in sequential order. As the example illustrates, each employee depends on another employee to perform a task before s/he can perform his/her assigned task. The work is not being done in a reverse, informal, or flexible order.

SOURCE: OP:230

SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 110, 112]. New York: Penguin Group.

67. D

Cut costs. In some cases, the amount of money you think you will need will not be possible to obtain. When this happens, the most realistic approach is to look for ways to cut costs. If your ideal budget is based on getting everything you want or would like to have, consider substituting inexpensive materials for costly ones, or making do without some supplies. By cutting costs, you will be able to proceed with the project. It is not necessary to lower your expectations because, in most cases, you will be able to complete the project by making some substitutions. Decreasing the amount of time that is allotted for the project will not necessarily make up for a lack of funding. Eliminating the project is not a good choice, either.

SOURCE: OP:003

SOURCE: QS LAP 19—Get What You Need

68. D

Keeping their prices down. Purchased items, such as supplies, services, or raw materials, add to the final cost of a manufactured product. Purchasing can help to keep prices down by keeping costs down. Purchasing is not responsible for product promotion. Limiting shipment of goods would cause customer complaints. Maximizing inventory investment would increase expenses and make the company less competitive.

SOURCE: OP:015

SOURCE: OP LAP 2—Buy Right (Nature of Purchasing)

69. B

Lead time. Lead time is the amount of time it takes a vendor to process and deliver an order. Lead time is affected by many factors including the distance from the shipper to the recipient, the type of transportation the vendor uses, and the type of product. For example, a custom-made product usually requires more lead time because part or all of the product is not produced until the order is placed. If a product takes three months to produce, the buyer should make sure to order the product at least three months before it is needed, and should make sure to add delivery time. Quantity discounts, unit pricing, and billing issues are important factors that the buyer considers when placing an order, but they do not directly relate to the delivery date.

SOURCE: OP:016

SOURCE: Cash, R.P., Thomas, C., Wingate, J.W., & Friedlander, J.S. (2006). *Management of retail buying* (pp. 206-209). Hoboken, NJ: John Wiley & Sons.

70. C

Solving problems together. Trust, honesty, and collaboration help a business build positive, long-term relationships with its vendors. When the business and a vendor collaborate, they work together to solve problems and implement strategies that will help both of them achieve their business goals. Limiting communication, negotiating too aggressively, and withholding information may hurt a business's relationships with its vendors.

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. 114-115, 122-123]. South-Western Cengage Learning.

71. B

Standing. Standing orders involve sending products at set intervals. This type of purchase order is ideal for businesses that need the same amount of an item on a regular basis. In the example, SOA Manufacturing may need the bolts to produce its products. Because SOA knows that it generates a set amount of outputs in a certain amount of time, it advises its vendor (Colbert Company) to ship a certain amount of bolts at intervals—every other week. An advance order is a regular order that is placed now with delivery requested at a future time (e.g., weeks, months). A seasonal order is an order that is placed for seasonal merchandise, such as snow shovels or beach umbrellas. An open order is an order for staple goods that is placed with one of several available vendors who can meet the business's immediate requirements (e.g., time, price, quantity).

SOURCE: OP:250

SOURCE: WebFinance, Inc. (2012). *Standing order*. Retrieved September 6, 2012, from <http://www.businessdictionary.com/definition/standing-order.html>

72. B

Buttons, cloth, and thread. Raw-materials inventory are goods (inputs) that are used to make a finished good (output). Buttons, cloth, thread, and zippers are examples of goods used to make clothing (finished goods), such as shirts. Sewing machines are equipment used to combine the inputs to create the outputs or finished goods.

SOURCE: OP:336

SOURCE: eNotes.com. (2012). *Inventory types*. Retrieved September 6, 2012, from <http://www.enotes.com/management-encyclopedia/inventory-types>

73. C

Assess vendors' strengths and weaknesses. By assessing a vendor's strengths and weaknesses before entering a negotiation, a business can plan strategies to use that will strengthen its own position during the negotiating process. Planning and developing effective strategies can help the business obtain desired discounts, favorable service options, or cooperative advertising support. And, the business may make fewer concessions during the negotiation because it analyzed the vendor's capabilities before beginning negotiations. To obtain a favorable agreement, the business should strive for a win-win attitude. Adopting a win-lose attitude and using overly aggressive tactics may backfire, and prevent both parties from getting what they want from the negotiation.

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. 470-475]. South-Western Cengage Learning.

74. D

Improve quality and reduce inefficiencies. Six Sigma is a quality-management framework that involves continuously setting higher goals of perfection. Six Sigma builds upon previous goals to set higher goals in order to continuously improve the quality of the business's goods, services, or processes. The ultimate goal is to maximize outputs, reduce inefficiencies and waste, have no process or product defects, and minimize production costs. If these actions are successful, the business's profits may increase. As a quality-control framework, the primary purpose of Six Sigma is not to eliminate resources, lessen decision making, influence regulation, or decrease outputs.

SOURCE: OP:163

SOURCE: Levine, D.M. (2006, June 9). *Fundamentals of Six Sigma*. Retrieved September 6, 2012, from <http://www.ftpress.com/articles/article.aspx?p=470223&seqNum=2>

75. B

True, when an employee wastes time, the company is losing money. When employees waste time, they do not produce as much for the company as they could. This means the company is losing money because of the drop in productivity—the amount and value of products produced from set amounts of resources. Employees can and should try to be as productive as possible, but this does not mean they should try to work when they are ill.

SOURCE: OP:025

SOURCE: OP LAP 5—Buck Busters (Employee Role in Expense Control)

76. C

Validate an action. Business analysis is the process of investigating and evaluating a business issue, problem, process, or approach. Conducting an analysis helps the company determine if it is accomplishing goals or if it needs to take corrective action, so it can accomplish its goals. Companies analyze many types of situations. In the situation provided, the company had implemented a new process and wanted to verify that the process was generating favorable results. The purpose of the business analysis was not to formulate a plan or to solve a problem. Organizational waste may be reduced as a result of the new process, which may or may not be a consideration used to validate the success of the new process.

SOURCE: OP:327

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

77. A

The nature of the job. The nature of the job often dictates how one dresses for work. For example, a person who routinely works around a lot of heavy, dangerous equipment might need to remove jewelry or wear specific types of clothing for protection from serious injury. Personal preferences, business-image considerations, and corporate-casual dress policies are factors that affect how a person dresses for work but are not necessarily related to the nature of the work.

SOURCE: PD:002

SOURCE: PD LAP 5—Brand ME! (Personal Appearance)

78. A

Activities that must be done next month. A daily "To Do" list contains the activities that a person plans to accomplish the next day rather than in the next month. This list should be prepared at the end of one day for the next day and should be based on the activities that appear on a weekly master list, activities that were previously scheduled for the upcoming day, and new activities that have surfaced during the day and must be completed the next day.

SOURCE: PD:019

SOURCE: OP LAP 1—About Time (Time Management in Business)

79. B

Aptitude test. An aptitude test measures what a person is capable of doing and what s/he might be capable of doing with additional training or education. Interest surveys measure interest in various occupations. Intelligence tests measure current knowledge. Personality tests measure personality traits.

SOURCE: PD:023

SOURCE: Bailey, L.J. (2007). *Working* (4th ed.) [pp. 174-175]. Mason, OH: South-Western Cengage Learning.

80. A

License. Employees in certain professions must be licensed, which means that they must pass an examination to prove that they are qualified. The license verifies that the individual has completed the necessary training and met specific state, local, or professional requirements. Some careers that require licensing include nursing, medicine, teaching, engineering, finance, accounting, cosmetology, and child care. A sponsor is a business, individual, or organization that pays the costs of promotion. A charter, or certificate of incorporation, is a permit issued to operate as a corporation. A patent is legal protection of an invention or a process granted by government to its owners for a certain number of years.

SOURCE: PD:025

SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (p. 330). New York: Glencoe/McGraw-Hill.

81. A

Spelling. The words "advertisement" and "apply" were misspelled in the opening paragraph. These errors will create a negative impression on the employer. Before submitting a letter of application, you should check for correct spelling, grammar, and punctuation. The opening paragraph does explain the reason that you are writing the letter—the purpose of the opening paragraph.

SOURCE: PD:030

SOURCE: Bailey, L.J. (2007). *Working* (4th ed.) [p. 54]. Mason, OH: South-Western Cengage Learning.

82. A

Develop leadership skills. Participation in professional associations provides many opportunities for both personal and professional development. Many organizations plan seminars to help their members develop leadership and communication skills. An association might schedule a seminar to help their members understand stress, but the seminar will not eliminate stress. Organizations do not help their members prepare for rejection or fund personal projects.

SOURCE: PD:036

SOURCE: Bailey, L.J. (2007). *Working* (4th ed.) [p. 265]. Mason, OH: South-Western Cengage Learning.

83. D

Ask their managers to clarify the policies. Employees need to follow their employers' rules of conduct. The rules of conduct outline a company's policies, procedures, and expectations regarding employees' behavior in the workplace. If an employee is unsure about a workplace rule or procedure, then the employee should ask his/her manager to clarify the business's policies. If the employee violates the company's rules of conduct, the employee may be reprimanded. Employees should verify the rules of conduct with their immediate or human-resources managers. Coworkers may not know about certain workplace policies, or they may communicate incorrect information. If an employee follows his/her own instincts, s/he may not be following the company's rules of conduct. Employees can simply ask their managers about workplace rules—it isn't necessary to conduct a formal investigation.

SOURCE: PD:251

SOURCE: Williams, J.W., & Eggland, S.A. (2005). *Human relations for career success* (6th ed.) [p. 57]. Mason, OH: South-Western Cengage Learning.

84. C

Christopher Franklin, senior buyer. As the senior buyer, Christopher Franklin reports to Tiffany Evans, who is the manager of the purchasing department. Elizabeth Curtis reports directly to Christopher Franklin. Logan Gear most likely reports to the warehouse or distribution manager. Quinn Montgomery reports to the accounting-department 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.

85. C

Order. Organizational goals are the overall objectives or desired outcomes that the business wants to achieve. Order goals are those that are designed to control or prevent behavior that may have a negative effect on the business. For example, order goals address ethics and legal issues and expectations in the workplace. Product goals relate to the goods and services the business produces. Profit goals are related to pricing goals. Short-term goals are goals that take less than a year to achieve.

SOURCE: PD:254

SOURCE: Associated Content. (2008, October 3). *The nature of organizational goals*. Retrieved September 6, 2012, from http://www.associatedcontent.com/article/1059363/the_nature_of_organizational_goals.html

86. B

Perform their jobs in efficient ways. To achieve its organizational goals, a business relies on its employees to perform their jobs in the most efficient, accurate, safe, and cost-effective ways. The organization's mission statement is developed by the organization's owners or management team. The mission statement acts as a guide for owners and managers, when they are establishing organizational goals. Managers, rather than workers, delegate the workload.

SOURCE: PD:255

SOURCE: Success Factors. (n.d.). *Goal management*. Retrieved September 6, 2012, from <http://www.successfactors.com/goal-management/small/>

87. D

Scope. 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. The scope statement is a component of the SOW that clearly defines the things that the project will do, as well as the things it won't do. The scope statement clarifies the boundaries of the project. The outcomes, risks, and constraints are issues discussed in other components of the SOW.

SOURCE: PJ:005

SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 74-77]. New York: Penguin Group.

88. D

Divide the workload into independent work packages. A work breakdown structure (WBS) is the process of dividing project tasks into meaningful components to complete the project. The related activities in each component make up the work package. Work packages help the project manager effectively schedule, assign, and monitor project activities. After dividing the entire workload into independent work packages, the project manager can determine timeframes, monitor the work, and evaluate the quality of the work after the activities have been performed.

SOURCE: PJ:006

SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [p. 102]. New York: Penguin Group.

89. B

Communicate clearly. An important aspect of effectively managing project teams is communicating objectives, directions, and expectations clearly, so the team members understand what they are supposed to do. Conflict can be managed, but not eliminated. Grievance procedures are the formal method of settling disagreements between workers and employers. Making decisions will not help project-team members understand objectives and expectations.

SOURCE: PJ:007

SOURCE: Project Management Knowledge. (n.d.). *Manage project teams*. Retrieved September 6, 2012, from <http://www.project-management-knowledge.com/definitions/m/manage-project-team/>

90. D

How can we improve? During the closing phase of the project, the project team develops the "lessons-learned" document, which summarizes the project's successes and failures. The document also includes suggestions for improvement for similar projects in the future, such as process changes or additional staff support. To include the suggestions for improvement, the project team needs to answer the question, "How can we improve?" Questions regarding needed equipment, stakeholders, and risks are addressed during the initiation phase of the project.

SOURCE: PJ:008

SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 334-337]. New York: Penguin Group.

91. D

Quality improvement. Quality improvement involves using a systematic approach to increase the levels of excellence in relation to a process, good, or service. Taking action to create better-tasting water is improving the quality of the end product—water. Quality control is ensuring the degree of excellence of a good or service. After making the improvements, the company will need to ensure that its products meet the new standards of excellence by implementing different quality-control activities. Opportunity cost is the benefit that is lost when you decide to use scarce resources for one purpose rather than another. Market development is the activities that a business implements to increase its target market.

SOURCE: QM:001

SOURCE: BusinessDictionary.com. (2010). *Quality improvement*. Retrieved March 12, 2010, from <http://www.businessdictionary.com/definition/quality-improvement.html>

92. A

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

SOURCE: QM:002

SOURCE: iSixSigma. (n.d.). *Six sigma: What is six sigma?* Retrieved September 6, 2012, from http://www.isixsigma.com/sixsigma/six_sigma.asp

93. A

Monitoring data. Continuous improvement is an ongoing process that looks for ways to increase the levels of excellence in relation to a process, good, or service. By monitoring various data, the business can detect problems, which can help the business identify ways or opportunities for improvement. After the business identifies opportunities for improvement, it can set goals to improve quality. The improvement goals may or may not include budget and resource issues.

SOURCE: QM:003

SOURCE: Taylor, H. (n.d.). *Benefits of continuous quality improvement (CQI)*. Retrieved September 6, 2012, from http://www.ehow.com/facts_5317408_benefits-continuous-quality-improvement-cqi.html

94. C

Businesses that provide ethics-training programs can reduce the business's level of risk. By providing an ethics-training program, the business can advise its employees about its expectations in relation to workplace behavior. Because an employee's personal ethics may differ from the organization's ethics, it is important for the employees to have a clear understanding of the business's expectations. When employees don't have a clear understanding of the business's expectations, they put the business at risk. Businesses cannot assume that employees know their expectations. Employees who do not follow the business's ethics guidelines may cross a legal line without knowing they have done so. If employees cross ethical lines and break the law, the business may experience fines and obtain unfavorable publicity. Management sets the tone for ethical behavior, so it is important that managers set a good example for employees by exhibiting a high standard of ethics. By behaving ethically, the business can protect its reputation with customers, vendors, and the community.

SOURCE: RM:041

SOURCE: Head, G. (2005, February). *Why link risk management and ethics?* Retrieved September 6, 2012, from <http://www.irmi.com/expert/articles/2005/head02.aspx>

95. D

Surveillance cameras. By placing surveillance cameras throughout the facility, the business can monitor activities. Visible surveillance cameras tend to discourage robbery and theft. If an individual robs or steals from the business, the surveillance camera will provide a videotape of the activities, which increases the chances of catching the assailant. Electronic cash registers are used to process sales transactions. Kiosks are structures located in public places that are designed to provide information and sell products. Deadbolt locks are manual rather than electronic security devices.

SOURCE: RM:042

SOURCE: Kimiecik, R.C., & Thomas, C. (2006). *Loss prevention in the retail business* (pp. 69-70, 185, 187-188). Hoboken, NJ: John Wiley & Sons.

96. B

Captive insurer. When businesses cannot obtain commercial insurance to cover a risk, they may legally form insurance companies as subsidiaries or sister companies to cover the losses associated with the risk. These insurance companies are called captive insurers because they exist only to serve a specific purpose—they are held "captive" by their parent companies. Lending institutions loan money to individuals and businesses. Generic provider and organic entity are not types of insurance providers.

SOURCE: RM:043

SOURCE: Answers.com. (2012). *Captive insurance company*. Retrieved September 6, 2012, from <http://www.answers.com/topic/captive-insurance-company>

97. C

Determining the division of labor. Organizing is the management function of setting up the way the business's work will be done. Determining how to divide the work is an organizing activity. A mission statement, the firm's statement of purpose, is considered when conducting planning activities. Inspecting outputs and providing employees with feedback are controlling activities.

SOURCE: SM:064

SOURCE: eHow.com. (1999-2012). *Five functions of management & leadership*. Retrieved September 6, 2012, from http://www.ehow.com/info_12025560_five-functions-management-leading.html

98. D

How will the company compensate this worker? Staffing is the management function of finding workers for a business. Recruiting, interviewing, hiring, and training are staffing activities. When hiring an employee, the manager must consider how the business will compensate the employee. This involves determining the appropriate salary range for the job, insurance, vacation, and other benefits. The company's vision is a consideration of the planning function of management. Workload distribution is a consideration of the organizing function of management. Product quality standards are considerations of the controlling function of management.

SOURCE: SM:065

SOURCE: Taleo Corporation. (2012). *Staffing management*. Retrieved September 6, 2012, from <http://www.taleo.com/research/g-staffing-management-19.php>

99. C

Initiating action. Directing is the management function of providing guidance to workers and work projects. Providing guidance or instruction about the proper way to perform a task is initiating action. Skill identification is a staffing activity. Performance evaluation is a controlling activity. Establishing a line of authority is an organizing activity.

SOURCE: SM:066

SOURCE: Management Study Guide. (2008-2012). *Importance of directing function*. Retrieved September 6, 2012, from http://www.managementstudyguide.com/importance_of_directing.htm

100. C

Established goals. 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's goals and objectives are achieved. To be successful, businesses must be able to achieve what they plan. By monitoring the actual results of various business activities, managers will know if the business is performing as planned and achieving its goals, or if changes need to be made. Hiring and purchasing are types of business activities. Safety regulations are established by governments.

SOURCE: SM:004

SOURCE: Lussier, R.N. (2003). *Management fundamentals: Concepts, applications, skill development* (2nd ed.) [pp. 434-435]. Mason, OH: South-Western.