

KEY

Test Number 1057

Finance Cluster Exam

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1. D

Case. Case law is a primary source of law that is based on previous court decisions. Constitutional law is the supreme law of the land and is based upon the U.S. Constitution. Uniform laws address issues such as trade and commerce. Uniform laws provide legal consistency among the states that adopt them. The U.S. Congress enacts statutory laws.

SOURCE: BL:067

SOURCE: Miller, R.L., & Jentz, G.A. (2005). *Fundamentals of business law* (6th ed.) [p. 5]. Mason, OH: Thomson/South-Western.

2. A

The franchisee can choose the name of the business. A product trade-name franchise is an independent sales relationship between a supplier (franchisor) and a dealer (franchisee) to stock and sell a specific or exclusive line of products. In this relationship, the franchisee is able to choose the name of the business. These franchises are open to the public, usually have limited liability, and are owned by the franchisee, not shareholder.

SOURCE: BL:003

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

3. D

Gramm-Leach-Bliley Act. The Gramm-Leach-Bliley Act repeals part of the Glass-Steagall Act of 1933 by allowing different types of financial institutions to form mergers or consolidate. The Community Reinvestment Act encourages commercial banks and other financial institutions to offer credit to borrowers in their local communities. The Sarbanes-Oxley Act of 2002 regulates corporations' and public accounting firms' activities.

SOURCE: BL:133

SOURCE: Answers.com. (2009). *Gramm-Leach-Bliley Act of 1999*. Retrieved August 12, 2011, from <http://www.answers.com/topic/gramm-leach-bliley-act-of-1999>

4. A

A fund with a high portfolio turnover rate. Regardless of fund type, a fund with a high portfolio rate replaces a high percentage of its investments every year. Every time that the fund sells one item in its portfolio and purchases another, a capital gain or loss is being realized. Because these capital gains or losses occur so frequently, it is difficult for fund investors to successfully time the realizations and manage their overall tax obligations effectively. Specialized sector funds focus on a certain industry, and index funds attempt to match broad market indices.

SOURCE: BL:134

SOURCE: Bodie, Z., Kane, A., & Marcus, A.J. (2004). *Essentials of investments* (5th ed.) [p. 111]. Boston: Irwin/McGraw-Hill.

5. D

Regulatory guidelines. Financial institutions are required to follow governmental rules and regulations. Following these regulatory guidelines is the process of compliance. The purpose of compliance is to make the industry safe for consumers and to maintain the stability of the financial system. Compliance does not involve operating within specific territories, organization plans, or different relationships.

SOURCE: CC:003

SOURCE: NetIQ. (2006, January). *Assuring compliance for financial services*. Retrieved August 12, 2011, from http://download.netiq.com/CMS/WHITEPAPER/NetIQIndustryWP_FSI.pdf

6. A

Temporal reasoning. A virtual auditor, which is a type of compliance technology, uses multiple reasoning processes to review financial transactions and processes to identify errors and/or noncompliance. Temporal reasoning involves considering the timing of a financial transaction or process. In this instance, the XYZ Company's virtual auditor considered the fact that it was the end of the accounting period when reviewing the balance of the expense account. Since that particular account is expected to have a debit balance at the end of each accounting period, the virtual auditor identified the account's credit balance as a potential error or compliance violation to be corrected. Incremental reasoning involves studying a series of seemingly innocent events as they occur to determine if the chain of events as a whole represents a potential compliance violation. Cross-source reasoning is used to compare financial transactions and processes in multiple financial systems. Comparative reasoning is used to identify financial system transactions that are very similar to each other but not exactly alike.

SOURCE: CC:004

SOURCE: Oversight Systems. (2005, June). *Turn SOX compliance into cash: Link Sarbanes-Oxley requirements to business improvement*. Retrieved August 12, 2011, from <http://jobfunctions.bnet.com/abstract.aspx?docid=154304>

7. C

Poor lighting and noise. Environmental distractions, such as poor lighting or noise are aspects of the setting that take away from a listener's ability to listen. The speaker's appearance, manner, and personal matters that cause us to worry may also be distractions, but they are not part of the environment.

SOURCE: CO:017

SOURCE: QS LAP 1—Listen Up

8. D

Logical evidence. Being prepared will help individuals remain objective and able to offer logical evidence to back up their ideas. They should be prepared to explain supporting information because others may have questions or concerns about the ideas. Using logical evidence, such as related statistics or facts, will help individuals defend their ideas because they are relying on valid evidence rather than personal opinions. Individuals who defend their ideas objectively do not use emotional information, personal opinions, or unrelated statistics.

SOURCE: CO:061

SOURCE: Hyden, J.S., Jordan, A.K., Steinauer, M.H., & Jones, M.J. (2006). *Communicating for success* (3rd ed.) [pp. 335-336]. Mason, OH: Thomson South-Western.

9. C

To declare your opinion. It's important to participate in a group discussion for several reasons: to think critically, to organize your thoughts, to develop your understanding of a topic, to know when to change your mind, and to gain confidence in speaking to other people. Declaring your opinion, which may or may not take place during a discussion, is not a reason to participate.

SOURCE: CO:053

SOURCE: QS LAP 29—Put In Your Two Cents

10. A

Consistency. Many businesses and industries develop documents using a specific style, which entails following certain writing standards. By using a specific style, all of a business's or an industry's documents are consistent throughout the company or field. Writing styles provide guidance to the writers in regard to the correct usage of mechanical elements (e.g., punctuation) but do not provide creativity or flexibility. Stylebooks cannot verify the accuracy of the document's contents.

SOURCE: CO:089

SOURCE: Research Haven. (n.d.). *Writing style guides*. Retrieved August 12, 2011, from <http://www.researchhaven.com/Style/index.htm>

11. D

Customers' interests. Businesses' letters to customers should have a "you" perspective. The letters may include information about the business's history and/or services, but these factors should be linked to meeting customers' needs. In most cases, customers' opinions are not known by businesses and cannot be addressed.

SOURCE: CO:133

SOURCE: Locker, K.O. (2006). *Business and administrative communication* (7th ed.) [p. 152]. New York: McGraw-Hill.

12. D

Persuasive. A collection letter is a type of persuasive message that many businesses write to customers who are delinquent in making payments on their accounts. The purpose of the collection letter is to persuade customers to send payment or to contact the business to make some type of arrangement. Collection letters should not be threatening or overly aggressive because they may offend customers rather than encourage them to respond immediately. Although a collection letter contains information, it is not considered to be an informational message.

SOURCE: CO:031

SOURCE: Hyden, J.S., Jordan, A.K., Steinauer, M.H., & Jones, M.J. (2006). *Communicating for success* (3rd ed.) [p. 341]. Mason, OH: Thomson South-Western.

13. C

Overview of work completed and planned. Daily activity reports are a type of simple written reports that outline the work completed, problems and concerns, and list work to be done. They usually are fairly short. They may, in some cases, provide a basis for recommendations or a permanent record, but that is not their basic purpose. Quarterly management reports indicate a company's progress toward meeting its goals and objectives and evaluate problems hindering achievement of those goals.

SOURCE: CO:094

SOURCE: Lesikar, R.V., & Flatley, M.E. (2005). *Basic business communication: Skills for empowering the Internet generation* (10th ed.) [p. 322]. Boston: McGraw-Hill/Irwin.

14. D

Support the work effort. Good communication from supervisors to employees is vital to the work effort. Employees need many different types of information in order to do a good job. Supervisors should keep employees informed about what is going on within the business, as well as how the employees are doing on the job. Other examples of supervisor/employee communication might include providing job training, counseling individual employees, or planning social activities.

SOURCE: CO:014

SOURCE: Lesikar, R.V., & Flatley, M.E. (2005). *Basic business communication: Skills for empowering the Internet generation* (10th ed.) [pp. 3-8]. Boston: McGraw-Hill/Irwin.

15. B

Active listening. Active listening involves the use of nonverbal cues, paraphrasing, questioning, and other techniques to let a speaker know that a message has been heard and understood. Employees who listen and respond appropriately are showing their customers that they care and want to help them. By listening and responding appropriately, the employees are reinforcing the business's desire to provide quality service to customers. Nonverbal communication involves the use of gestures or facial expressions, rather than the use of words. Creative thinking is the process of generating unique ideas, approaches, and solutions. Idle conversation is "chit chat," which doesn't necessarily reinforce a service orientation.

SOURCE: CR:005

SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [pp. 19-21]. Mason, OH: Thomson South-Western.

16. B
Explain policies to customers. Employees need complete information about policies in order to explain them to customers and to be able to answer customers' questions. Management is responsible for providing employees with thorough information about policies. Writing company operating manuals is the responsibility of management, not of employees who deal with customers. Employees do not need a thorough knowledge of business policies in order to schedule personal leave. A business's policies would not be discussed with competitors.
SOURCE: CR:007
SOURCE: Stirtz, Kevin. (n.d.). *Train your employees to grow your business*. Retrieved August 12, 2011, from <http://smallbusiness.dnb.com/marketing-advertising/marketing-techniques/5196913-1.html>
17. D
Training its employees. A company's image, or brand is the way a person or group views the company; it's the combined impressions and experiences associated with the company. The manner in which employees perform their tasks affects the way people view the company. For example, a business that wants to portray an upscale image might train its employees to respond and service customers in a specific way or by following a set of procedures. To reinforce the upscale image, the business might require an employee to greet the customer in a certain way, provide extra amenities, wear certain apparel, or follow certain cleaning procedures to maintain the facility. Although it is important for a business to develop a financial plan, conduct a competitive analysis, and identify necessary resources, these activities do not directly affect how employees convey a certain image.
SOURCE: CR:002
SOURCE: Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (12th ed.) [pp. 238-239]. Upper Saddle River, NJ: Prentice-Hall.
18. B
Unable to obtain by themselves. Financial professionals provide many types of services that clients may be unable to obtain by themselves. For example, financial professionals analyze financial data and are able to provide information about the strength and safety of various products. Clients often do not have the ability to track the growth of these products and rely on professionals for guidance and advice. Finance professionals do not provide clients with services that clients usually are not willing to purchase, incapable of understanding, or convinced they do not need.
SOURCE: CR:012
SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (pp. 259-260). New York: Glencoe/McGraw-Hill.
19. A
Update their databases. Businesses use data-cleansing applications to ensure that their customer databases contain useful, relevant, and accurate data. The data-cleansing process removes duplicate records, updates expired data, and completes incomplete data fields. When a business's database is current and up-to-date, it can generate accurate reports that help the business make well-informed decisions. Businesses do not use data-cleansing applications to calculate statistical data.
SOURCE: CR:024
SOURCE: Sequeira, N. (2009). *CRM data cleansing & management*. Retrieved August 12, 2011, from <http://knol.google.com/k/neil-sequeira/crm-data-cleansing-management/s2w9p78k2qby/1#>
20. B
Wants. A want is a desire for something that may or may not be required. However, many people want so many things that their wants are considered unlimited. When one want is satisfied, there is at least one other waiting to take its place. For example, teenagers only require two pairs of jeans, but most of them want many more pairs; therefore, their need for jeans is unlimited. Most teenagers do not have unlimited funds or assets but are limited by what they earn or what their parents give them. Teenagers only have the amount of goods that they, or their parents, can afford to buy.
SOURCE: EC:002
SOURCE: EC LAP 10—Get the Goods on Goods and Services (Economic Goods and Services)

21. B
Equilibrium. The point at which the quantity of a good that buyers want to buy, and the quantity that sellers are willing to sell at a certain price, are exactly equal is the equilibrium price. In reality, the equilibrium price is seldom, if ever, the price that actually exists in the marketplace because supply and demand usually are not equal. Relative price is one price compared to another, that is, the ratio between them. Market price is the actual price that prevails in a market at any particular moment. List price is the manufacturer's suggested price for a product, and some businesses do offer goods at list price.
SOURCE: EC:006
SOURCE: EC LAP 12—When More is Less (Functions of Price)
22. D
Unity of command. Unity of command is an organizational principle that states that no employee should answer to more than one manager at a time. Using this principle can help to avoid confusion within the business. The scalar principle states that authority should flow in a clear, unbroken line from the top of the organization to the bottom. Span of control refers to how many employees a manager can effectively supervise at one time. Line authority is direct, formal authority that affects a business's day-to-day operations.
SOURCE: EC:103
SOURCE: EC LAP 23—Designed to Work (Organizational Design)
23. B
The world is much more politically open than it used to be. After the fall of communism and the end of the Cold War, the world became much more politically and economically open than it used to be. There are still a few countries closed due to communism, but not nearly as many as there were a few decades ago. The United States has many trading partnerships with other countries. There is no way of knowing what the future will hold in terms of political barriers between countries.
SOURCE: EC:104
SOURCE: EC LAP 22—Stretch Your Boundaries (Global Environment's Impact on Business)
24. C
People need a government permit to make a sale. This is a false statement because it is not necessary for people in a private enterprise economic system to obtain a permit to sell their private property. People are free to buy anything that can legally be sold, to decide how to spend their income, and to decide how their property will be used.
SOURCE: EC:009
SOURCE: EC LAP 15—People Power (The Private Enterprise System)
25. C
Eliminate. A business risk can sometimes be recognized and then eliminated completely. For example, the risk to a business of losing key personnel in an airplane crash can be eliminated by not allowing them to fly. Businesses examine, or study, their potential risks, but they do not intentionally disregard or overlook potential risks that may be harmful or costly.
SOURCE: EC:011
SOURCE: EC LAP 3—Lose, Win, or Draw (Business Risk)
26. B
People's attitudes have changed. As the marketplace became more complicated, consumers turned to government for more protection from dishonest or deceptive business practices. The technical nature of products, cost of production, and increased competition between businesses are not reasons to cause government's role to expand. Increases in cost of production become a contributing factor only when cuts are made in safety that may cause consumer-protection problems. Competition in the marketplace would be a contributing factor when a business engages in deceptive advertising or tries to limit competition.
SOURCE: EC:008
SOURCE: EC LAP 16—Regulate and Protect (Government and Business)

27. A

To fight inflation. When a product's demand exceeds its supply, the product's price will go up. Then, inflation increases, and economic growth begins to slow. As the product's price increases, its demand decreases. Less demand leads to less production, and eventually, unemployment. By raising interest rates, the Fed strengthens the value of the dollar, attracting foreign investors, putting more money into the economy. Inequalities of income distribution are not addressed by increased interest rates.

SOURCE: EC:084

SOURCE: Clark, J. (n.d.). *Why does the Fed change the interest rate?* Retrieved August 12, 2011, from <http://money.howstuffworks.com/fed-change-interest-rate.htm/printable>

28. B

A positive attitude. A positive attitude is part of self-management in emotional intelligence. Relationship management includes effective communication, recognition of others, and a sense of teamwork, as well as negotiation skills and being a change catalyst.

SOURCE: EI:001

SOURCE: EI LAP 6—EQ and You (Emotional Intelligence)

29. B

Positive attitude. Seeing the bright side of things is an example of a positive attitude. Learn to maintain a positive, optimistic outlook. Industriousness is characterized by willingness to work hard, loyalty by faithfulness, and organizational skills by systematic behavior.

SOURCE: EI:018

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

30. B

Social. Taking the characteristics of personal responsibility and expanding them to include consideration of your family, friends, classmates, and community is social responsibility. It means taking other people's needs, interests, and feelings into account and acting accordingly. It means not doing something to deliberately hurt or mislead others. Personal, ethical, and legal may be types of responsibilities, but none is the correct answer.

SOURCE: EI:021

SOURCE: PD LAP 7—Make the Honor Role (Acting Responsibly)

31. B

Positive. Positive feedback is the type of feedback that provides a message receiver with approval or praise. A characteristic of positive feedback is that it motivates the message receiver to continue a specific behavior. Vague is a general term that means unclear. Environmental is a general term used to describe the external forces that affect an entity. Practical is a general term that means useful, sensible, or realistic. Vague, environmental, and practical are not terms commonly used to describe types of feedback.

SOURCE: EI:003

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

32. C

Empathetic. Empathy is the ability to put yourself in another person's place. By showing compassion and sharing a similar experience, you are demonstrating empathetic behavior. To be indifferent means that you don't care or wouldn't respond. To be critical means to find fault with your fellow employee's actions. To be impatient means not taking the time to listen or sympathize.

SOURCE: EI:030

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

33. B

Communication. Many cultural issues can be solved by focusing on communication, since miscommunications are the main cause of cultural conflicts. Focusing on stereotypes or religious differences will only heighten the conflict. Business goals are important, but focusing on them won't solve the communication issues at hand.

SOURCE: EI:033

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

34. A

Preparation. Many experts believe that the key to getting what you want out of a negotiation depends upon how prepared you are for the session. Determining exactly what you will and will not give up before the negotiation is crucial. Also, it is important to research and obtain information you don't have, analyze the other side, and practice your responses by visualizing various situations and strategies. A concession is something that a person gives up during the negotiation. Assessment is the last step in the negotiation process in which the negotiator reviews how the negotiation went and determines changes s/he should make for the next negotiating session. Mediation is the involvement of a neutral third party to help resolve a conflict.

SOURCE: EI:062

SOURCE: EI LAP 8—Make It a Win-Win (Negotiation in Business)

35. A

To remain healthy. Stress is a mental, physical, or emotional feeling of pressure or tension. When stress increases or continues for a period of time, it can have dangerous effects on employees. Many employees who have high levels of stress are more likely to catch colds or the flu. As a result, it is important for employees to learn how to manage stress to remain healthy. Learning how to prioritize tasks and budget time are ways that employees might be able to manage stress. Employees often become stressed when they are trying to achieve goals.

SOURCE: EI:028

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (p. 220). New York: Glencoe/McGraw-Hill.

36. C

Effective communication. Leadership is the ability to guide or direct the actions of others. To do this, it is necessary to communicate information in a way that will be understood by others. Before others can do what the leader wants them to do, they need to understand the directions. If the leader does not communicate effectively, others will have difficulty doing what is expected of them. Limited negotiation, aggressive behavior, and technical training are not important parts of successful leadership.

SOURCE: EI:009

SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (p. 290). New York: Glencoe/McGraw-Hill.

37. C

Life insurance. Life insurance has become an important investment for many people. Often, large settlements are disbursed to beneficiaries, such as dependent children, after a person passes away. Many financial institutions offer this service with the sole purpose of providing financial assistance in repaying mortgages, loans, debts, or death benefits. Although other financial services such as securities will produce revenue, they often involve a higher amount of risk. Business investments provide long-term financial growth but take time to turn into cash. Like business investments, real estate purchases often are lucrative but take time to liquidate.

SOURCE: FI:081

SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (pp. 465-466). New York: Glencoe/McGraw-Hill.

38. C

The risk of the stock market. The risk of the stock market is not a key factor involved with compounding growth. Compounding growth is earning interest upon interest. The three key factors involved with compounding growth are the amount of money you invest, how long your money is invested, and how much your investment grows each year.

SOURCE: FI:270

SOURCE: QS LAP 30—Supersize Your Money

39. C

Getting started early. Getting started early is the key to successful investing. The sooner you begin to take advantage of the compounding growth of the stock market, the better. Compounding is your best friend because, right now, time is on your side. As a teenager, you have more years ahead of you to invest than your grandparents, your parents, and even your older siblings. Inflation is an increase in the cost of goods and services. Opportunity costs are the trade-offs that occur when you choose one alternative over another; they are impossible to avoid. The rule of 72 is a trick for determining how long it will take to double your money at a certain interest or return rate.

SOURCE: FI:270

SOURCE: QS LAP 30—Supersize Your Money

40. A

Use unusual passwords rather than your birth date to access your bank accounts. Identity theft occurs when somebody uses another individual's name and personal information (e.g., credit cards) for fraudulent purposes. Identity theft can occur even when you take precautions. To reduce the risk of identity theft, use unusual passwords to access your personal bank accounts rather than common information such as your birth date. To further prevent identity theft, do not place your Social Security number or social insurance number on unnecessary documents. Many people do not have passports. Paying with cash is not always a good idea because cancelled bank checks serve as a receipt for payments. If you pay your bills by sending cash, the envelope may get lost, and you have no record of making the payment. In addition, using credit cards wisely can help you build a good credit report, which will help you obtain loans for expensive items (e.g., car) in the future.

SOURCE: FI:073

SOURCE: Federal Trade Commission. (n.d.). *Minimizing your risk*. Retrieved January 26, 2006, from http://www.consumer.gov/idtheft/con_minimize.htm#minimize

41. B

Credit unions, savings and loan associations, and commercial banks. Deposit-taking financial institutions accept funds from customers (depositors) and pay interest on the funds. Credit unions, commercial banks, savings and loan associations (banks), and mutual savings banks are types of deposit-taking financial institutions. A corporation is a form of business ownership that is owned by stockholders who have purchased units or shares of the company. Brokerages are financial intermediaries that sell securities. Insurance firms sell insurance and securities. Corporations, brokerages, and insurance firms are not types of deposit-taking financial institutions.

SOURCE: FI:336

SOURCE: Encyclopedia of Business and Finance. (2011). *Financial institutions: Deposit taking*. Retrieved August 12, 2011, from <http://www.enotes.com/business-finance-encyclopedia/financial-institutions>

42. C

Securities: A financial market is an organized effort or exchange that facilitates the buying and selling of financial assets. There are many types of financial markets, including the securities market, which involves the buying and selling of stock. Money markets facilitate the buying and selling of low-risk, short-term financial products (e.g., treasury bills). Real estate (property markets) involves the buying and selling of land and buildings. Diversified is not a type of financial market.

SOURCE: FI:337

SOURCE: Kapoor, J.R., Dlabay, L.R., Hughes, R.J., & Hoyt, W.B. (2005). *Business and personal finance* (pp. 292-293). New York: Glencoe/McGraw-Hill.

43. D
Financial holding company. Because financial holding companies provide a wide variety of financial services and related products, the Federal Reserve Board supervises their activities. The primary services that an accounting firm provides include accounting, tax preparation, auditing, and bookkeeping services. Some financial holding companies may offer accounting services. Commodities investors invest their funds in goods (futures) such as grains, livestock, raw materials, etc. A central bank is often responsible for determining interest rates, controlling the nation's money supply, and regulating the banking industry. The Federal Reserve is an example of a central bank.
SOURCE: FI:573
SOURCE: Answers.com. (2011). *Financial holding company (FHC)*. Retrieved August 12, 2011, from <http://www.answers.com/topic/financial-holding-company-fhc>
44. C
An individual buys 10 shares of stock for \$150 per share on one market, and immediately sells each share for \$200 on another market. Arbitrage is profiting from the sale of a financial instrument (e.g., stock) or good on a different market. Arbitrage often involves the buying and selling of goods and other types of services. For example, a person who buys a set of football tickets from a sport organization for \$100 and sells them on E-bay to another person for \$500 is engaging in arbitrage. When an individual earns interest on his/her money by agreeing to leave it in a financial institution for a certain timeframe, s/he is investing in a certificate of deposit. Businesses that set aside money for their employees' retirement are contributing to a pension plan. A business that sells bonds is using debt financing to raise funds for its expansion efforts.
SOURCE: FI:574
SOURCE: Moffatt, M. (n.d.). *What is arbitrage?* Retrieved August 12, 2011, from http://economics.about.com/cs/finance/a/arbitrage_3.htm
45. D
Hedge funds involve private investment partnerships. A hedge fund is a pooled investment fund that uses many types of aggressive investment strategies to maximize returns. A hedge fund involves a limited number of investors (private partnership) and requires a large minimum investment amount. Professional financial managers manage hedge funds rather than government agencies.
SOURCE: FI:575
SOURCE: Investopedia. (2011). *Hedge fund*. Retrieved August 12, 2011, from <http://www.investopedia.com/terms/h/hedgefund.asp>
46. C
Financial statements. Publicly-traded companies are required by law to provide financial statements to their shareholders every 90 days. Company report cards and yearly newsletters are not typical items that they are required to provide. Stock research is usually something that external sources provide to stockholders.
SOURCE: FI:274
SOURCE: QS LAP 36—The Source Is With You
47. B
What breaking news affected the company that day. While breaking news about a company can be easily found in a newspaper, financial publication, or web site, stock tables deal with the actual numbers. Therefore, investors would learn if the stock is up or down, what the stock's yearly price range is, and what the day's volume was.
SOURCE: FI:275
SOURCE: QS LAP 37—Table Talk

48. B

Prompt Payment Act. When the U.S. federal government owes money to a contracted employee or business, the government must pay the employee or business according to the Prompt Payment Act. There are no U.S. legal requirements for financial exchange called "Early Bird," "Secure Contracting," or "Government Guidelines."

SOURCE: FI:063

SOURCE: Financial Management Service. (n.d.). *Prompt payment: Regulations and guidelines*. Retrieved August 12, 2011 from <http://www.fms.treas.gov/prompt/index.html>

49. A

Insurance policy. Transference is a risk-response strategy that involves moving the impact of a risk to someone or something else. An insurance policy, which is a common transference device, is a contractual agreement in which one company (the insurer) will pay for specified losses incurred by the other company (the insured) in return for installment payments (premiums). Smoke alarms help to mitigate or reduce the damage that a fire could cause to a property. A contingency plan is a set of specific guidelines and activities used when responding to undesirable circumstances. Businesses need to develop contingency plans in the event that risks that they have accepted actually occur. A risk checklist is a standardized list of risks that a business faces on a regular basis. It is often used to speed up the risk identification process.

SOURCE: FI:084

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

50. A

Due care. Because accountants prepare the financial information that businesses use to make financial decisions, they must uphold the ethical standards of their profession. They must be objective, honest, and maintain client confidentiality. Accountants must also use due care when performing their jobs. Due care is a commitment to thoroughly perform work to the best of one's ability. Passive behavior is conduct in which people fail to exercise their own rights and to respect their own needs. Because accounting procedures are based on generally accepted accounting practices, ethical accounting behavior involves rigid standards rather than flexible standards and personal preferences.

SOURCE: FI:351

SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (p. 108). South-Western Cengage Learning.

51. C

Creditors. Creditors utilize the information generated from a profit-and-loss statement to review the financial status of a business. Creditors are responsible for deciding if a business is granted a loan, or a cash advance, and want to make sure a business has the cash flow to repay a loan. Top executives and managers use the information in making decisions about operations and how to run the company efficiently. Investors would not be of concern in this situation since the company is privately owned.

SOURCE: FI:094

SOURCE: FI LAP 4—Watch Your Bottom Line (Income Statements)

52. A

To avoid penalties. There are laws and regulations governing the finance process that businesses should understand in order to operate legally. These laws and regulations involve credit, reporting and paying taxes, issuing stock, etc. By understanding the legal considerations, businesses can avoid violating the law which also enables them to avoid incurring penalties. Some penalties are significant and can include large fines, restrictions on future operations, or even force the company out of business. Businesses do not need to understand the legal considerations for finance to manage budgets, reduce expenses, or compensate employees.

SOURCE: FI:356

SOURCE: Megginson, W.L. & Smart, S.B. (2006). *Introduction to corporate finance* (p. 38). Mason, OH: Thomson South-Western.

53. A
\$17,575. Businesses often develop budgets for specific activities such as a special sales promotion. The purpose of developing a specific budget is to allocate the necessary funds to pay for the activity. In this situation, a business is budgeting the amount it will need to print, advertise, and distribute coupons for a special sale. To calculate the amount to budget, add the total anticipated costs (\$15,000 + \$2,225 + \$350 = \$17,575). The number of coupons that will be redeemed affects the amount the business will budget for income rather than the amount it will budget to produce and distribute coupons.
SOURCE: FI:106
SOURCE: FI LAP 3—Money Tracks (Nature of Budgets)
54. D
Customer service sending brochures about the company's loans to people who've just taken out loans with the company. Financial-information management systems tie financial transaction data with non-financial transaction data so that money is not wasted on promoting financial products to those who've just obtained the financial product. They encompass both processes and technologies to manage data about finances, internal operational information, and external market and competitive indicators. Use of a financial-information management system will not keep a company's computer from crashing nor will it keep different versions of a database application from being incompatible. Mergers and acquisitions present a challenge to the finance industry in terms of financial-information management; however, its use will not eliminate mergers and acquisitions from happening.
SOURCE: FM:002
SOURCE: Acevedo, L. (n.d.). *What are the benefits of a financial information management system?* Retrieved August 12, 2011, from http://www.ehow.com/facts_5031791_benefits-financial-management-information-system.html
55. A
A financial-information management system can be used to support operations management decisions. Operations managers might use a financial-information management system to determine operating efficiency, manage inventory, or evaluate key suppliers. Although technology is an integral part of financial-information management function, it is not the only part. The financial-information management function involves people, processes, and equipment/technology. Due to increased compliance requirements, the financial-information management function's responsibilities have increased in recent years. Much more data must be maintained by the financial-information management system for longer periods of time as a result of new laws and regulations. Data in a financial-information management system should be current. In many situations, decision makers need to know what is happening right now, not what happened months or even years ago.
SOURCE: FM:002
SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (p. 341). South-Western Cengage Learning.
56. D
Implement security policies. Businesses have an ethical responsibility to maintain the privacy of their customers' financial information. Businesses must take precautions to ensure that customers' credit, loan, and other types of financial data are kept confidential. To maintain confidentiality, businesses must develop and implement security policies. The policies may restrict the employees' access to customers' financial information. The policies may also involve the use of computer safety measures, such as firewalls and encryption techniques. Collection procedures are the activities that the business uses to collect funds owed by others. Developing collection procedures, monitoring competitors' activities, and reviewing inventory systems are not actions that will help businesses protect the privacy of their customers' financial information.
SOURCE: FM:003
SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (pp. 355-359). Mason, OH: South-Western Cengage Learning.

57. A

Install firewalls. To protect their clients' financial well-being, financial institutions must take great care to ensure that their online systems are safe from hackers. One way financial institutions protect their clients from hackers is by installing firewalls. A firewall is a type of computer security system that interfaces between the business's computer system and the Internet. The firewall protects sensitive information from hacking activities. Encryption is another way that financial-services businesses protect online financial information. Encryption is the process of transforming information into a secret code so only the recipient can read it. Intranet refers to a system of networked computers within a business. Limiting the number of online transactions does not secure or protect financial information from hackers.

SOURCE: FM:011

SOURCE: Diabay, L.R., & Burrow, J.L. (2008). *Business finance* (pp. 358-359). South-Western Cengage Learning.

58. C

Data mining. Data mining is the process of searching computer databases to look for patterns of information and correlations among information. Businesses use the information they obtain from data mining to make business decisions, such as analyzing and determining the customers who possess the highest buying potential. By having this type of information available, businesses can target their marketing efforts to these customers. Accounting is the process of keeping and interpreting financial records. Surveying is a marketing research technique that involves asking customers questions to learn their opinions and the reasons behind those opinions. Industry forecasting involves making predictions of the future prospects for entire industries (e.g., housing, retailing).

SOURCE: FM:012

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 172-173]. Mason, OH: South-Western Cengage Learning.

59. B

Presented. Unless data-mining results are presented in a useful and clear manner, they are meaningless to researchers. Changing results can skew the validity of the results. Researchers can't argue about the validity of the results unless the results are meaningful enough to interpret them. People rather than results are instructed.

SOURCE: FM:012

SOURCE: Hair, J.F., Bush, R.P., & Ortinau, D.J. (2009). *Marketing research in a digital information environment* (4th ed.) [pp. 98-100]. New York: McGraw-Hill Irwin.

60. D

Respond quickly to changes in the business environment. The use of budgeting applications can provide decision makers with real-time data on an ongoing basis so that they can make changes in response to what is impacting the business. To be effective, decision makers cannot wait a year to make budget revisions when changes occur. One of the goals of budgeting applications is to break down departmental silos by sharing information among departments. Use of real-time data does not automatically create a need to increase the amount budgeted to line items. The availability of real-time data enable a business to be flexible so that it can respond appropriately to changes.

SOURCE: FM:013

SOURCE: Centage Corporation. (2011). *Analyze, forecast, & report your business performance-Centage budget software*. Retrieved August 12, 2011, from <http://www.bmconference.com/index.php?id=98>

61. C

Cash flow. Computer applications aid businesses in analyzing many types of financial issues. Businesses often want to evaluate the changes in their cash position. To evaluate changes in cash position, the business would analyze its cash flow. Cash flow is the movement of funds into and out of the business. Evaluating cash flow helps the business forecast and determine the amount of cash it has to work with at any given time. Expenses are cash outflows and are one aspect of analyzing the business's cash flow. Fixed costs are expenses that are not affected by changes in sales volume. Analyzing performance may involve evaluating the productivity and efficiency of different resources (e.g., human, materials, equipment).

SOURCE: FM:014

SOURCE: MicroStrategy.com. (n.d.). *Financial analysis*. Retrieved August 12, 2011, from <http://latam.microstrategy.com/financial-analysis/>

62. A

Designates tables. SQL—Structured Query Language—is used for building queries and performing database administration tasks. All queries in Access have a SQL statement. SQL statements are made up of clauses with each clause beginning with a keyword that is typically written in all caps. Other key words used in SQL query statements are:

SELECT - Retrieves fields

WHERE - Identifies filter criteria

ORDER BY - Sort order(s)

SOURCE: FM:015

SOURCE: Bolton, D. (n.d.). *What is SQL?* Retrieved August 12, 2011, from <http://cplus.about.com/od/thebusinessofsoftware/a/whatissql.htm>

63. A

Others rely on the information when making credit and/or investment decisions. It's important for investment firms to share their actual financial situation rather than manipulate the numbers to present the most desired financial situation. Accountants, rather than investment firms, maintain an accurate accounting of people's revenue and expenses. Having both brick-and-mortar and virtual businesses would not impact the accuracy of investment firms' reporting. Unfortunately, most people understand that not all people are honest. Therefore, they need to know enough about investing to make good choices.

SOURCE: FM:004

SOURCE: Accounting and Compliance International. (n.d.). *Accurate accounting for broker-dealers*. Retrieved August 12, 2011, from <http://www.finraexamsupport.com/accurate-accounting>

64. D

Independent auditor. Businesses must report their financial positions accurately so that investors and the firms themselves can make educated, wise financial decisions. To ensure that a company's financial statements are accurate, error-free, and not misleading, the SEC requires that an independent auditor (a Certified Public Accountant who is not affiliated with the firm) review the statements. An internal accountant is responsible for maintaining financial accounts for and reporting the financial results of the company for which s/he works. A forensic accountant conducts investigations to undercover illegal accounting activities and provides litigation support for specific cases. A virtual auditor is a technological tool used by many companies to review accounting records and financial transactions as they change and/or occur.

SOURCE: FM:004

SOURCE: Moen, J. (2010, March 30). *External audit*. Retrieved August 12, 2011, from <http://www.centerfornonprofitexcellence.org/files/Audit%20Toolkit%20Revised.pdf>

65. B

Securing business credit. Finance is the function of business that involves all money and money management matters. The purpose of the finance function is to boost a company's growth and reduce its risks. One way the finance function boosts a company's growth is by securing appropriate business credit. Finance managers use accounting information to make financial decisions about the company. Accounting is a finance activity that involves keeping and interpreting financial records. Preparing payroll, processing accounts receivable, and developing depreciation schedules are activities performed by the accounting function.

SOURCE: FM:005

SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (pp. 102-103). South-Western Cengage Learning.

66. D

External users. A business uses the financial accounting system to report its financial position to external users, those who are not involved in the day-to-day operations of the business. These financial accounting reports provide information about the profitability of the business that those outside the business, such as investors or creditors, might use to decide if they want to invest in the business or give the business a loan. Bookkeepers and regional managers are internal users. Businesses use the management accounting system to report the business's financial position to internal users.

SOURCE: FM:006

SOURCE: Guerrieri, D.J., Haber, F.B., Hoyt, W.B., & Turner, R.E. (2007). *Accounting: Real-world applications & connections* (First-Year Course) [pp. 34-35]. New York: Glencoe/McGraw-Hill.

67. D

Profitability ratios. Profitability ratios measure the business's ability to generate profit. By comparing the profitability ratios from consecutive time periods (e.g., quarterly), the business can determine if it is generating profits. If profits tend to increase, then it is likely that the business is generating more revenue or making money. Advertising budgets, interest rates, and payroll records do not provide information about the business's profitability.

SOURCE: FM:008

SOURCE: Peavler, R. (n.d.). *What are the five categories of financial ratios and what do they measure?* Retrieved August 12, 2011, from <http://bizfinance.about.com/od/financialratios/ff/finratioanal2.htm>

68. C

To reduce the likelihood that customers will not pay their bills. Creditors must protect themselves from customers who fail to pay their bills. They're doing this by more closely examining customers' financial statements, determining whether there are cash flow problems that would delay payment, asking for trade references, etc. This is making it more difficult for customers to obtain credit, but the actions help to reduce creditor risk. The goal of the additional surveillance is to decrease the chances of having customers default on their loans, rather than increase them. Creditors are using more stringent methods of verifying a customer's credit than relying on Dun and Bradstreet reports.

SOURCE: FM:009

SOURCE: Stuart, A. (2009, August 14). *Giving credit risk its due*. Retrieved August 12, 2011, <http://www.cfo.com/article.cfm/14247382>

69. D

To understand accounting treatment. By reviewing a business's financial data, a finance professional can learn whether the business is using accrual or cash accounting methods. With the accrual method, transactions are recorded at the time they occur, rather than when payment is received or made. With cash accounting, transactions are recorded when payment is received or made. The accrual method is used by most businesses since it allows the current cash flows to be combined with future expected cash flows, thereby giving a more accurate picture of a company's current financial condition. Cash accounting presents a more conservative view of a company's financial situation; therefore, it's important to analyze financial data to determine the accounting treatment that has been used. Marketing and management determine what products need to be recalled. Recalls are generally due to safety issues. Financial data are quantitative data rather than qualitative data. Financial models are used in analyzing financial data rather than being an outcome of the analysis.

SOURCE: FM:010

SOURCE: Wicked How-To's. (2007-2011) *Accrual basis vs cash basis accounting: The differences*. Retrieved August 12, 2011, from <http://wickedhowtos.com/index.php/2008/05/21/accrual-basis-vs-cash-basis-accounting-the-differences/>

70. D

Storage and disposal of chemicals. Storage and disposal of chemicals is a workplace-related safety and health issue that is most likely regulated by law. Sometimes, companies go above and beyond their legal obligations to provide safe and healthy work environments and offer optional programs such as weight-management programs, smoking cessation support groups, and health education information sessions.

SOURCE: HR:410

SOURCE: HR LAP 35—People Pusher (Nature of Human Resources Management)

71. A

Exchanges. Marketing is described as creating exchanges—or encouraging trade by providing opportunities. Regarding the other options, marketing satisfies needs, uses advertisements, and bridges the gap between producers and customers.

SOURCE: MK:001

SOURCE: MK LAP 4—Have It Your Way! (Nature of Marketing)

72. D

Privacy. Information management is the process of accessing, processing, maintaining, evaluating, and disseminating knowledge, facts, or data for the purpose of assisting business decision making. Some of this information may be personal data that businesses obtain about their employees, customers, suppliers, etc. Individuals have the right to expect that the privacy of their personal information will be maintained. Businesses that are ethical do everything they can to protect private information and make sure it is not misused or made available to unauthorized users. Safety is freedom from danger or risk. Dignity is a high degree of calmness and self-possession. Equity is fairness.

SOURCE: NF:111

SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (pp. 357-358). South-Western Cengage Learning.

73. B

Create a distribution list. When businesspeople must send information to a group of people on a regular basis, they can create a distribution list from their e-mail address book. This application places all of the desired recipients of certain types of messages in a special group or list. When the message sender wants to e-mail everyone on the list, s/he clicks on the "list name" in the address book, and all of the recipients' names appear in the "to" field of the e-mail message header. Because the distribution list saves time, it increases the businessperson's efficiency and productivity. Businesspeople use the e-mail flagging function to remind them to follow-up with something within a particular message that they have received. Using the copy and paste application and deleting old contact information are activities that do not save the message sender time when e-mailing a single message to many recipients.

SOURCE: NF:005

SOURCE: Microsoft Corporation. (n.d.). *Create a distribution list*. Retrieved August 12, 2011, from <http://office.microsoft.com/en-us/outlook/HP052578011033.aspx>

74. A

Test themselves. Presentation software enables businesses to develop materials that contain interactive buttons. This allows employees to test themselves on their knowledge and understanding of the material. Businesses often develop this type of computerized training materials because it allows employees to learn at their own pace, test themselves, and review the material if necessary. Employees can read a question or view an action on a computer screen and respond by clicking on an interactive button. The computer quickly processes the information and advises the employees if their answers are correct. Businesses do not develop computerized training materials that contain interactive buttons in order to allow employees to study together, access databases, or conduct research.

SOURCE: NF:008

SOURCE: Russell, W. (n.d.). *What is PowerPoint? How do I use PowerPoint?* Retrieved August 12, 2011, from http://presentationsoft.about.com/od/powerpointtipsandfaqs/f/ppt_overview.htm

75. A

Productivity. Productivity is the amount of work employees perform in a given time period. Collaborative computer software allows many employees to access the same business information. Some applications, such as e-mail, allow employees to instantly transmit messages and business documents to coworkers who are traveling or working in other facilities, which can facilitate a quick response. Quick responses can increase an employee's productivity because the employee can take immediate action and then proceed to work on other tasks. Collaborative computer software does not necessarily increase an employee's independence or motivation because other factors can affect a person's independence (e.g., type of job) and motivation. The business, rather than its employees, receives the profit that might result from increases in the employees' productivity.

SOURCE: NF:011

SOURCE: Marotta, L. (2006, October 3). *Utilizing the full advantages of groupware applications to boost team collaboration*. Retrieved August 12, 2011, from <http://www.web-conferencing-zone.com/advantages-of-groupware-applications.htm>

76. B

Varies greatly. The length of time that businesses use and store their records can vary greatly. Some businesses will use certain records indefinitely, while other businesses might maintain information on a seasonal basis or for only one year. The law often determines how long certain records must be maintained.

SOURCE: NF:001

SOURCE: NF LAP 1—Record It (Business Records)

77. B

Revenue sources. Businesses monitor many types of internal information to make decisions. Accounts-receivable reports and income statements are accounting records that summarize information about various aspects of a business's revenues. Revenue is generated by a variety of sources, including sales and investments. By reviewing these reports, the business can determine which sources are generating income for the business and where problems exist. Accounts-receivable reports and income statements do not provide a business with information about inventory levels, customer-service ratings, or staffing needs.

SOURCE: NF:014

SOURCE: Gaspar, J.E., Bierman, L., Kolari, J.W., Hise, R.T., Smith, L.M., & Arreolas-Risa, A. (2006). *Introduction to business* (pp. 383-384). Boston: Houghton Mifflin.

78. D

Variance. Variance is a measure of how data points differ from the mean. Its calculation will help you to show others how dispersed the data were from the mean of 7. The mean of a set of numbers is also called the average. A geometric mean is used in business to show average rates of growth. This, too, would be a measure of central tendency.

SOURCE: NF:093

SOURCE: Lind, D.A., Marchal, W.G., Wathen, S.A. (2005). *Statistical techniques in business & economics* (12th ed.) [p. 74]. New York: McGraw-Hill/Irwin.

79. D

To reduce the risk of widespread illness. The purpose of health regulations is to protect the population from widespread illnesses. Depending on the industry or business type, most localities require businesses to follow certain rules to reduce the risk of illness. For example, various levels of government are likely to require that restaurants handle, store, and cook foods in certain ways to prevent illnesses such as e coli. Safety regulations intend to reduce the risk of accidents. The purpose of environmental regulations is to protect the natural environment from such issues as air pollution and waste management. Following health ordinances does not lower a community's need for medical care facilities.

SOURCE: OP:004

SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2006). *Marketing dynamics* (pp. 406-409). Tinley Park, IL: Goodheart-Willcox.

80. C

Financial loss. It is estimated that the total financial loss, or cost, of accidents to businesses exceeds \$92.7 billion a year. Part of these costs come from having to pay higher insurance rates. Loss of career and reduction of benefits would be effects on employees rather than on the business.

SOURCE: OP:007

SOURCE: SCORE. (n.d.). *Risk management*. Retrieved August 12, 2011 from <http://www.ct-clic.com/Newsletters/customer-files/riskmanagement.pdf>

81. D

Law enforcement. Theft and robbery are examples of security emergencies. Many companies develop procedures that advise employees how to handle these types of situations. If a theft or a robbery occurs, an employee generally contacts law enforcement officials (e.g., police). The fire department is contacted about fire-related issues. Health and welfare agencies do not handle security issues.

SOURCE: OP:010

SOURCE: Educational Institute of the American Hotel & Lodging Association. (2005). *Lodging management program: Year 1* (2nd ed.) [pp. 69-70, 77]. Lansing, MI: Educational Institute of the American Hotel & Lodging.

82. A

Contingency plan. A contingency plan is often known as "Plan B," or the backup in the event that the original plan will not work for some reason. Businesses often develop contingency plans along with original project plans in order to be prepared for the unexpected. There's no way to know when a crisis will occur, and having a contingency plan often helps a business to be successful even under adverse conditions. Businesses do not develop an escape mechanism, which is a way out of a situation. Suggestion programs are usually intended to encourage employees to share ideas. A modified schedule might be a part of a contingency plan.

SOURCE: OP:001

SOURCE: DuBrin, A.J. (2003). *Essentials of management* (6th ed.) [pp. 116-117]. Mason, OH: South-Western.

83. D

Standing-order. Businesses often negotiate a long-term price from a specific vendor for various staple items such as office supplies. The vendor guarantees the price and delivers the products at regular intervals, such as every other day or twice a week. This is an example of the standing-order purchasing method because the vendor automatically delivers the predetermined amount at a predetermined time for a guaranteed price. The business does not need to call the vendor each time it needs an order of copy paper or toner. The competitive-bid method involves obtaining several prices before placing an order, often with the vendor that offered the lowest bid. The blank-check method involves allowing some vendors to deliver goods without negotiating a price.

SOURCE: OP:016

SOURCE: WebFinance, Inc. (2011). *Standing order*. Retrieved August 12, 2011, from <http://www.businessdictionary.com/definition/standing-order.html>

84. C

Reduce costs. It is often more costly not to provide quality than to use methods to increase quality. If businesses develop a reputation of providing low quality goods and services, they may lose customers, which is costly. Therefore, it is to the business's advantage to use quality control methods so the work will be done correctly rather than spend money to correct mistakes, handle customer complaints, and find new customers. Using quality control methods involves time, but it is time well spent to reduce the cost of correcting mistakes. Using quality control methods usually decreases waste. Some quality control methods might require directions which could be a disadvantage.

SOURCE: OP:164

SOURCE: Pride, W.M., Hughes, R.J., & Kapoor, J.R. (2008). *Business* (9th ed.) [p. 293]. Boston: Houghton Mifflin.

85. D

Reduce staff. Businesses constantly monitor the level of operating expenses in relation to revenue and estimated profit in order to detect early signs that their operating expenses are excessive. A business might decide to lay off several part-time or newly-hired employees if the financial information indicates that income has decreased while expenses for employees' salaries have increased excessively. Borrowing funds, decreasing sales, or purchasing supplies would not solve the problem of excessive operating expenses.

SOURCE: OP:024

SOURCE: Reference for Business. (2011) *Cost control*. Retrieved August 12, 2011, from <http://www.referenceforbusiness.com/encyclopedia/Cos-Des/Cost-Control.html>

86. A

Identify activities. The first step toward orderly and systematic behavior is to list the activities in which you are involved, the things you need to get done, and your commitments. Classifying activities involves categorizing activities to help you visualize what you have to do. To prioritize activities means to rank them in order of importance. To perform activities implements your plan.

SOURCE: PD:009

SOURCE: Wallace, H.R., & Masters, L.A. (2006). *Personal development for life & work* (9th ed.) [p. 300]. Mason, OH: South-Western Cengage Learning.

87. A

Career, physical, financial. A career goal is an objective for your work life, such as to be a businessman. Physical goals are objectives for your health and well-being, such as exercising. Financial goals are measured in terms of money. Emotional and ethical are not types of goals. Educational goals deal with education, and social goals are objectives for interactions with other people.

SOURCE: PD:018

SOURCE: PD LAP 16—Go For the Goal (Goal Setting)

88. C

Be flexible. Natalia needs to learn how to be flexible. It's more important that she work on what her boss needs her to work on. Everyone encounters these unexpected changes in his/her schedule. Natalia's problem doesn't have anything to do with knowing when and how she works best, planning meetings wisely, or getting enough sleep.

SOURCE: PD:019

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

89. B

Relationships with friends. When people's physical and safety needs have been met, they look to other people to fulfill their social needs. These include the need to belong to a group, to develop relationships with other people, to feel accepted, and to receive affection. Job security and the opportunity for promotion would contribute to the satisfaction of physical needs by providing income to meet those needs. Praise from a supervisor would help to fill self-esteem needs by making the individual feel that what s/he does is important in some way.

SOURCE: PD:013

SOURCE: Lussier, R.N. (2008). *Human relations in organizations: Applications and skill building* (7th ed.) [pp. 324-325]. New York: McGraw-Hill Irwin.

90. D

Exploratory interview. An exploratory interview is a meeting in which the purpose is to gather information about a specific topic. Jacob wants to gather information about a specific career, so he sets up a meeting or exploratory interview with someone who works in the field. A person who obtains a position with an organization for the purpose of gaining work experience in a certain field is participating in an internship. A forum is a meeting that is open to many people. To evaluate the job, Jacob must first obtain information about the position, which is done by holding an exploratory interview.

SOURCE: PD:022

SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 54-56). Woodland Hills, CA: Glencoe/McGraw-Hill.

91. C

Contacting friends of the family. A network includes all of the people an individual knows who might be able to help with career advancement. These contacts can be personal friends or friends of the family as well as businesspeople, members of organizations, or anyone who might have information about possible jobs. Contacting friends of the family is one way to start building a network of people who can provide job leads. Networking does not involve looking up jobs on the Internet or reading want ads in the newspaper. Asking school counselors for advice is not networking unless those people can provide names of others who might become sources.

SOURCE: PD:037

SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 112-114). New York: Glencoe/McGraw-Hill.

92. C

Treasurer. A treasurer is a title for a type of financial manager, or a person who is responsible for overseeing part or all of an organization's finances. Treasurers are responsible for an organization's financial goals and objectives. They oversee investments, cash management, and capital raising. Bill and account collectors, procurement clerks, and billing clerks are all types of financial clerks who are responsible for financial recordkeeping.

SOURCE: PD:152

SOURCE: QS LAP 51—Careers in the Money

93. A

Treasurer. The position of treasurer is in the corporate finance pathway and is responsible for such activities as monitoring the company's financial goals and acquisitions; overseeing investment, cash management, and capital raising; and facilitating mergers and acquisitions. The position of risk manager oversees the company's risk-management program as well as the company's insurance budget. Loan officers are found in the banking services pathway, and they specialize in finding clients and helping them to apply for loans. Actuaries work in the insurance services pathway and are responsible for assessing risk using statistical analysis and for helping to design policies to minimize the cost of that risk.

SOURCE: PD:152

SOURCE: QS LAP 51—Careers in the Money

94. C

Chartered Financial Analyst (CFA). Finance professionals can enhance their professional standing and career-advancement opportunities by obtaining various certifications and licensures. The CFA certification is a comprehensive certification that requires participants to pass three levels of exams. The CFA certification is beneficial to finance professionals who focus on the long-range financial well-being of businesses and organizations. Insurance underwriters obtain the Chartered Life Underwriter (CLU) certification. Loan officers obtain a CLO certification. Finance professionals who specialize in annuities obtain the Certified Annuity Specialist (CAS) certification.

SOURCE: PD:082

SOURCE: Kolakowski, M. (2009). CFA. Retrieved August 12, 2011, from <http://financecareers.about.com/od/cfa/a/cfa.htm>

95. C

Networking. When people connect with others who might help them accomplish their personal career and professional goals, they are networking. Finance professionals might learn about employment and continuing education opportunities as well as prospective clients (selling opportunities) through the networking process. Socializing involves personal activities rather than professional activities. Coordinating is linking activities together in a systematic or organized way.

SOURCE: PD:153

SOURCE: Dalton, M., Hoyle, D.G., & Watts, M.W. (2006). *Human relations* (3rd ed.) [pp. 407, 528]. Mason, OH: South-Western Cengage Learning.

96. C

Decreased company value. Once word spreads about the business's unethical behavior, investors will probably withdraw their financial support of the business. This would cause the company's value to decrease. With unethical business behavior, the business can expect whistle-blowing to increase because employees have more activities that they could report. Employee support for the company is likely to decrease, along with their productivity. The publicity that appears in the media will be negative, not positive.

SOURCE: RM:041

SOURCE: Ebersole, G. (n.d.). *Ten most significant risks and costs of unethical behavior in business*. Retrieved August 12, 2011, from <http://ezinearticles.com/?Ten-Most-Significant-Risks-and-Costs-of-Unethical-Behavior-in-Business&id=427722>

97. B

Digital dashboards. Digital dashboards are being used in the finance industry to deliver "what-if" scenarios, based on handpicked combinations of monthly data such as line of business, FICO band, county, loan amount, and loan status. The dashboard is fed by a business intelligence and data warehousing environment, supported by Microsoft products. They can review the amounts and number of loans funded or in the pipeline, and then view them by criteria selected by the user. Time value of money calculators are financial software that enables the user to calculate present value, future value, interest rate, payments, net present value, etc. Account reconciliation technology matches and compares figures from accounting records against external sources and reconciles internal account balances to sub-ledgers. Financial reporting and consolidation technology is useful for large companies and overseas operations and is used to combine financial data from the company's subsidiaries.

SOURCE: RM:042

SOURCE: Jepson, K. (2008, November 8). *Risky business: CU uses dashboard tool to dive more deeply into data and manage its risk*. Retrieved August 12, 2011, from http://www.accessmylibrary.com/coms2/summary_0286-35926361_ITM

98. C

Monitor regulations. Risk management is a business activity that involves the planning, controlling, preventing, and procedures to limit business losses. If a business does not comply with laws, the government may fine the business, which could result in substantial financial losses. Therefore, it is important for a business to continuously monitor government regulations to ensure that it is in compliance, and make changes, if necessary, to become compliant. Evaluating competitors, obtaining customer feedback and allocating operating funds are not actions that will reduce risks associated with noncompliance.

SOURCE: RM:043

SOURCE: BankersOnline.com. (n.d.). *Compliance risk*. Retrieved August 12, 2011, from http://www.bankersonline.com/tools/riskmgt_compliancerisk.doc

99. C

Implement and monitor safety policies. Businesses can take many actions to control their level of risk. Developing, implementing, and monitoring specific safety policies is one way to lower risks associated with accidents in the workplace. Accidents can be costly to the business, especially if it does not carry sufficient comprehensive property insurance to cover these types of situations and the severe injuries that may result. Crime insurance policies protect businesses from losses associated with theft. Health insurance is a benefit that businesses offer to their employees to help offset medical expenses. A business plan is the written business model, which shows how the business works now and how it is intended to work in the future.

SOURCE: RM:058

SOURCE: SCORE. (n.d.). *Risk management*. Retrieved August 12, 2011, from <http://www.ct-clic.com/Newsletters/customer-files/riskmanagement.pdf>

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PIN debits. In addition to account numbers, customers must also provide their PIN number to process online payments. This adds an additional layer of protection for online transactions. Malware is malicious software used to illegally obtain account and personal information provided for online transactions. E-invoicing is electronic billing. PEPPOL is an initiative that aims to provide standardized processes for businesses to bid on government contracts.

SOURCE: RM:058

SOURCE: Visa. (1996-2011). *PIN security and key management program*. Retrieved August 12, 2011, from http://usa.visa.com/merchants/risk_management/cisp_pin_security.html?ep=v_sym_pin