

1. When a writer believes that the copyright on his novel has been violated, he files a(n) _____ lawsuit.
 - A. criminal
 - B. civil
 - C. administrative
 - D. common
2. What type of partnership arrangement might restrict a partner's liability?
 - A. "S"
 - B. Franchise
 - C. Limited
 - D. Close
3. Walt purchased stock based on false information from an online message board. The scammers who posted the information had purchased the stock and hyped it up on the Internet to encourage unsuspecting investors to buy it and drive up its price. After the price went up, the scammers sold off their stock. The price of the stock then fell, leaving Walt with worthless stock. Walt was the victim of
 - A. pump and dump.
 - B. a pyramid scheme.
 - C. affinity fraud.
 - D. phishing.
4. As a financial planner, Deidra takes care to select investments that match her clients' needs and monitors their investments for changes that might affect their financial well-being. Deidra is
 - A. exhibiting fiduciary responsibility.
 - B. carrying out due process.
 - C. exercising duty of control.
 - D. following credit requirements.
5. Which of the following is a tax-deductible expense:
 - A. Athletic-club membership fees
 - B. Personal telephone charges
 - C. A computer for a home-based business
 - D. International leisure travel
6. A barrier to businesses pursuing governance, risk management, and compliance in the finance industry is
 - A. the trust placed in company officials.
 - B. a business's ability to stay within its risk tolerance.
 - C. the desire to eliminate rework of financial data.
 - D. individuals' defense of their departmental specialties.
7. The most significant barriers that many companies face when implementing integrated governance, risk, and compliance (GRC) technology are the perceived
 - A. centralization of business risk and lack of adequate technology solutions.
 - B. high cost and overabundance of adequate technology solutions.
 - C. high cost and overdependence on a single GRC platform.
 - D. high cost and lack of evidence of return on investment.
8. When giving a verbal presentation, a speaker who distinctly voices the sounds of words is using proper
 - A. jargon.
 - B. enunciation.
 - C. tone.
 - D. vocabulary.

9. You ask your teacher, "What did you mean when you said that promotion is an element of the marketing mix?" This is a _____ question.
- A. clarifying
 - B. leading
 - C. provocative
 - D. hypothetical
10. When writing persuasive messages to convince customers to do something, it is often helpful to explain the
- A. benefits of taking action.
 - B. business's point of view.
 - C. technical aspects in detail.
 - D. predictions for the future.
11. Which of the following is an important step in preparing a simple written report:
- A. Arranging an interview
 - B. Scheduling a meeting date
 - C. Developing a rough draft
 - D. Organizing visual aids
12. Which of the following types of communication would be exchanged by two business managers who are on the same level of authority:
- A. Vertical
 - B. Downward
 - C. Horizontal
 - D. Upward
13. Which of the following is a good technique for participating in a staff meeting:
- A. Compliment everyone in the room at least once
 - B. Prepare by reading the agenda and brushing up on relevant topics
 - C. Argue with other participants when you disagree with their points of view
 - D. Always respond to questions and proposals before anyone else
14. Employees who are unable to respond to questions about the company's goods or services can affect the customer's
- A. purchasing ability.
 - B. image of the business.
 - C. sourcing strategy.
 - D. price fixing.
15. Companies demonstrate ethical behavior in customer relationship management (CRM) by
- A. taking steps to secure their customers' confidential information.
 - B. developing rigid customer-service policies.
 - C. releasing customers' personal information to others without permission.
 - D. using presentation software to maintain customer records.
16. Which of the following scenarios best illustrates a finance professional's commitment to customer service:
- A. Ann strives to solve customer problems promptly and accurately.
 - B. Patricia wears a business suit every day, including casual Fridays.
 - C. Jake takes a cellphone call while meeting with a customer.
 - D. Gennifer uses technical jargon when speaking with customers.

17. When a business wants to access data from a variety of sources to monitor customer trends over time, what form of computer technology should a business use?
- A. Systematic laddering
 - B. Project management
 - C. Electronic data interchange
 - D. Data warehousing
18. Which of the following situations involves finding an alternative resource to use in place of a nonrenewable natural resource:
- A. Searching for oil in new locations such as the ocean floor
 - B. Passing legislation to prevent the killing of endangered animals
 - C. Generating energy from wind turbines instead of solar panels
 - D. Powering a motor vehicle with biodiesel instead of gasoline
19. Country X recently lifted an embargo on Country Z, which provides businesses in both countries additional opportunities to engage in international trade. This is an example of a _____ factor that affects the business environment.
- A. demographic
 - B. social
 - C. political
 - D. technological
20. What kind of competition do monopolies create?
- A. No competition
 - B. Direct competition
 - C. Price competition
 - D. Nonprice competition
21. Which of the following is a way that government provides protection to business property:
- A. Granting copyrights
 - B. Denying insurance
 - C. Setting prices
 - D. Increasing natural risk
22. Some of the negative effects of inflation are offset by its positive benefit of
- A. increasing prices.
 - B. raising interest rates.
 - C. lowering the value of exports.
 - D. boosting employment.
23. Businesses that want to trade with foreign countries need to understand the _____ of those countries.
- A. historical significance
 - B. cultural characteristics
 - C. environmental aspects
 - D. geographical landmarks
24. Alex has a naturally outgoing and talkative personality. How could this relate to his values?
- A. He might place a high value on social interaction.
 - B. His values might not align with his behavior.
 - C. He might place less emphasis on his values.
 - D. He might have more confidence in his values.

25. Rhonda would like to develop her desirable personal traits so she can be more successful at work. What is the first step she needs to take?
- A. Seek a mentor to help her.
 - B. Analyze her undesirable traits.
 - C. Exercise her desirable traits.
 - D. Determine which traits are desirable.
26. When you hear something private about a friend, you keep the information to yourself. Which trust-building technique are you using?
- A. Not sharing confidential information
 - B. Keeping your promises
 - C. Communicating often and openly
 - D. Taking responsibility for your mistakes
27. Which of the following is a primary characteristic of individuals with a high tolerance for ambiguity?
- A. Routine oriented
 - B. Optimistic
 - C. Detail oriented
 - D. Emotional
28. One of the ways that self-control can help you have good interpersonal relationships is by
- A. showing you how to cope with life.
 - B. helping you to vent your anger on others.
 - C. helping you to think before you speak.
 - D. preventing you from getting angry.
29. Jane's teacher wrote a note complimenting Jane on her report. This is an example of _____ feedback.
- A. internal
 - B. external
 - C. oral
 - D. negative
30. Which of the following is an example of an extrinsic motivator that a supervisor could offer her/his team members:
- A. Personal satisfaction
 - B. A bonus based on performance
 - C. A sense of accomplishment
 - D. Enjoyment of work
31. Before Jackie starts college, she attends orientation, where she finds her way around the school and meets some of her new professors. This situation is considered a(n)
- A. resource issue.
 - B. transition period.
 - C. emergency.
 - D. personal interaction.
32. Which of the following is one of the most common reasons for job termination:
- A. Adequate job performance
 - B. Inability to get along with coworkers
 - C. Willingness to generate ideas
 - D. Incompatible sales goals

33. Tyson plans to use credit primarily at restaurants. What type of credit would be the best choice for him?
- A. A travel and entertainment card
 - B. An installment credit account
 - C. A budget credit account
 - D. An unsecured loan
34. Governments pay for public services such as police protection, road repairs, and public education by
- A. establishing embargoes.
 - B. mandating donations.
 - C. collecting taxes.
 - D. regulating the business cycle.
35. Which of the following is an example of a deposit-taking institution:
- A. Premier Insurance Company
 - B. First Street Credit Union
 - C. Insight Credit Services
 - D. Delaware Mortgage Company
36. Cocoa beans and corn are examples of investments that people make in which of the following financial markets:
- A. Selective property
 - B. Insurance
 - C. Soft commodities
 - D. Money
37. The largest, most liquid financial market in the world is the _____ market.
- A. debt
 - B. foreign exchange
 - C. equity
 - D. commodity
38. A primary factor that has led to the consolidation of financial firms is the desire
- A. for fewer products.
 - B. for fewer assets.
 - C. to lower costs.
 - D. to lower risks.
39. In relation to the business cycle, the stock prices of non-cyclical industries tend to
- A. increase dramatically during the contraction phase.
 - B. remain steady throughout all phases.
 - C. steadily decrease during the expansion phase.
 - D. increase slightly during the trough phase.
40. One factor that contributed to financial globalization was the shift of many developed countries from _____ exchange rates to _____ exchange rates.
- A. pegged; declining
 - B. floating; fixed
 - C. fixed; floating
 - D. declining; pegged
41. Which of the following is an aspect of deregulation that has fueled the growth of financial globalization:
- A. Higher quotas
 - B. Protectionism
 - C. Lower taxes
 - D. Embargos

42. To obtain reliable information about securities, a potential investor might speak with a
- colleague.
 - trusted friend.
 - stockbroker.
 - loan officer.
43. It's a good idea for an investor to watch the numbers on a stock table
- when dividends are paid.
 - just for a given day.
 - once a year.
 - over a period of time.
44. Analyze the information in the mutual fund table about the AnMI mutual fund.

Name	NAV	Net Chg	YTD %ret	4Wk %ret	Total Returns			Max Init Chrg	Exp Ratio
					1 yr	3yr-R	5yr-R		
AnMI	21.52	-0.12	+17.7	+3.5	NA	+22.3A	+19.4A	0.00	1.40

Based on the information provided, what type of mutual fund is the AnMI fund?

- Front-load
 - No-load
 - Back-load
 - Expiring back-load
45. Which of the following is a legal consideration that pertains to accounting:
- Entertaining
 - Gift giving
 - Tax reporting
 - Computer hacking
46. Which of the following would a business classify as a current liability on its balance sheet:
- Sales-tax payable
 - Interest accumulated
 - Production equipment
 - Marketable securities
47. If a company pays more in dividends than it receives in net income, the statement of changes in equity will show that retained earnings will be
- lower than the previous period.
 - the same as the previous period.
 - higher than the previous period.
 - zero.
48. Paulo works in his company's finance department, and his job is making sure that customers pay their bills on time. Paulo is in charge of
- accounts payable.
 - accounts receivable.
 - equity.
 - capital investment decisions.

49. A company that sells securities to the public must
- A. discourage investors from asking questions.
 - B. guarantee that securities will always be valuable.
 - C. avoid selling risky securities.
 - D. tell investors about the risks of these securities.
50. A company is deciding whether or not it is financially viable to move forward with a new product after receiving negative feedback. Which of the following is a sunk cost that should not be considered in the decision:
- A. The marketing study that yielded the negative feedback
 - B. New materials needed to improve the product
 - C. A promotional campaign to reposition the product's image
 - D. The cost of the time needed to alter the product
51. Which of the following situations is an example of using marginal analysis to make a segment profitability decision:
- A. A clothing retailer must decide how many units of each product to sell.
 - B. A restaurant chain manager must decide whether or not to keep a certain franchise open.
 - C. A company must decide whether to use an outside marketing firm or hire someone internally.
 - D. A furniture company must decide whether to sell its pieces assembled or unassembled.
52. Which of the following is a question that managerial accounting can help answer:
- A. Are employees working well together?
 - B. Is stock in a certain company worth purchasing?
 - C. Is a certain product generating enough revenue?
 - D. How liquid are a company's assets?
53. Juan noticed a positive variance of \$2,000 in the email marketing section of his budget. Juan concluded that this variance demonstrated efficient use of funds. What is another possible explanation for the positive variance?
- A. Email marketing is not an important activity.
 - B. Email marketing was not effective.
 - C. The budget did not allocate enough resources for email marketing.
 - D. The planned email marketing campaigns were not completed.
54. A cost accounting budget is often used as a means of financial control. In other words, it
- A. restricts who has access to financial data.
 - B. is used to monitor activities in a business.
 - C. predicts what will happen in the future.
 - D. complicates the decision-making process.
55. Who is most likely to use managerial cost accounting information?
- A. Customers
 - B. Stockholders
 - C. Investors
 - D. Company executives
56. Which of the following is a cost driver that could affect the cost of Internet service in a coffee shop:
- A. Number of customers
 - B. Number of products sold
 - C. Number of direct labor hours
 - D. Number of ingredients per product

57. How much will \$5,000 be worth in five years if invested at an 8 percent compound interest rate?
- A. \$5,045
 - B. \$5,400
 - C. \$7,347
 - D. \$8,000
58. A primary responsibility of financial-information management is to
- A. implement sales policies.
 - B. negotiate contracts with vendors.
 - C. develop new products.
 - D. report financial transactions.
59. Main Street Bank requires Mr. Elliott to enter a computer password to access information about his checking and savings accounts. What is the role of the bank's financial-information management system in this situation?
- A. Collecting financial information
 - B. Reporting accurate data
 - C. Protecting customer information
 - D. Initiating a financial audit
60. Which of the following can be used to identify the unethical manipulation of records in a financial-information management system:
- A. What-if planning
 - B. Audit trails
 - C. Long-term liabilities
 - D. Direct checks
61. More consistent and up-to-date data, faster response to queries, and economies of scale are all benefits of using a(n)
- A. intrusion detection system.
 - B. encryption technology.
 - C. central data repository.
 - D. principle of least authority.
62. Because she is running out of space, Carrie wants to transition her home business to a paperless office. Given her situation, she should use a budgeting software program with _____ capabilities.
- A. variance
 - B. forecasting
 - C. internal-control
 - D. scanning
63. XRT Corporation uses a computer software application to measure how efficiently its management is using accounts receivable, inventory, and capital goods to generate sales. What type of financial ratio is the software calculating?
- A. Liquidity
 - B. Market value
 - C. Asset utilization
 - D. Profitability
64. Which of the following is an example of financial information that should be included in a sustainability report:
- A. Percentage of recycled materials used in manufacturing
 - B. Percentage of senior management hired from the local community
 - C. Development in areas of high poverty
 - D. Costs of actions taken to manage risks or opportunities associated with climate change

65. Kramer Bank uses sophisticated computer software to analyze its commercial customers' financial information. The software reviews each customer's data and identifies additional business opportunities that the bank should pursue with the customer. The bank should share information about these other opportunities with personnel who specialize in
- A. risk management and sales.
 - B. relationship management and sales.
 - C. relationship management and pricing.
 - D. risk management and pricing.
66. A bank carefully analyzes a customer's current level of debt before it approves a(n)
- A. service request.
 - B. loan application.
 - C. operating proposal.
 - D. insurance claim.
67. Many businesses use their company manuals as a source of information in order to _____ new employees.
- A. orient
 - B. recruit
 - C. manage
 - D. select
68. According to the marketing concept, which option shows company commitment?
- A. Setting aside funds to research what customers want
 - B. Teaching marketing to college students
 - C. Leaving marketing to the marketing department
 - D. Pricing a product to maximize profitability per item
69. Who is responsible for information management?
- A. An information technology manager
 - B. The information management department
 - C. Everyone in the organization
 - D. The chief executive officer
70. Which of the following is an example of the digital convergence occurring on the Internet:
- A. Internet companies offering wireless service
 - B. Internet companies offering phone service
 - C. Internet companies increasing their bandwidth
 - D. Internet companies increasing their use of WANs
71. Which of the following is a standard function of most spreadsheet software programs:
- A. Managing database files
 - B. Preparing promotional brochures
 - C. Performing financial calculations
 - D. Creating slide presentations
72. The process of organizing a database into tables and columns is known as
- A. plotting nonconforming data.
 - B. data normalization.
 - C. data entry.
 - D. database administration.

73. Marilee needs to check the company's customer database to view all of the customers who are located in Florida. What query filter should Marilee use to retrieve the desired results quickly?
- A. State
 - B. Last name
 - C. Area code
 - D. City
74. Businesses should organize their records in a systematic manner so that information can be
- A. available to everyone.
 - B. distributed freely.
 - C. published in newsletters.
 - D. accessed when needed.
75. A business cannot control its
- A. production.
 - B. personnel.
 - C. external environment.
 - D. research and development.
76. An important aspect of operations is making sure that the business is able to
- A. function effectively.
 - B. motivate employees.
 - C. sell quickly.
 - D. inventory products.
77. Which of the following computer applications helps manufacturers track and manage the inventory that they use to produce goods:
- A. Job sequencing
 - B. Material requirements planning (MRP)
 - C. Reverse Logistics Systems (RLS)
 - D. Critical path
78. After replacing a light bulb in a ceiling fixture above the selling floor, an employee should immediately
- A. answer his/her page.
 - B. put away the ladder.
 - C. dispose of the old bulb.
 - D. determine his/her next assignment.
79. During the execution-and-monitoring stage of project management, the project manager's job is to
- A. secure enough funding to complete the project.
 - B. deliver the project's final product.
 - C. make sure the project stays on track.
 - D. assign roles to team members.
80. Which of the following is a consideration of the people resource in project planning:
- A. Time
 - B. Equipment
 - C. Facilities
 - D. Taxes
81. What do most businesses negotiate when placing an order with a supplier?
- A. Which warehouse is the most modern
 - B. Which transportation service to use
 - C. Who prepares the goods for shipment
 - D. Who pays the transportation charges

82. Creative people usually prefer to work under _____ supervision.
- A. close
 - B. minimal
 - C. direct
 - D. authoritative
83. A technique that will help you to complete your most important tasks is to
- A. vary your activities each day.
 - B. do all nonessential jobs first.
 - C. prioritize everything that needs to be done.
 - D. do each job assignment as quickly as possible.
84. Tom's letter to the interviewer was most impressive because he had included
- A. the names of high-ranking people currently employed by the company.
 - B. a thank-you, confirming interest in the job, and follow-up information.
 - C. a sincere plea to be hired for the position.
 - D. a short statement as to why he would be the best individual for the position.
85. Which of the following titles belongs to a financial manager:
- A. Bill and account collector
 - B. Treasurer
 - C. Procurement clerk
 - D. Billing clerk
86. At Angela's job, she helps her clients with financial planning and asset management. What finance career field does Angela work in?
- A. Insurance
 - B. Corporate finance
 - C. Accounting
 - D. Securities and investments
87. What is a benefit of corporate governance?
- A. Freedom from stakeholder interference
 - B. Increased distance from investors
 - C. Ability to bypass sustainability efforts
 - D. Improved access to capital
88. How can a board of directors make sure all employees are involved in achieving corporate governance objectives?
- A. Restrict access to governance goals
 - B. Present objectives to upper management
 - C. Train employees on governance objectives
 - D. Leave roles and responsibilities undefined
89. A top-level executive is removed from his position on the Golden Ray Corporation's board of directors due to a personal scandal. The board then releases a detailed, professional statement to its stakeholders so they are aware of the situation. Golden Ray Corporation is
- A. demonstrating transparency.
 - B. lacking accountability.
 - C. following regulatory guidelines.
 - D. measuring internal performance.
90. Which of the following is an example of an external mechanism of corporate governance:
- A. Board of directors' policies
 - B. Government regulations
 - C. A company's business objectives
 - D. A company's code of conduct

91. Who is responsible for approving corporate governance goals and policies?
- A. Chief Executive Officer
 - B. Board of directors
 - C. Shareholders
 - D. Management team
92. A group of persons in the same industry who form a society to solve their common problems describes a
- A. corporation.
 - B. trade association.
 - C. trade show.
 - D. partnership.
93. To build a relationship with others working in the same field, a financial planner should consider
- A. attending local chamber of commerce meetings.
 - B. participating in an appropriate professional organization.
 - C. taking an entrepreneurship class at the community college.
 - D. sponsoring events for charitable organizations.
94. What type of organizational goal involves setting standards in relation to the target market's expectations?
- A. Technology
 - B. Employee
 - C. Consumer
 - D. Financial
95. Is it ethical for an employee to bypass internal business policies and sell expensive products to individuals or businesses without verifying their credit histories?
- A. No, most companies provide employees with a great deal of flexibility in terms of following internal business policies.
 - B. No, the employee may be jeopardizing the business's financial well-being without first obtaining permission from management.
 - C. Yes, the employee is actually helping the business meet its financial goals more quickly by skipping an unnecessary step.
 - D. Yes, various government regulations state that businesses must offer credit to all individuals and businesses.
96. To manage potential risks resulting from unethical conduct, many companies build internal infrastructures that promote and enforce ethical practices. This internal infrastructure is likely to include appropriate audit procedures, a code of conduct, and a _____ policy.
- A. whistleblower
 - B. credit
 - C. monetary
 - D. constituent
97. When a company uses computer software to assess the risk levels associated with alternative actions in a variety of business situations, it is conducting
- A. what-if planning.
 - B. a product feasibility study.
 - C. top-down forecasting.
 - D. qualitative research.
98. What can businesses do to reduce risks associated with noncompliance?
- A. Allocate operating funds
 - B. Evaluate competitors
 - C. Obtain customer feedback
 - D. Monitor regulations

99. The primary reason that firms must take steps to control their levels of business risk is to
- A. contribute to the well-being of society.
 - B. increase their visibility in the market.
 - C. reduce the chance of financial losses.
 - D. increase their financial liability levels.
100. The Lyle Group is incorporating an enterprise risk management (ERM) plan to better manage its risk this year. The Lyle Group should include its finalized ERM plan in its _____ to make the information available to all stakeholders.
- A. balance sheet
 - B. annual budget
 - C. annual report
 - D. quarterly projections

1. B

Civil. Civil law includes laws that deal with rights and duties of private entities and disputes between them, including contract disputes, personal injury claims, property disputes, and civil rights violations. Copyright law falls in this category. Copyright law violations do not lead to criminal lawsuits, administrative lawsuits, or common lawsuits.

SOURCE: BL:163

SOURCE: LAP-BL-163—Laying Down the Law (Complying With the Spirit and Intent of Laws and Regulations)

2. C

Limited. A limited partnership permits a partner to invest in a business but have limited liability. For example, the amount of the financial responsibility could be limited to the amount the partner invested. Or, a partner could limit his/her time involved in managing the business. Close and "S" are types of corporations. A franchise is a contractual agreement between a parent company and a franchisee to distribute goods and services. Since franchises can be proprietorships, partnerships, or corporations, more information would be needed in this question for franchise to be the correct response.

SOURCE: BL:003

SOURCE: LAP-BL-001—Own It Your Way (Types of Business Ownership)

3. A

Pump and dump. Pump and dump is an investment scam that takes place mostly online. Scammers buy a small stock and then hype it up to other investors, causing its price to rise. When the price is high, the scammers sell their stock, leaving the victims to deal with the rapid price decline afterwards. A pyramid scheme is an illegal form of multi-level marketing in which emphasis is placed on collecting initial fees from as many people as possible. Affinity fraud is an investment scam in which the scammer claims to be a member of the group s/he is targeting. Affinity fraud often takes the form of a Ponzi or pyramid scheme. Phishing is an online identity-theft scam that fools its victims into believing they are submitting sensitive, personal information (such as credit card numbers or bank passwords) to a legitimate website.

SOURCE: BL:133

SOURCE: New York State Office of the Attorney General. (2017). *Common investment scams*. Retrieved November 15, 2017, from <https://ag.ny.gov/investor-protection/common-investment-scams>

4. A

Exhibiting fiduciary responsibility. In the financial industry, a fiduciary is a financial professional (e.g., financial planner) who has been given legal authority to make financial transactions on behalf of an individual or business—the owner of the financial product (e.g., stock). Fiduciary responsibility involves making wise financial decisions and obtaining financial products that will help the client achieve his/her financial goals. Due process embraces the concept that a jurisdiction's government must respect all of the legal rights that are owed to individuals and businesses according to the law of the land. The duty of control for the conduct of others involves taking reasonable care to ensure the safety of another person. For example, a parent has the duty to control their toddlers' conduct (actions) by taking steps to control a toddler from running into traffic. Credit requirements are a business's policies about offering credit to customers.

SOURCE: BL:133

SOURCE: Garber, J. (2017, March 21). *What is a fiduciary?* Retrieved November 15, 2017, from <https://www.thebalance.com/what-is-a-fiduciary-3505114>

5. C

A computer for a home-based business. Many business expenses—equipment, supplies, and travel—are tax deductible under specific conditions. Often, individuals pay for business-related goods and services upfront and list them as deductions on their tax returns, which can lower their tax obligation. A computer used for a home-based business is an example of an item that can be claimed as a tax deduction on a tax return. Goods and services for personal consumption—personal telephone charges, athletic-club membership fees, and international leisure travel—are not tax-deductible expenses.

SOURCE: BL:134

SOURCE: Maertin, J. (n.d.). *Deductions*. Retrieved November 15, 2017, from <http://www.jamesdance.com/deductions.htm>

6. D

Individuals' defense of their departmental specialties. It is difficult to take an enterprise-wide approach to governance, risk management, and compliance when data are held by individual departments, and the departments fail to share information. A business's ability to stay within its risk tolerance level, its officials' ability to attain trust, and its desire to eliminate the rework of financial data are benefits of government, risk management, and compliance.

SOURCE: BL:148

SOURCE: MetricStream. (2017). *Integrated GRC: The key to better risk awareness and better performance*. Retrieved November 15, 2017, from <https://www.metricstream.com/insights/integrated-grc-key-to-better-risk.htm>

7. D

High cost and lack of evidence of return on investment. Although GRC technology can be very beneficial for business, many companies encounter difficulties when implementing the technology. The most significant barriers are the perceived high cost of the technology and a lack of evidence that the technology will provide a sufficient return on investment. Other barriers include a lack of adequate technology solutions, the absence of a common risk management/compliance "language," and poor change management during the implementation process. Benefits of GRC technology include the use of a single GRC platform, increased communication among risk management teams, and centralized risk and compliance oversight. Centralized business risk is neither a barrier nor a benefit of GRC technology.

SOURCE: BL:149

SOURCE: Protiviti. (2009, June). *Key questions surrounding integrated GRC*. Retrieved November 15, 2017, from https://www.risk.net/sites/risk/files/import_unmanaged/db.riskwaters.com/data/operationalrisk/pdf/GRC_july09/4.pdf

8. B

Enunciation. Proper enunciation involves clearly and distinctly voicing the sounds of words. Using proper enunciation is important when giving verbal presentations because it makes it easier for listeners to understand the message. Jargon is specialized language known only to a certain group of people. Vocabulary includes all words understood by an individual. Tone communicates emotions and attitudes through the voice.

SOURCE: CO:147

SOURCE: Ward, S. (2017, March 16). *Speak for success lesson 1: Enunciation*. Retrieved November 15, 2017, from <https://www.thebalance.com/speak-for-success-lesson-1-enunciation-2948543>

9. A

Clarifying. Clarifying questions are used to get more explanation or clarify a point. Leading questions are meant to make a person answer in a certain way. This is not a provocative or hypothetical question.

SOURCE: CO:058

SOURCE: Indiana University. (2013). *Handout: Clarifying and probing questions*. Retrieved November 15, 2017, from <https://global.indiana.edu/documents/global-perspectives/clarifying-and-probing-questions-handout-step-2-define.pdf>

10. A

Benefits of taking action. The purpose of writing persuasive messages is to convince customers to do something such as buy a product or pay an overdue bill. To encourage them to take the correct action, it is important to appeal to their needs and show them why it is a benefit to do what you want them to do. For example, if you want customers to buy a new product, explain how that product will benefit them, such as by saving money or speeding up production. Customers are more likely to respond favorably when they understand how their needs will be satisfied, and they will benefit from taking action. Customers usually are not interested in the business's point of view or predictions for the future unless those predictions will benefit them. Persuasive messages are more effective if they explain how customers will benefit rather than explaining the technical aspects in detail.

SOURCE: CO:031

SOURCE: Scribd. (2017). *Chapter 9: Persuasive messages*. Retrieved November 15, 2017, from <https://www.scribd.com/presentation/11856858/Persuasive-Messages>

11. C

Developing a rough draft. An important step in preparing a simple written report is developing a rough draft. After the research is complete, the next step is to put the information into a logical format that covers the major points of the report. A rough draft may be revised many times, but it is the beginning of the actual writing process. Visual aids generally are used to support oral presentations. Scheduling a meeting is not part of writing a report. Interviewing may occur as part of the research process, but it is not a common step in writing simple reports.

SOURCE: CO:094

SOURCE: Trusted Media Brands, Inc. and Author Solutions, LLC. (2017). *The 3-step writing process: From brainstorming to publishing*. Retrieved November 21, 2017, from <https://www.liferichpublishing.com/AuthorResources/General/5-Step-Writing-Process.aspx>

12. C

Horizontal. An example of horizontal communication would be a memo from one vice president to another. Downward communication involves communications from management to subordinates. Upward communication entails communications from employees to management. Vertical communication may move up or down the chain of command.

SOURCE: CO:014

SOURCE: Rawes, E.M. (2017, September 26). *Types of communication in the workplace*. Retrieved November 21, 2017, from <https://bizfluent.com/info-7742528-types-communication-workplace.html>

13. B

Prepare by reading the agenda and brushing up on relevant topics. It is important to go into a meeting prepared and armed with the knowledge you need to participate effectively. Reading the agenda and familiarizing yourself with important topics is a good way to prepare yourself. You should not necessarily compliment everyone in the room because this might come off as insincere. Arguing with participants every time you disagree is not a good idea because you will not seem like a team player, and you will waste time. Instead, you should pick your battles and only argue when necessary. Finally, you should not necessarily be the first person to respond to questions and proposals in every situation. If you do not have a leadership role, for example, you might want to wait for managers to respond first.

SOURCE: CO:063

SOURCE: Ashe-Edmunds, S. (2016, November 9). *Six tips on how to participate in a meeting*. Retrieved November 21, 2017, from <http://work.chron.com/six-tips-participate-meeting-2014.html>

14. B

Image of the business. Customers form an image of a business as they communicate with employees. When employees cannot answer questions, customers receive a negative impression. The customer's purchasing ability is determined by the amount of his/her disposable income or budget. The customer's sourcing strategies are generally determined independent of a specific employee interaction. Price fixing is an illegal activity in which a business charges different prices for similar amounts and types of products.

SOURCE: CR:006

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [pp. 546-547]. Tinley Park, IL: The Goodheart-Willcox Co.

15. A

Taking steps to secure their customers' confidential information. Companies must take steps to earn their customers' trust and build long-term customer relationships. Customers are more likely to trust a company if they know that the company is taking steps to protect their confidential information (e.g., credit-card numbers). Developing rigid customer-service policies may be ethical but may not build positive relationships with customers. Releasing customers' personal information to others without permission is unethical behavior. Companies typically store and maintain their customer records in databases and use presentation software to develop visual aids for presentations.

SOURCE: CR:017

SOURCE: Markgraf, B. (2017, September 26). *Ethical issues in CRM*. Retrieved November 21, 2017, from <https://bizfluent.com/info-8384284-ethical-issues-crm.html>

16. A

Ann strives to solve customer problems promptly and accurately. To meet or exceed customer expectations, finance professionals should respond promptly to customer needs, requests, and problems. While wearing a business suit every day can help to demonstrate a finance professional's commitment to her/his job, doing so doesn't necessarily demonstrate the person's commitment to customer service. Finance professionals should not take cellphone calls while meeting with customers, nor should they use technical jargon. Instead, they should speak in simple terms that customers will understand.

SOURCE: CR:012

SOURCE: MindTools. (1996-2017). *Customer service mindset: Getting passionate about satisfying others*. Retrieved November 21, 2017, from http://www.mindtools.com/pages/article/newCDV_77.htm

17. D

Data warehousing. Data warehousing involves combining data from a variety of internal and external sources into one large database. A business can access current and historic data from a data warehouse to identify and monitor customer buying behavior, trends, etc. Businesses use project management computer applications to track resources and activities for short- and long-term projects. Electronic data interchange systems transmit sales and ordering information among a business and its suppliers. Data acquired from an electronic data interchange can be stored in a data warehouse. Systematic laddering is a fictitious term.

SOURCE: CR:024

SOURCE: White, D., Foster, N., & Wiesen, G. (2017, November 2). *What is data warehousing?* Retrieved November 21, 2017, from <http://www.wisegeek.com/what-is-data-warehousing.htm>

18. D

Powering a motor vehicle with biodiesel instead of gasoline. A nonrenewable natural resource has the potential to become entirely depleted, and once gone, it cannot be replenished. Oil, which is used to produce gasoline, is an example of a nonrenewable natural resource. One way to conserve nonrenewable natural resources is to find alternative resources to use in their place. To conserve oil, automobile manufacturers offer vehicles that are powered by biodiesel, electricity, ethanol, or hydrogen instead of gasoline. While passing legislation to prevent the killing of endangered animals protects limited wildlife from being overused, it does not involve finding an alternative resource to use in place of a nonrenewable natural resource. Wind and the sun are both renewable natural resources. Searching for oil in new locations involves finding another source for the nonrenewable resource rather than finding an alternative resource to use in its place.

SOURCE: EC:003

SOURCE: LAP-EC-014—Be Resourceful (Economic Resources)

19. C

Political. Many factors affect the ways in which businesses operate. Political factors include the regulatory and trade issues that affect businesses. When a country lifts a trade embargo, the ability to trade with another country provides an opportunity for businesses to expand their markets and increase their sales and profits. Demographics (e.g., age and gender), attitudes, values, and trends are social factors that affect a society. An embargo is not a technological factor that affects the business environment.

SOURCE: EC:105

SOURCE: LAP-EC-105—What's Shakin'? (Factors Affecting the Business Environment)

20. A

No competition. Monopoly is the opposite of competition. A monopoly exists when there is only one supplier of a good or service, thereby eliminating any competition. An example of a monopoly in the U.S. is a utility company that is regulated by the government for the purpose of protecting consumers. Direct competition is rivalry between or among businesses that offer similar types of goods or services. Nonprice competition is based on factors other than price, such as customer service or product assortment. Price competition focuses on the use of price to attract scarce customer dollars.

SOURCE: EC:012

SOURCE: LAP-EC-008—Ready, Set, Compete! (Competition)

21. A

Granting copyrights. Government provides protection to business property by issuing patents, copyrights, and trademarks. Patents are legal protection of inventions or processes granted by the government to their owners for a certain number of years. Trademarks are symbols, designs, or words used by producers to identify goods or services and may be registered with the government to prevent use by others. Copyrights are legal protection of books and other artistic works granted by government and giving their creators sole rights to them for 28 years. Government does not provide businesses with property protection by denying insurance policies, setting prices, or increasing natural risk.

SOURCE: EC:008

SOURCE: LAP-EC-016—Regulate and Protect (Government and Business)

22. D

Boosting employment. Some of the negative effects of inflation are offset by its positive benefit of boosting employment. When there is inflation, there is usually more money circulating in the economy. Businesses often use this money to expand and hire more employees. Higher interest rates, lowered value of exports, and increased prices are all negative effects of inflation.

SOURCE: EC:083

SOURCE: LAP-EC-028—Up, Up, and Away (Inflation)

23. B

Cultural characteristics. The cultural characteristics of a country include the customs, habits, and traditions of the people who live in that country. Businesses that want to trade with foreign countries need to understand their unique cultural characteristics because culture affects what people in other parts of the world want to buy. Some products need to be modified in order to make them appealing to people in other countries. Also, the marketing techniques that a company uses may need to be changed in order to conform to the way that business is conducted in foreign countries. Businesses do not need to understand the geographical landmarks, historical significance, or environmental aspects of foreign countries in order to trade with them.

SOURCE: EC:045

SOURCE: LAP-EC-045—On Top of the World (Impact of Culture on Global Trade)

24. A

He might place a high value on social interaction. Your personality, temperament, and preferences can impact your values. Alex's outgoing, talkative personality might encourage him to place a high value on social interaction. There is no indication that Alex's values might not align with his behavior, that he might place less emphasis on his values, or that he might have more confidence in his values.

SOURCE: EI:126

SOURCE: LAP-EI-126—Assess Yourself (Assessing Your Personal Behavior and Values)

25. D

Determine which traits are desirable. Rhonda needs to decide which of her traits are desirable in order to know which ones she should develop. Analyzing undesirable traits is a first step in getting rid of those traits. Exercising or putting the desirable traits into action can only be done after determining which traits are desirable. It is not necessary to seek a mentor in order to change personal traits.

SOURCE: EI:018

SOURCE: LAP-EI-009—You've Got Personality (Personal Traits in Business)

26. A

Not sharing confidential information. At work and in your personal life, you probably come across lots of information that's private. Although being honest is an important part of being trustworthy, it's just as important to keep confidential information to yourself. This means that if you overhear something private about a friend, you should keep the information confidential. Communicating often and openly, taking responsibility for your mistakes, and keeping your promises are all important techniques, but they are not demonstrated in this example.

SOURCE: EI:128

SOURCE: LAP-EI-128—Trust in Me (Building Trust in Relationships)

27. B
Optimistic. An individual with a high tolerance for ambiguity is willing to take action despite having incomplete information or a clear direction. This individual tends to be confident and optimistic that things will work out regardless of the amount of information that s/he has when making a decision. Flexibility is also a key characteristic of individuals with a high tolerance for ambiguity. Flexible people understand that they may need to make changes if it appears that a decision or course of action is not working. Routine-oriented people tend to be uncomfortable with change. Detail-oriented people tend to itemize things and want to have all of the information available before they take action. Emotions are feelings about a situation (e.g., joy, sorrow, love, anger).
SOURCE: EI:092
SOURCE: LAP-EI-092—Embrace the Unknown (Developing a Tolerance for Ambiguity)
28. C
Helping you to think before you speak. Self-control helps you to have successful interpersonal relationships because it helps you to avoid making angry or insulting remarks by thinking before you speak. Self-control cannot prevent you from getting angry, but it can help you to deal with your anger. Self-control will help you to cope with life, but it doesn't show you how. Venting your anger on others indicates a lack of self-control that would damage interpersonal relationships.
SOURCE: EI:025
SOURCE: LAP-EI-014—Control Yourself! (Demonstrating Self-Control)
29. B
External. External feedback is feedback that comes from sources outside yourself. These sources include friends, classmates, family, teachers, counselors, principal, employer, etc. Internal feedback comes from within yourself. A compliment is a form of positive feedback, not negative. Since the compliment was in the form of a written note, it was not oral, or spoken.
SOURCE: EI:003
SOURCE: LAP-EI-015—Grin and Bear It (Using Feedback for Personal Growth)
30. B
A bonus based on performance. Extrinsic motivation is external. It refers to motivators that come from outside the individual. An extrinsic motivator that a supervisor could offer her/his team members is a bonus based on performance. Personal satisfaction, a sense of accomplishment, and enjoyment of work are all intrinsic motivations. Supervisors can take actions to ensure that team members will hopefully be satisfied, accomplished, and happy, but these motivators still come from within.
SOURCE: EI:059
SOURCE: The Happy Manager. (2007-2017). *Intrinsic extrinsic motivation*. Retrieved November 21, 2017, from <http://www.the-happy-manager.com/tips/intrinsic-extrinsic-motivation/>.
31. B
Transition period. Transition periods are designed to allow you to adjust to your new surroundings over time. When you can slowly adjust to new ideas or processes, you're less likely to feel overwhelmed. Orientation helps Jackie gradually adjust to college. Emergencies include situations like injuries and natural disasters. Resource issues occur when there isn't enough of an essential item, like people, money, information, or ideas. Personal interactions involve adapting your behavior to suit each individual person you interact with.
SOURCE: EI:006
SOURCE: LAP-EI-023—Go With the Flow (Demonstrating Adaptability)
32. B
Inability to get along with coworkers. The most common reason that people lose their jobs is because they have difficulties getting along with other workers. An inability to get along with coworkers can result in a dysfunctional work environment, which often prompts an employer to dismiss the employee. Employees who perform their jobs adequately and generate ideas are not as likely to be terminated as those who cannot get along with coworkers. Not all employees have sales goals that they must achieve for the business.
SOURCE: EI:037
SOURCE: LAP-EI-037—Can You Relate? (Fostering Positive Working Relationships)

33. A

A travel and entertainment card. These cards are especially popular with travelers who do not wish to carry large amounts of cash. Customers must have an excellent credit rating to obtain a card and are billed monthly. An unsecured loan is an amount of money borrowed by an individual or business by signing a note promising to repay the loan. An installment credit account is a credit account set up to handle one total amount of credit, which is to be paid off in regular installments. Budget credit accounts are a form of short-term credit with a payment due every 30 days.

SOURCE: FI:002

SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

34. C

Collecting taxes. All levels of government collect taxes from individuals and businesses. The taxes are used to pay for different types of public services such as police protection, road repairs, and public education. Donations are given rather than mandated. Embargoes are actions that suspend trade with another country and are used for political reasons or during hostilities. Government policies are one of many factors that influence the ebb and flow of the business cycle; however, there are aspects of the business cycle that cannot be regulated.

SOURCE: FI:067

SOURCE: Scott, K. (2017, July 27). *What is the purpose of imposing taxes?* Retrieved November 21, 2017, from <https://pocketsense.com/purpose-imposing-taxes-5782868.html>

35. B

First Street Credit Union. Credit unions are cooperatives that provide financial products and services to a group of individuals who share a common characteristic such as working for the same employer or working in the same industry. Credit unions offer many different types of financial products, including savings and checking accounts for their members. Insurance companies, credit-services companies (e.g., MasterCard), and mortgage companies do not provide deposit-taking financial products.

SOURCE: FI:336

SOURCE: Investopedia. (2017, October 10). *Types of financial institutions and their roles*. Retrieved November 21, 2017, from <https://www.investopedia.com/walkthrough/corporate-finance/1/financial-institutions.aspx>

36. C

Soft commodities. 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 commodities market. Commodities are resources, including agricultural goods and mined goods (e.g., gold, silver) that are often used to make other goods. Agricultural goods such as cocoa beans and corn are types of soft commodities. Money markets facilitate the buying and selling of short-term, low-risk financial products (e.g., treasury bills). Selective property and insurance do not describe types of financial markets.

SOURCE: FI:337

SOURCE: Cross, D. (2016, June 29). *Understanding the difference between hard and soft commodities*. Retrieved November 21, 2017, from <http://commodityhq.com/education/understanding-the-difference-between-hard-and-soft-commodities/>

37. B

Foreign exchange. The largest, most liquid financial market in the world is the foreign exchange market. There are typically more active traders and a higher volume of trading on the foreign exchange market than any of the other markets. Very liquid markets such as the foreign exchange market experience very gradual, small price changes, while markets with low liquidity often experience volatile changes in price, meaning that prices change abruptly and in larger increments than in highly liquid markets. The debt market is also known as the bond market, and the equity market is also called the stock market. A commodity market deals with raw, primary products such as oil, silver, gold, etc.

SOURCE: FI:337

SOURCE: Dummies.com. (n.d.). *Liquidity and the foreign exchange market*. Retrieved November 21, 2017, from <http://www.dummies.com/personal-finance/investing/liquidity-and-the-foreign-exchange-market/>

38. C

To lower costs. Consolidation is the merging of financial providers within the same institutional category. For example, consolidation occurs when two banks merge to form one bank. By consolidating, the financial firms can achieve economies of scale, which result in reduced redundancy and lower costs. Consolidation can increase the assets (liquid capital) for all of the financial firms involved. Consolidation can also provide consumers with a wider range of financial products. Consolidation may or may not lower business risk.

SOURCE: FI:573

SOURCE: Hartman, D. (2017, September 26). *The advantages of bank mergers*. Retrieved November 21, 2017, from <https://bizfluent.com/info-8188967-advantages-bank-mergers.html>

39. B

Remain steady throughout all phases. The business cycle affects the stock prices of various industries in different ways. The demand for the products of non-cyclical industries (e.g., food, beverage, tobacco, healthcare) tends to remain consistent throughout all phases of the business cycle. Therefore, the stock performance of non-cyclical industries tends to remain steady throughout all stages of the business cycle, as well. Changes in the business cycle tend to affect the stock prices of other industries, including energy and capital goods. The energy sector (e.g., oil) is affected by the global supply and demand, which influences energy stock performance. Historically, energy stocks tend to perform best late in the business cycle. Capital goods stocks tend to perform well during expansion phase of the business cycle because businesses are expanding and buying equipment.

SOURCE: FI:574

SOURCE: Investopedia Staff. (2015, November 24). *Cyclical versus non-cyclical stocks*. Retrieved November 21, 2017, from <https://www.investopedia.com/articles/00/082800.asp>

40. C

Fixed; floating. To enable capital to flow more freely internationally, countries around the world have reduced or eliminated many regulations and restrictions. For example, many developed countries shifted their exchange rates from being fixed to floating. Fixed exchange rates are set by the government, while floating exchange rates are determined by market supply and demand for currency. Although fixed exchange rates are still popular in some parts of the world, most developed countries have floating exchange rates. A pegged exchange rate is a fixed exchange rate. Declining exchange rates have not significantly contributed to financial globalization.

SOURCE: FI:575

SOURCE: TransferWise. (2017, May 15). *Explaining the difference between fixed and floating exchange rates*. Retrieved November 21, 2017, from <https://transferwise.com/gb/blog/fixed-floating-exchange-rate-difference>

41. C

Lower taxes. Regulations that reduce taxes on financial transactions facilitate the flow of financial products among nations. Protectionism involves actions that attempt to limit trade with other countries to protect domestic businesses from foreign competition. Quotas limit the volume of exports or imports that move into or out of a country. An embargo bans trade with a specific country. Protectionism, high quotas, and embargos hinder international trade and globalization.

SOURCE: FI:575

SOURCE: Amadeo, L. (2017, October 31). *Deregulation pros, cons, and examples*. Retrieved November 21, 2017, from <https://www.thebalance.com/deregulation-definition-pros-cons-examples-3305921>

42. C

Stockbroker. Securities refer to the legal owning or lending agreements between individuals, businesses, or governments. Securities include investments such as stocks, bonds, and mutual funds. A stockbroker is a licensed person who has the authority and expertise to buy and sell securities on behalf of a client. Unless they are stockbrokers, trusted friends, colleagues, and loan officers may not be the most reliable sources of securities information.

SOURCE: FI:274

SOURCE: Madura, J., Casey, M., & Roberts, S. (2014). *Personal financial literacy* (2nd ed.) [pp. 268-278]. Upper Saddle, NJ: Pearson.

43. D

Over a period of time. Watching numbers over a period of time is a good idea because investors can get a sense of what is normal for a stock price. Looking at the numbers once a year, on a given day, or when dividends are paid does not give you enough time to obtain this kind of information.

SOURCE: FI:275

SOURCE: Kansas, D. (2017). *Evaluating a stock*. Retrieved November 21, 2017, from <http://guides.wsj.com/personal-finance/investing/how-to-evaluate-a-stock/>

44. B

No-load. No-load mutual funds do not charge sales commissions or purchase fees. According to the mutual fund provided, the maximum initial charge for purchasing shares of the AnMI mutual fund is \$0.00. So, all of an individual's investment would go toward the purchase of shares of AnMI. A front-load mutual fund charges commissions and/or purchase fees when buying shares of the fund. A back-load mutual fund charges fees when an investor sells her/his shares of the fund. An expiring back-load mutual fund also charges fees when an investor sells her/his shares, but at a certain point in time or when the account reaches a certain level, these fees decline or disappear completely.

SOURCE: FI:275

SOURCE: DeYoung, G. (2016, July). *What's the difference between a load and no-load mutual fund?* Retrieved November 21, 2017, from <https://www.investopedia.com/ask/answers/125.asp>

45. C

Tax reporting. All businesses are required by law to report and pay a variety of taxes. Tax reporting is a legal consideration that pertains to accounting because income and expenses can be reported in different ways. For example, it is illegal for a business to misrepresent financial information to indicate a loss for the purpose of not paying taxes. It is also illegal for a business to fail to report and pay sales tax and payroll withholding tax for employees. Businesses need to be aware of legal issues to avoid potential problems. Gift giving, entertaining, and computer hacking are usually ethical considerations rather than legal considerations.

SOURCE: FI:353

SOURCE: US Legal. (1997-2016). *Accounting law and legal definition*. Retrieved November 21, 2017, from <https://definitions.uslegal.com/a/accounting/>

46. A

Sales-tax payable. Balance sheets help organizations make important business decisions. A balance sheet is a financial statement that captures the financial condition of the business as of that particular moment. A business summarizes its financial condition by categorizing financial data into three groups—assets, liabilities, and equity. Liabilities are the debts that the business owes others, such as salaries, sales-tax due to the government, etc. An asset is anything that the business owns or anything that can be converted into cash, such as equipment, marketable securities, and accumulated interest.

SOURCE: FI:093

SOURCE: LAP-FI-010—The Right Balance (The Nature of Balance Sheets)

47. A

Lower than the previous period. The formula for a statement of changes in equity is: beginning earnings + net income - dividends = retained earnings. If dividends are higher than net income, retained earnings will be lower than beginning earnings. In order for retained earnings to stay the same, the net income would have to be exactly equal to the dividend payments. For retained earnings to be higher than the previous period, net income would have to exceed dividends. For retained earnings to equal zero, the dividend payments would have to be equal to the beginning earnings and net income would have to be zero.

SOURCE: FI:630

SOURCE: Basu, C. (2011, August 19). *How to calculate dividends, retained earnings, and statement of cash flow*. Retrieved November 21, 2017, from <http://smallbusiness.chron.com/calculate-dividends-retained-earnings-statement-cash-flow-19419.html>

48. B

Accounts receivable. All the money owed to the business by others is considered accounts receivable. All the money that the business owes others is considered accounts payable. It's important for financial managers to balance accounts payable and receivable and ensure that the company's cash flow stays positive. Equity refers to assets the company already owns. Capital investment decisions determine which projects the business will invest in, how the investment(s) will be financed, and whether or not to pay dividends to the company's shareholders. Capital investment decisions are made for the long term.

SOURCE: FI:354

SOURCE: LAP-FI-007—Money Matters (Role of Finance)

49. D

Tell investors about the risks of these securities. Companies that sell securities have to tell the truth about the securities they sell. They must be honest about their business and the risks of securities. Securities cannot be guaranteed because they always involve some degree of risk. Investors should ask questions and do research on securities; a company should not discourage them from doing so.

SOURCE: FI:356

SOURCE: U.S. Securities and Exchange Commission. (n.d.). *The role of the SEC*. Retrieved November 21, 2017, from <http://investor.gov/introduction-markets/role-sec#.VDa8xPldXZJ>

50. A

The marketing study that yielded the negative feedback. A sunk cost is a cost that has already been incurred and cannot be recovered. Because the marketing study has already occurred, it has already been paid for and the money cannot be recovered, despite the unfavorable results. However, the new materials, promotional campaign, and time needed to make the product more successful are all prospective costs that can be recovered if the company decides to discontinue the product. Therefore, these are not sunk costs and should be factors in the decision-making process.

SOURCE: FI:658

SOURCE: Bragg, S. (2017, August 23). *Sunk cost*. Retrieved November 21, 2017, from <https://www.accountingtools.com/articles/what-is-a-sunk-cost.html>

51. B

A restaurant chain manager must decide whether or not to keep a certain franchise open. Marginal analysis can be used to make many types of decisions. One type of decision that it can be used for is a segment profitability decision, which is the process of deciding if it is more profitable to keep or drop an unsuccessful segment of the business. The restaurant manager must decide if the franchise (a segment of his business) is profitable enough to remain open. The clothing retailer who must decide how many units of each product to sell is making a sales mix decision. A company deciding whether to use an outside marketing firm or hire someone internally is making a make-or-buy decision. The furniture company deciding whether or not to assemble its pieces before sale is making a sell-or-process-further decision. All of these cases can benefit from marginal analysis.

SOURCE: FI:659

SOURCE: Crosson, S.V., & Needles, B.E. (2014). *Managerial accounting* (10th ed.) [pp. 335-344]. Mason, OH: South-Western Cengage Learning.

52. C

Is a certain product generating enough revenue? Managerial accounting is used to provide internal information for a business to guide planning and decision-making. One question that managerial accounting can answer for a manager is whether or not a specific product is generating enough revenue to be profitable or financially viable. A job cost report can provide this information. Managerial accountants do not deal with external information such as stocks and investments. They also do not provide information about whether or not employees are working well together. Finally, managerial accountants do not analyze liquidity; that would fall under financial accounting.

SOURCE: FI:660

SOURCE: Sullivan, D. (2012, November 24). *Types of managerial accounting reports*. Retrieved November 15, 2017, from <http://smallbusiness.chron.com/types-managerial-accounting-reports-58384.html>

53. D

The planned email marketing campaigns were not completed. If money was not spent on email marketing, it is possible that the campaigns planned in the budget were never carried out, which would not demonstrate efficient use of funds. Positive variance does not necessarily relate to the ineffectiveness of email marketing. If there is a positive variance, it would suggest that the budget allocated too much toward email marketing rather than not enough. Finally, the positive variance does not necessarily imply that email marketing is or is not important to an organization.

SOURCE: FI:661

SOURCE: Berry, T. (2017, May 12). *Plan vs. actual, part 3: Understanding variance analysis*. Retrieved November 21, 2017, from <http://articles.bplans.com/plan-vs-actual-part-3-understanding-variance-analysis/>

54. B

Is used to monitor activities in a business. A financial control is a tool that is used to monitor business activities, such as reviewing spending and comparing it to the budget. A cost accounting budget keeps companies from exceeding their spending limits. Financial control does not mean that access to financial data is restricted. While budgets do predict what will happen with finances in the future, this is not what is meant by financial control. Finally, budgets aid the decision-making process rather than making it more complicated.

SOURCE: FI:662

SOURCE: Boyd, K. (n.d.). *Cost accounting: Budgeting basics*. Retrieved November 15, 2017, from <http://www.dummies.com/business/accounting/cost-accounting-budgeting-basics/>

55. D

Company executives. Managerial cost accounting is the process of preparing and reporting financial information that is used internally by an organization's management. It is used for decision-making and planning. Stockholders, investors, and customers are not internal users. They more likely to use the information provided by financial accounting, rather than managerial cost accounting.

SOURCE: FI:657

SOURCE: AccountingExplained.com. (2011-2013). *Managerial accounting*. Retrieved November 15, 2017, from <https://accountingexplained.com/managerial/introduction/>

56. A

Number of customers. A cost driver is a variable that causally affects costs over time. Because Internet service becomes more expensive as the number of people using it increases, the number of customers in a coffee shop drives the cost of the Internet service. The number of products sold, the number of direct labor hours, and the number of ingredients per product could all be considered cost drivers, but not specifically for the cost of Internet service.

SOURCE: FI:663

SOURCE: Datar, S.M., & Rajan, M.V. (2014). *Managerial accounting: Making decisions and motivating performance* (p. 33). Upper Saddle River, NJ: Pearson Education.

57. C

\$7,347. To calculate the future value of money, first add 1 to the interest rate expressed as a decimal ($1 + 0.08 = 1.08$). Then, raise that sum to the power of the number of periods; in other words, multiply that sum by itself 5 times ($1.08 \times 1.08 \times 1.08 \times 1.08 \times 1.08 = 1.46933$). Finally, multiply the product by the original investment ($1.46933 \times \$5,000 = \$7,346.65$). Rounded up, the final value is \$7,347.

SOURCE: FI:238

SOURCE: Carther, S. (2017, May 18). *Understanding the time value of money*. Retrieved November 21, 2017, from <http://www.investopedia.com/articles/03/082703.asp>

58. D

Report financial transactions. Financial-information management is the ongoing process of gathering, maintaining, and storing financial data. Businesses use financial data to develop reports that aid the business decision-making process and meet compliance requirements. An important aspect of financial information management is maintaining data about financial transactions such as accounts receivable (e.g., customer sales transactions) and accounts payable (monetary outflows). The business's buyers negotiate contracts with vendors. Buyers may or may not use financial information as leverage during the negotiation process with vendors. The product/service management function of the business focuses on new product development. The selling function of the business implements sales policies.

SOURCE: FM:002

SOURCE: Gartenstein, D. (2016, September 29). *Why is financial management so important in business?* Retrieved November 21, 2017, from <https://yourbusiness.azcentral.com/financial-management-important-business-4406.html>

59. C

Protecting customer information. An important aspect of managing financial information is making sure that customers' confidential information is secure. Having customers enter a password to access their banking information from their computers is one way that financial institutions secure information and prevent others from obtaining confidential information without authorization. Reporting accurate data, collecting financial information, and conducting financial audits are important financial-information management activities, but these are not described in the situation provided.

SOURCE: FM:002

SOURCE: Association of Modern Technologies Professionals. (2017). *Financial management information systems*. Retrieved November 21, 2017, from <http://www.itinfo.am/eng/financial-management-information-systems/>

60. B

Audit trails. Although unethical individuals might erase certain accounts or transactions from their financial-information management system, a record of their erasures would appear in system audit trails. What-if planning involves identifying and considering options for financial decision-making by applying different assumptions to financial data within spreadsheet software. Long-term liabilities are debts that will take longer than a year to pay. A direct check is a method of checking goods in which the goods received are checked directly against the purchase order or the invoice.

SOURCE: FM:003

SOURCE: Bossart, M. (2015, March 2). *What is an audit trail?* Retrieved November 21, 2017, from <https://www.patriotsoftware.com/accounting/training/blog/what-is-an-audit-trail/>

61. C

Central data repository. A central data repository is a centralized comprehensive database used to store financial information from across an organization. Benefits of a central data repository include more consistent and up-to-date data, faster response to queries, economies of scale, and accessibility by several different software applications. Encryption technology and intrusion detection systems are used to ensure the security of financial information. The principle of least authority is a concept that promotes providing database users with permission to access only those data that are absolutely necessary for fulfilling their duties and work obligations.

SOURCE: FM:011

SOURCE: InterSystems. (2012). *Caché and data management in the financial services industry*. Retrieved November 21, 2017, from <https://www.intersystems.com/resources/detail/cach-and-data-management-in-the-financial-services-industry/>

62. D

Scanning. Some budgeting software programs come complete with scanning capabilities, making it possible for a small business owner such as Carrie to scan and save certain documents digitally. Depending on the nature of these documents, Carrie may be able to dispose of the paper copies, freeing up precious space in her home office. While forecasting, internal-control, and variance-analysis capabilities are helpful, they are not as well suited as scanning capabilities are to help Carrie transition to a paperless office.

SOURCE: FM:013

SOURCE: Elmlad, S. (2017, October 12). *How to organize receipts into digital files*. Retrieved November 21, 2017, from <https://www.thebalance.com/take-the-headache-out-of-organizing-receipts-1293793>

63. C

Asset utilization. Businesses use computer software applications to calculate various types of financial ratios. Businesses use many types of financial ratios to evaluate different aspects of their processes, including their profitability, performance, and efficiency. Asset-utilization ratios help businesses determine if they are using their assets, inventory, and cash in the most effective ways. If the asset-utilization analysis indicates low efficiency, then businesses can take steps to isolate and fix the problems. Financial analysts use market-value ratios to evaluate stocks and liquidity ratios to evaluate a business's ability to pay its short-term debts. Financial analysts use profitability ratios to evaluate the overall financial success of the business.

SOURCE: FM:014

SOURCE: NetMBA. (2002-2010). *Financial ratios*. Retrieved November 21, 2017, from <http://www.netmba.com/finance/financial/ratios/>

64. D

Costs of actions taken to manage risks or opportunities associated with climate change. Many pieces of financial information are needed in a sustainability report. One example is the costs of any actions that the company has taken to manage risks and/or opportunities posed by climate change. The percentage of senior management hired from the local community, the economic development in areas of high poverty, and the percentage of recycled materials used in manufacturing are all important aspects of a sustainability report but are not related to financial information.

SOURCE: FM:016

SOURCE: Global Reporting Initiative. (2015, August 5). *Reporting principles and standard disclosures*. Retrieved November 21, 2017, from <https://www.globalreporting.org/resource/library/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf>

65. B

Relationship management and sales. Many organizations use automated software to analyze existing customers' financial information. In some cases, this software is designed to identify cross-selling opportunities—opportunities for the firm to do additional business with its existing customers. Information of this sort is usually passed on to individuals who work in relationship management and sales. After receiving the information, the relationship managers and sales professionals can pursue these other business opportunities with the customers. Risk management and pricing personnel are not likely to receive information about cross-selling opportunities with bank customers.

SOURCE: FM:009

SOURCE: Microsoft. (2014, September 26). *CRM in financial services*. Retrieved November 21, 2017, from <https://www.slideshare.net/Microsoft/crm-in-financial-services>

66. B

Loan application. Financial institutions consider many factors before granting a loan to a prospective customer. Primary factors include the customer's credit history, credit score, assets, current income, employment status, and debt ratio. If the customer carries a high level of debt in relation to his/her assets, it would be too risky for the bank to grant a loan because the customer is more likely to become delinquent or default on the loan. Banks do not analyze a customer's current level of debt before it approves a service request or operating proposal. Customers file insurance claims with their insurance agencies.

SOURCE: FM:009

SOURCE: Wong, K. (2016, November 11). *The factors banks consider when you apply for a loan*. Retrieved November 21, 2017, from <https://twocents.lifehacker.com/the-factors-banks-consider-when-you-apply-for-a-loan-1788724638>

67. A

Orient. One of the main sources of printed information that businesses use in order to orient new employees is the company manual. A manual usually contains the information that a new employee needs to know about company benefits, vacation policy, absenteeism, etc. Businesses usually encourage new employees to thoroughly read the company manual because it will answer most of their questions about routine policies. Businesses do not use their company manuals as a source of information to recruit, manage, or select new employees.

SOURCE: HR:360

SOURCE: Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2010). *Human resource management: Gaining a competitive advantage* (7th ed.) [pp. 333-334]. New York: McGraw-Hill Irwin.

68. A

Setting aside funds to research what customers want. Company commitment involves everyone in the organization embracing the marketing concept and putting customers' interests first. One way to demonstrate a commitment to the marketing concept is to set aside money to fund the research needed to develop a product according to customers' wishes. Leaving marketing to the marketing department prevents the rest of the company from being involved in marketing. Teaching marketing to college students is honorable, but it does not demonstrate the marketing concept's theme of company commitment. Pricing a product to maximize profitability per item allows the company to earn as much money as it can, but customers may not be willing to purchase the product at that high of a price. Pricing a product to maximize profitability per item puts the company's interests before the customers', which goes against the marketing concept.

SOURCE: MK:001

SOURCE: LAP-MK-004—Have It Your Way! (Nature of Marketing)

69. C

Everyone in the organization. Everyone in the organization is responsible to do his/her part to contribute to appropriate information management. This includes, but is not limited to, the information management department, an information technology manager, and the chief executive officer.

SOURCE: NF:110

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

70. B

Internet companies offering phone service. Digital convergence is the tendency of digital services that were once separate entities to combine into new forms. An example of the Internet offering phone service is Skype. Wireless, bandwidth, and WANS are not examples of digital convergence.

SOURCE: NF:086

SOURCE: Roland, C. (2017, May 15). *The complete and modern guide to technology convergence*. Retrieved November 21, 2017, from <https://developer.att.com/blog/technology-convergence>

71. C

Performing financial calculations. Spreadsheet software enables businesses to perform accounting, financial, and other mathematical functions. A user can enter numerical information in rows and columns, and the software will perform various calculations or analyses. For example, spreadsheet programs can calculate sales forecasts and develop budget projections. Presentation software is used to create slide presentations. Desktop publishing software is used to prepare promotional brochures. Database software is used to manage database files.

SOURCE: NF:010

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 199-200). Woodland Hills, CA: Glencoe/McGraw-Hill.

72. B

Data normalization. Data normalization is the process of organizing a database into tables and columns. It makes sure data are all being used for the same purpose and helps eliminate duplicate data.

Nonconforming data are data that do not align with a certain specification. Data entry is the process of inputting data into a database. Database administration involves activities such as maintaining data security, regulating access to the database, and recovering corrupt data.

SOURCE: NF:124

SOURCE: Wenzel, K. (2017, May 29). *Database normalization explained in simple English*. Retrieved November 15, 2017, from <https://www.essentialsql.com/get-ready-to-learn-sql-database-normalization-explained-in-simple-english/>

73. A

State. A filter involves grouping data based on certain criteria. Because the company may have thousands of customers, and Marilee only wants to view a small portion of those customers, she can use the filter application to set the criteria for fields that she wants to view. Because she wants to view all of the customers located in Florida, she should filter the data by state. Filtering the data by the customer's last name, the telephone area code, or the city would not quickly yield the desired results.

SOURCE: NF:141

SOURCE: Hamel, G. (2012, April 17). *What client information is needed in a database?* Retrieved November 2, 2017, from <http://smallbusiness.chron.com/client-information-needed-database-42984.html>

74. D

Accessed when needed. Businesses need to organize their records in a systematic manner so that information can be accessed when it is needed. This is what record keeping is all about--managing the information a business needs in order to make operational and financial decisions. Some business records contain confidential information and should not be distributed freely, available to everyone, or published in newsletters. However, this information should be organized so that employees who are supposed to use it can access it when needed.

SOURCE: NF:001

SOURCE: LAP-NF-001—Record It (Business Records)

75. C

External environment. A business cannot control its external environment—factors such as demographics, the economy, and the competition. It can, however, control its internal environment. A business's personnel, production, and research and development are all part of its internal environment.

SOURCE: NF:015

SOURCE: LAP-NF-015—Get the 4-1-1 (Conducting an Environmental Scan)

76. A
Function effectively. Operations are the day-to-day activities required for continued business functioning. Operations make sure that there are materials and supplies available so employees can do their jobs. Operations make sure the physical facility is in good condition so work can be performed efficiently. Effective operations are important because the activities help to increase productivity and make the business successful. Operations are not involved in making sure that the business is able to motivate employees, sell quickly, or inventory products.
SOURCE: OP:189
SOURCE: LAP-OP-189—Smooth Operations (Nature of Operations)
77. B
Material requirements planning (MRP). MRP software helps manufacturers streamline production efforts and operate efficiently. The software has forecasting applications that help manufacturers determine the quantities of and delivery systems for the raw materials that they need for production. Job sequencing involves determining the order in which tasks must be carried out to complete a process or activity. Reverse logistics occur when unwanted or undesirable goods are returned to a business for reuse, recycling, or disposal. Critical path involves evaluating the sequence of steps to complete complex project tasks and identifying alternative systems to use project resources in the most efficient manner.
SOURCE: OP:191
SOURCE: Bozarth, C.C., & Handfield, R.B. (2013). *Introduction to operations and supply chain management* (3rd ed.) [p. 368]. Upper Saddle River, NJ: Pearson Education Prentice Hall.
78. B
Put away the ladder. Anything left on the selling floor is dangerous for both customers and store personnel. This includes boxes, hand trucks, or supplies. The other alternatives are activities that might occur after the light bulb is replaced.
SOURCE: OP:007
SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2010). *Marketing dynamics: Teacher's edition* (2nd ed.) [pp. 406-410]. Tinley Park, IL: Goodheart-Willcox Company, Inc.
79. C
Make sure the project stays on track. During the execution-and-monitoring stage of project management, the actual work of the project is performed. The project manager's job at this point is to make sure the project stays on track and to take corrective measures if it doesn't. Delivering the final product occurs during the closing stage. Securing funding for the project is often the project champion's task and occurs before the project is authorized. Assigning roles to team members occurs during the planning-and-development stage.
SOURCE: OP:158
SOURCE: LAP-OP-006—Projected to Win (Nature of Project Management)
80. A
Time. A component of the people resource is time. People have only so much time to work on projects because time is limited. There are exactly 24 hours in a day and seven days in a week. Also, people have other responsibilities and can't give all their time to a project. Equipment, facilities, and taxes are not components of the people resource.
SOURCE: OP:003
SOURCE: Bright Hub Project Management. (2013, May 15). *How to plan your project's resource capacity*. Retrieved November 21, 2017, from <http://www.brighthubpm.com/resource-management/13031-how-to-plan-your-projects-resource-capacity/>

81. D

Who pays the transportation charges. When placing orders with suppliers, businesses usually negotiate who pays the transportation charges. In some cases, businesses prefer to pay the transportation charges and own the goods while they are in transit. In other cases, it might be better for the business to have the supplier pay the charges and own the goods until they are delivered to the business. Because transportation charges may be high, negotiating who pays them is often a key factor when placing an order. Businesses usually are not concerned with which transportation service is used, who prepares the goods for shipment, or which warehouse is the most modern.

SOURCE: OP:016

SOURCE: Murray, M. (2017, February 3). *Negotiation in the purchasing process*. Retrieved November 21, 2017, from <https://www.thebalance.com/negotiation-in-the-purchasing-process-2221379>

82. B

Minimal. Creative people are often very independent and prefer working with minimal or no supervision. They tend to rebel against a great deal of authoritative control. They may appear to be nonconformists and perform better without close or direct supervision.

SOURCE: PD:012

SOURCE: LAP-PD-012—Imagine That (Demonstrating Creativity)

83. C

Prioritize everything that needs to be done. Prioritizing involves determining the order for completion of activities based on their importance. It helps you to see which jobs should be tackled first. Doing assignments as quickly as possible may result in careless mistakes. Jobs should be prioritized so that the nonessential jobs are done after the important jobs. Varying activities whenever possible makes life more interesting but does not necessarily help you manage your time wisely.

SOURCE: PD:019

SOURCE: LAP-PD-001—About Time (Time Management)

84. B

A thank-you, confirming interest in the job, and follow-up information. All of this information should be included in the letter. Including the names of high-ranking people in the company does not guarantee a position. A short statement as to why you would be the best individual for the position is important but should not be the only item. It is never wise to plead for a position.

SOURCE: PD:029

SOURCE: Purdue OWL. (2010, April 25). *Follow-up to an interview*. Retrieved November 21, 2017, from <https://owl.english.purdue.edu/owl/resource/634/03>

85. B

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: LAP-PD-020—Career Opportunities in Finance

86. D

Securities and investments. The securities and investments industry supports the flow of funds from investors to companies and institutions. Related services include financial planning, asset management, mutual- or hedge-fund management, and custody services. These are not job duties in corporate finance, accounting, or insurance.

SOURCE: PD:152

SOURCE: LAP-PD-020—Career Opportunities in Finance

87. D

Improved access to capital. Corporate governance includes the structures and processes that direct and control companies. Evidence indicates that well-governed companies receive higher market valuations and have increased capital flows. Strong corporate governance practices do not increase distance from investors; rather, corporate governance makes companies more accountable and transparent to investors. Corporate governance does not give companies the ability to bypass sustainability efforts. It instead gives them more tools to increase sustainability. Finally, corporate governance increases stakeholder involvement, rather than limiting it.

SOURCE: PD:213

SOURCE: Management Study Guide. (n.d.). *Corporate governance - definition, scope and benefits*. Retrieved November 21, 2017, from <http://www.managementstudyguide.com/corporate-governance.htm>

88. C

Train employees on governance objectives. One way that a board of directors can make sure employees are involved and motivated to work toward corporate governance objectives is to train employees on company goals. Training gives employees the skills and knowledge they need to achieve objectives. Presenting objectives to upper management does not necessarily involve all employees in corporate governance; rather, it only includes upper management. Restricting access to governance goals does not allow all employees to understand corporate governance objectives. Finally, it is important to clearly define roles and responsibilities in achieving corporate governance objectives, rather than leaving roles and responsibilities undefined.

SOURCE: PD:301

SOURCE: Frost, S. (2011, June 30). *How to align employees with company goals*. Retrieved November 15, 2017, from <http://smallbusiness.chron.com/align-employees-company-goals-11667.html>

89. A

Demonstrating transparency. Transparency involves maintaining open and truthful communications. For corporate governance to be effective, it must be transparent with stakeholders so they are aware of what is going on and can make decisions accordingly. Golden Ray Corporation is being transparent by releasing a statement about its former board member's personal scandal. Golden Ray Corporation is not necessarily lacking accountability, following regulatory guidelines, or measuring internal performance.

SOURCE: PD:214

SOURCE: Pearse Trust Blog. (2014, February 19). *The core principles of good corporate governance*. Retrieved November 15, 2017, from <https://www.pearse-trust.ie/blog/bid/108866/The-Core-Principles-Of-Good-Corporate-Governance>

90. B

Government regulations. External mechanisms are controls that come from outside of the organization. An example is government regulations that are imposed upon a company. Internal mechanisms come from within an organization. A board of directors' policies, a company's business objectives, and a company's code of conduct are all internal mechanisms of control.

SOURCE: PD:302

SOURCE: Davoren, J. (2013, May 20). *Three types of corporate governance mechanisms*. Retrieved November 15, 2017, from <http://smallbusiness.chron.com/three-types-corporate-governance-mechanisms-66711.html>

91. B

Board of directors. The board of directors approves high-level corporate governance goals and policies. The Chief Executive Officer and management team are responsible for recommending the goals and policies to be approved by the board. Select shareholders may be on the board of directors, but the shareholders as a whole do not approve goals and policies.

SOURCE: PD:303

SOURCE: Management Study Guide. (n.d.). *Corporate governance - definition, scope and benefits*. Retrieved November 21, 2017, from <http://www.managementstudyguide.com/corporate-governance.htm>

92. B

Trade association. People join trade associations hoping to solve problems they could not solve alone. A trade show is a group of producers who exhibit their products in one location for the convenience of buyers. A corporation is a form of business that is owned by a group and requires a charter from the state. A partnership is a form of business with two or more owners.

SOURCE: PD:036

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (p. 657). Columbus, OH: Glencoe/McGraw-Hill.

93. B

Participating in an appropriate professional organization. When finance professionals actively participate (e.g., serve on committees) in appropriate (finance-related) professional organizations, they can network and build relationships with others who work in their field. The remaining options are situations that present networking opportunities for individuals who may or may not work in finance.

SOURCE: PD:153

SOURCE: Financial Career Options. (2016, October 21). *Networking in the financial industry*. Retrieved November 21, 2017, from <https://financialcareeroptions.com/networking-in-the-financial-industry/>

94. C

Consumer. Businesses set different types of organizational goals. When a business sets standards to accommodate the target market's needs and wants, it is setting consumer-oriented goals. Employees often use technology to carry out the activities used to achieve the business's consumer goals. Financial goals are objectives that are measured in terms of money.

SOURCE: PD:254

SOURCE: Cross, V. (2011, August 22). *Customer orientation examples*. Retrieved November 21, 2017, from <http://smallbusiness.chron.com/customer-orientation-examples-10201.html>

95. B

No, the employee may be jeopardizing the business's financial well-being without first obtaining permission from management. Business policies are the rules or guidelines that employees must follow. One reason that businesses develop credit policies is to protect the business from financial losses. Offering credit to a customer who does not meet the business's credit criteria may be costly to the business because the customer may not be able to make installment payments for the product. Employees who bypass these types of policies without proper authorization from management are breaking company rules, are not behaving ethically, and are, in many situations, fired for such behavior. Although some businesses have flexible policies, not all businesses do. Governments regulate credit practices, but they do not require businesses to offer credit to individuals and businesses that have poor credit scores or do not meet basic criteria.

SOURCE: RM:041

SOURCE: Dahl, D. (2010, November 22). *How to assess the credit risk of your customers*. Retrieved November 21, 2017, from <https://www.inc.com/guides/2010/11/how-to-assess-the-credit-risk-of-your-customers.html>

96. A

Whistleblower. One way to manage potential risks resulting from unethical conduct is to build an internal infrastructure that promotes and enforces ethical practices and offers incentives to behave ethically. This internal infrastructure typically includes appropriate audit procedures, a code of conduct, a committee to develop the code, training for employees about the code, and a whistleblower policy. A whistleblower policy encourages and enables employees to report unethical behavior or actions without fear of negative repercussions such as demotion or firing. A credit policy is a guideline for a business to follow in controlling the use of payment plans that allow customers to purchase now and pay later. Monetary policy is the government policy that determines the amount of money that will be in circulation and the level of interest rates. Constituent policies are public policies that apply to the government or nation as a whole. Constituent policies include national security, foreign affairs, diplomacy, etc.

SOURCE: RM:041

SOURCE: SHRM. (2017, May 17). *Whistleblower policy*. Retrieved November 21, 2017, from https://www.shrm.org/resourcesandtools/tools-and-samples/policies/pages/cms_007814.aspx

97. A

What-if planning. Companies often use computer software programs to analyze their levels of risk in different business functions. The software calculates a company's risk levels in a variety of scenarios based on different types of data queries. By establishing queries using different combinations of data, the company obtains results under many circumstances. The company analyzes the quantitative results of each scenario and uses them to make business decisions. This process is "what-if" planning. Qualitative research is a study based on opinion or expertise. Top-down forecasting is a method of predicting sales. During the product-development process, businesses conduct product feasibility studies to determine the advantages and disadvantages of producing a certain good or service.

SOURCE: RM:042

SOURCE: Zulz, E. (2017, October 17). *How to use 'what if' scenario planning as risk management*. Retrieved November 21, 2017, from <http://www.thinkadvisor.com/2017/10/17/how-to-use-what-if-scenario-planning-as-risk-manag?slreturn=1511291962>

98. D

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: Kay, A. (2017, September 12). *5 simple techniques for reducing risk of noncompliance*. Retrieved November 21, 2017, from <https://talentteam.com/2017/09/12/5-simple-techniques-reducing-risk-non-compliance/>

99. C

Reduce the chance of financial losses. Because risk involves the possibility of loss, businesses must be diligent to control their levels of risk. Businesses can experience financial losses in all areas of the business—from product recalls and poor hiring selections to poor credit policies and workplace injuries. Businesses can control their various risks by implementing appropriate business policies, training employees, and acquiring adequate insurance coverage. By controlling financial risk, businesses can limit their debt (liabilities). When businesses have low debt, they increase the potential to earn profit, which contributes to the well-being of society. Businesses increase their visibility in the market in different ways (positive and negative) and are not always related to controlling their levels of risk.

SOURCE: RM:058

SOURCE: Investopedia. (2011, January 12). *Risk control*. Retrieved November 21, 2017, from <https://www.investopedia.com/terms/r/risk-control.asp>

100. C

Annual report. Enterprise risk management allows corporations to identify risks, decide which risks to manage, and make the plan of action available to stakeholders in their annual reports. The annual budget, balance sheets, and quarterly projections are financial documents that do not deal with risk management.

SOURCE: RM:062

SOURCE: Investopedia. (2017, September 9). *Enterprise risk management*. Retrieved November 21, 2017, from <https://www.investopedia.com/terms/e/enterprise-risk-management.asp>