



SAMPLE EXAM

BUSINESS MANAGEMENT + ADMINISTRATION CAREER CLUSTER

THE BUSINESS MANAGEMENT + ADMINISTRATION
CAREER CLUSTER EXAM IS USED FOR THE
FOLLOWING EVENTS:

BUSINESS LAW AND ETHICS TEAM DECISION MAKING **BLTDM**

HUMAN RESOURCES MANAGEMENT SERIES **HRM**

These test questions were developed by the MBA Research Center. Items have been randomly selected from the MBA Research Center's Test-Item Bank and represent a variety of instructional areas. Performance indicators for these test questions are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided.

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1. Frederic used to own the only pizza place in town—until a new place opened up. Even though Frederic's never been to the new pizza place, he tells everyone he meets that the new place uses inferior ingredients and has been investigated by the health department. He even leaves negative reviews of the pizza place online. Which business tort do Frederic's actions fall under?
 - A. Wrongful interference
 - B. Unfair competition
 - C. Copyright infringement
 - D. Disparagement
2. When entering into a contract with another business, an agent is the party that represents the
 - A. consultant.
 - B. defendant.
 - C. opposition.
 - D. principal.
3. The person who files a lawsuit is the
 - A. plaintiff.
 - B. defendant.
 - C. lawyer.
 - D. judge.
4. Why might parties choose to use mediation to solve a dispute?
 - A. To avoid going to court
 - B. To spend more money
 - C. To do less work
 - D. To get a less personal result
5. Sasha's science teacher is explaining lab directions to the class. They'll be performing a complicated experiment with many steps that will take about a week. The next day, Sasha tries to remember a step of the directions, but she can't. Which step of following oral directions should Sasha have followed?
 - A. Eliminate distractions
 - B. Take notes
 - C. Make eye contact
 - D. Acknowledge directions verbally or nonverbally
6. "This is an exciting new opportunity for you," says Jane's boss. Which of the following nonverbal cues would appropriately reinforce that message?
 - A. Focusing eyes on the computer
 - B. Slouching
 - C. Smiling
 - D. Looking out the window
7. Jolie is working in a group in her business class. If she wants to contribute to her group's discussion in a meaningful way, what should she do?
 - A. Summarize what's been discussed in the conversation
 - B. Let someone know right away if his/her idea is bad or unrealistic
 - C. Wait for other people to lead the conversation when it gets silent
 - D. Ask questions as a way of judging someone else's suggestion
8. What are the three main purposes of oral presentations?
 - A. To inform, inspire, and entertain
 - B. To inform, persuade, and entertain
 - C. To inform, persuade, and instruct
 - D. To interview, debate, and entertain

9. Aaron prepared a detailed report for his supervisor that described several issues that Aaron's work group has been experiencing with a long-term project. Aaron described the most difficult or challenging issues in the beginning of the report and ended the report with the least important points. How did Aaron organize the information in the report?
- Priority sequence
 - Alphabetical by category
 - Simple to complex
 - Chronological order
10. Jacob is determining the writing style to use for an analytical report. If most readers are likely to support the report's content, Jacob should format the report for a(n) _____ audience.
- receptive
 - indecisive
 - argumentative
 - intellectual
11. Which of the following is the last component of a research report:
- Recommendations
 - Purpose of the study
 - Background information
 - Methodology
12. Phoebe is the manager of a small company. One of her employees has been showing up late and missing work frequently. What channel of communication should Phoebe use to discuss this issue with him?
- A company-wide memo
 - An email message
 - Face-to-face conversation
 - A video conference
13. When participating in a project-status meeting, it is important for a participant to
- be prepared to provide an update.
 - monopolize the conversation.
 - provide information about new company policies.
 - take notes for the group.
14. A customer asks Roger a question about a product, and he isn't sure of the correct answer. He immediately phones his supervisor to get the needed information. Which technique for building positive customer relations does this illustrate?
- Be thankful.
 - Keep your promises.
 - Pay attention to internal customers.
 - Be helpful.
15. Today, customer relationship management is considered an important tool in
- commercial investing.
 - business decision-making.
 - hiring new employees.
 - establishing connections with vendors.
16. Which of the following is an economic service:
- Eyeglasses
 - Bottle of perfume
 - Baseball bat
 - Ticket to football game

17. Which of the following are examples of capital goods:
- A. Trucks, drum scanners, and minerals
 - B. Bull dozers, photocopiers, and roads
 - C. Tractors, laborers, and cranes
 - D. Refineries, iron ore, and computers
18. One reason that businesses use a matrix organizational design is to
- A. share human resources.
 - B. improve employee productivity.
 - C. segment areas of expertise.
 - D. standardize business tasks.
19. Which of the following is an example of a government regulation that affects a business's working conditions:
- A. Zoning laws
 - B. Food inspection
 - C. Minimum wage
 - D. Price supports
20. Which of the following is an item that is subject to an excise tax:
- A. Prescription medication
 - B. Carton of eggs
 - C. Ski boat
 - D. Business computer
21. A company is facing negative returns. Which stage of production is the company in?
- A. Second
 - B. Third
 - C. Fourth
 - D. First
22. Which of the following is a true statement about gross domestic product (GDP):
- A. Improved use of resources increases the GDP.
 - B. The underground economy overstates the GDP.
 - C. It is easy to measure the GDP accurately.
 - D. A decrease in GDP results in a higher standard of living.
23. Which of the following illustrates the impact of a country's history on world trade:
- A. Countries with widely different religious beliefs have difficulty establishing trust.
 - B. Countries that have engaged in war conflicts have difficulty establishing trust.
 - C. Countries speaking different languages have difficulty understanding each other.
 - D. Countries that are adjacent to each other have more opportunities for conflict.
24. One good way to raise your level of self-esteem when it has dropped is to
- A. discuss your feelings with someone you trust.
 - B. withdraw from activities for a while.
 - C. reanalyze all your past mistakes.
 - D. keep your feelings to yourself.
25. Workers can demonstrate their honesty and integrity by giving a fair amount of _____ for their pay.
- A. worry
 - B. concern
 - C. effort
 - D. loyalty

26. For two hours a day, Jacob shuts his office door to prevent interruptions, does not check email, and does not accept incoming phone calls. This enables Jacob to focus on his most important tasks. What technique is Jacob using to help him manage his work commitments effectively?
- Eliminating the use of technological tools
 - Delegating his workload
 - Controlling environmental distractions
 - Developing a detailed "to-do" list
27. How does having a sense of humor help you maintain a positive attitude?
- It encourages you to give your appearance the attention it deserves.
 - If you hang out with positive people, you'll be positive as well.
 - It is easier to maintain a positive attitude when you're healthy.
 - It keeps you from taking yourself too seriously.
28. When people make you angry or upset, you may be able to maintain your self-control if you
- frown to indicate your displeasure.
 - use language to vent your anger.
 - adopt a defensive attitude.
 - make an effort to remain calm.
29. Which of the following is an internal source of feedback:
- Teachers
 - Yourself
 - Friends
 - Employers
30. Which of the following is an example of violating a coworker's privacy in the workplace:
- Thomas changed the wording on Carrie's report with her approval.
 - Ruby saw that her coworkers were having a serious discussion, so she walked away.
 - Joe needed a pen, so he opened Ali's desk drawer to look for one while she was away.
 - Paige sent a personal email from her work computer to her friend Alan.
31. Which of the following is a true statement about secondary dimensions of diversity:
- They are mental aptitudes.
 - They are physical traits.
 - They are determined by a person's subculture.
 - They can change over time.
32. During a staff meeting, Matthew says, "In closing, I want to congratulate Shelby, who has been instrumental in landing the Feldman account. This account has the potential to greatly impact our company's sales." Matthew is motivating an employee by
- providing her with a monetary reward.
 - acknowledging her efforts.
 - giving her new job responsibilities.
 - supporting her ideas.
33. Frank has a good understanding of his own emotions. What component of emotional intelligence does Frank demonstrate?
- Social management
 - Self-management
 - Social awareness
 - Self-awareness
34. Collaborative relationships with colleagues from other departments are beneficial to the business because they often
- support highly competitive attitudes.
 - prevent workplace conflict.
 - generate innovative ideas.
 - facilitate independent behavior.

35. John recently expanded his business into another country to reach more of his target market. He was initially thrilled with his company's profits following the expansion—until he converted the money back to his domestic currency. At that point, he realized that the company made much less than he originally thought. What risk involved with international business did John experience?
- International trade agreement changes
 - Foreign exchange rate fluctuations
 - Political unrest in foreign countries
 - The cost of international unionized labor
36. Which of the following is a disadvantage of a checking account:
- Overdraft protection
 - Direct payroll deposit
 - Account balance requirement
 - Online transaction options
37. Justine's rich uncle wants to give her \$5,000 toward the purchase of a car. But since Justine doesn't plan to buy the car for at least another year, her uncle told her that she can have the money now, or he can wait and give her the money when she actually buys the car. Justine chooses to take the money now and deposit it in her savings account. After all, her deposit will yield 6% interest compounded annually. A year from now, her \$5,000 will be worth \$5,300. What financial concept does this scenario illustrate?
- Time-value of money
 - Dividend reinvestment plan
 - Capital budgeting
 - Accrual accounting
38. Incorrect information on an individual's credit report may hinder his/her ability to
- earn interest on stock holdings.
 - withdraw money from a savings account.
 - pay monthly credit card balances.
 - obtain a bank loan.
39. How do businesses transfer risk?
- Screen employees
 - Implement security measures
 - Check for hazards
 - Obtain insurance
40. Emma is reviewing the sales budget in relation to the actual sales generated for a set time frame. How is Emma using financial information in this situation?
- To compare estimated performance with actual performance
 - To establish new quality standards and benchmarks
 - To identify external economic trends
 - To analyze the impact of aging accounts
41. When preparing her company's budget, Tatiana's manager told her that the company would be merging with another company. To maintain her ethics, Tatiana should
- report this information to the SEC.
 - make sure the merger benefits the public interest.
 - maintain her independence.
 - keep this information confidential.
42. Which of the following are listed as long-term assets on a balance sheet:
- Capital equipment, mortgage, and inventory
 - Land, cash, and mortgage
 - Vehicles, insurance, and accounts payable
 - Buildings, vehicles, and capital equipment

43. According to a company's most recent statement of cash flows, its cash flow from operations for the most recent year was \$1,375,400. The net cash used by investing was an outlay of \$690,000. The net cash spent on financing was \$140,300. What was the company's free cash flow?
- A. \$686,400
 - B. \$549,700
 - C. \$545,100
 - D. \$830,300
44. Which of the following business trends affects human resources management:
- A. Lack of new technology
 - B. Costs of business going down
 - C. No restructuring
 - D. Globalization
45. Which of the following is an example of receiving tacit knowledge:
- A. "Shadowing" a person in your desired career
 - B. Reading a history textbook
 - C. Listening to an instructor's lecture
 - D. Following a recipe
46. Bailey knows that she has more knowledge about digital marketing than anyone else on her team. She is reluctant to share her knowledge because she wants to give herself an advantage. This is an example of how
- A. sharing knowledge builds stronger relationships.
 - B. it is impossible to get ahead in your career if you share knowledge.
 - C. knowledge management prevents unethical behavior.
 - D. self-interest can prevent effective knowledge management.
47. Corsica Steel Mill has developed a new process to reduce the time it takes to complete a phase of production. To legally protect this new process from unauthorized use, the company should obtain a
- A. trade name.
 - B. copyright.
 - C. trademark.
 - D. patent.
48. Seth recently informed his manager, Tammy, that he is leaving the company. During her last meeting with Seth, Tammy took detailed notes and asked Seth questions about the problems that Seth had encountered on the job and how he handled them. Seth shared important information that his replacement will need to know so s/he can do the job efficiently. What technique is Tammy using to capture knowledge for future use in the organization?
- A. Concept mapping
 - B. Exit interview
 - C. Data codification
 - D. Training session
49. Which of the following factors has the greatest effect on a consumer's buying behavior:
- A. Cultural influences
 - B. Situational influences
 - C. Individual influences
 - D. Social influences

50. Which of the following is an ethical dilemma related to an employee providing information in the workplace:
- A. A customer asks Kate to mail a complete product catalog and a comprehensive price list to his/her business.
 - B. Bob's new employer asks him to share confidential information about product-development processes that his previous employer uses.
 - C. Melinda and two of her coworkers talk about their plans to work overtime next weekend.
 - D. Steven advises a customer that Simpson Electronics does not provide personal information to other companies without the customer's consent.
51. Any business storing customers' personal banking account information is legally required to
- A. maintain the confidentiality of the stored information.
 - B. share the information with its competitors.
 - C. provide the information to the government for tax purposes.
 - D. provide affiliated banks access to the information.
52. What technological component manages the computer's software and hardware?
- A. Navigation key
 - B. Power supply
 - C. Operating system
 - D. Modem
53. Which of the following is a characteristic common to all integrated software packages:
- A. Performs interrelated functions
 - B. Calculates break-even points
 - C. Requires minimal training
 - D. Includes forecasting tools
54. Which component of project-management software helps project managers determine the length of time that a series of interdependent tasks will take to complete under various circumstances:
- A. Demonstration
 - B. Critical path
 - C. Presentation
 - D. Linear
55. A business is mostly likely to review customer invoices from the previous year to
- A. improve service.
 - B. evaluate ideas.
 - C. execute promotions.
 - D. forecast sales.
56. Maxton Mart is being pressured by its vendors to pay for inventory it purchased more than 30 days ago. However, Maxton Mart has not received its accounts receivable from customers. What business record has Maxton Mart failed to monitor successfully?
- A. Balance sheet
 - B. Income statement
 - C. Cash flow
 - D. Open to buy
57. A trend currently impacting the business environment is the increased number of fathers who are directly involved in care giving for their children. This trend represents a change in
- A. society and culture.
 - B. demographics.
 - C. the economy.
 - D. competition.

58. The owner of a business facility that has hazardous electrical wiring is likely to be fined for violating
- affirmative-action initiatives.
 - federal trade laws.
 - local building codes.
 - electronic communication regulations.
59. Which of the following is an example of employee pilferage:
- Hacking into a competitor's computer network to obtain trade secrets
 - Changing the amount specified on a check you prepare for the company with authorization
 - Installing personally owned software on your workplace computer
 - Padding an expense account
60. Lily is the last employee to leave the building today. To reduce the risk of theft, Lily should _____ before she _____.
- set the security alarm; locks the doors
 - turn off the lights; sets the security alarm
 - turn on the surveillance camera; adjusts the thermostat
 - adjust the thermostat; turns on the surveillance camera
61. Which of the following is the most important factor to consider when prioritizing work tasks:
- Enjoyment of tasks
 - Due dates of tasks
 - Coworkers' opinions
 - Employee's aptitude
62. When delegating work to their employees, managers should make sure to clearly articulate their
- preference for quantity of work over quality.
 - rules and consequences for breaking them.
 - punishment for staff that fail to meet the deadline.
 - desired outcomes for the project.
63. What the project will and will not include is called the
- plan.
 - scope.
 - risk.
 - quality.
64. Determining which tasks need to be performed and when they need to be completed is an important aspect of project
- planning.
 - initiating.
 - executing.
 - closing.
65. Which of the following do purchasing personnel try to obtain, along with the lowest possible price:
- Security
 - Loyalty
 - Quality
 - Publicity
66. When companies work with their vendors to develop mutually beneficial business arrangements, they are more likely to
- double their profit margins.
 - maintain long-term relationships.
 - experience vertical conflict.
 - experience horizontal conflict.

67. What is most likely to happen if a purchaser negotiates lower prices for raw materials?
- A. The company will be limited in which type of materials can be purchased.
 - B. The company will be able to purchase more materials and increase production.
 - C. Increases in productivity will lead to higher costs.
 - D. Communication processes will be improved.
68. When is a business most likely to place a straight reorder with a vendor?
- A. To replenish its regularly-stocked items
 - B. To accommodate customers' unique requests
 - C. To order seasonal merchandise
 - D. To change the quantities of items that it routinely orders
69. Why does a business keep stock on hand for resale?
- A. So it can buy raw materials
 - B. So it can produce manufactured goods
 - C. To use it in business operations
 - D. To sell it to end users
70. What should businesses do before negotiating with vendors?
- A. Make minor concessions
 - B. Implement aggressive tactics
 - C. Assess vendors' strengths and weaknesses
 - D. Adopt a win-lose attitude
71. Acceptance sampling is a part of statistical quality control that involves
- A. identifying the cause of quality problems.
 - B. filling out control charts.
 - C. determining whether to approve or reject an entire batch of products.
 - D. painting a picture with descriptive statistics.
72. Mitchell is reviewing internal data and proposals from several agencies to determine the best course of action for implementing a major advertising campaign for his company. What is Mitchell analyzing?
- A. Financial status
 - B. Operating schedule
 - C. Promotional needs
 - D. Human resources
73. An Internet and cable provider is considering whether to implement a new process that would require its customer service agents to work the phone lines for 24 hours a day instead of the previous 12 hours a day. What type of factor will most likely impact the design of this new process?
- A. Environmental
 - B. Regulatory
 - C. Technological
 - D. Human
74. Technology impacts just-in-time inventory management by
- A. increasing warehouse storage costs.
 - B. eliminating the need for supplier relationships.
 - C. causing disruptions in the supply chain.
 - D. allowing inventory to be monitored regularly.
75. Supply chain networks encompass the flow and movement of _____ among _____.
- A. classified information; protest groups
 - B. employees and customers; governments
 - C. government officials; Fortune 500 companies
 - D. materials and information; organizations

76. An American car manufacturer exports many of its automobiles to Asia. A recent delivery to China was detained at Chinese customs due to a miscommunication between the English-speaking barge operator and the Mandarin-speaking shipyard receiver. This is an example of which of the following global supply chain issues:
- A. Cultural conflicts
 - B. Accountability and compliance
 - C. Time zone differences
 - D. Language barriers
77. How can a company hold employees accountable for protecting digital assets?
- A. Encryption software
 - B. An effective laptop security policy
 - C. Project management software
 - D. Background checks
78. Riley is working with a design firm on a promotional campaign. The designer gives her a USB drive with some possible layouts to review. To ensure she is protecting the customer data on her computer, Riley should
- A. fire the design firm.
 - B. refuse to open the files.
 - C. delete customer information before opening it.
 - D. scan the drive for viruses before opening it.
79. When it gets noisy in her workspace, Olivia puts on her headphones and listens to soft music while she works. What principle of time management is Olivia following?
- A. Dividing large projects into smaller parts
 - B. Knowing how she works best
 - C. Making the most of her down time
 - D. Focusing on personal goals rather than work tasks
80. Which of the following is an example of an employee who is meeting his/her employer's expectations:
- A. Tom spends the first half hour of the workday chatting with Kate.
 - B. Allison focuses on her work tasks so she can meet her deadlines.
 - C. Rachel sends a text message to her roommate during a meeting.
 - D. Calvin tells a customer about his issues with a difficult coworker.
81. Cameron supervises the transportation, storage, and handling of his company's products. Which type of business management and administration career does Cameron have?
- A. Office management
 - B. Business analytics
 - C. Supply chain management
 - D. Human resources management
82. What would be the best response to write on a job application form for the reason that you left your last job if you quit because you felt your supervisor was unfair?
- A. Unable to get along with supervisor
 - B. Left for a better job
 - C. Unfair supervisor
 - D. Unpleasant working environment
83. Last week, Marcus attended a friend's birthday party and talked with Lynnette, a manager with the Trendall and Young accounting firm. Marcus mentioned that he is a technology major and will be looking for a job after he graduates in June. Lynnette gave Marcus her business card, and told him that her firm might be hiring during the summer months. The interaction between Marcus and Lynnette is an example of
- A. social etiquette.
 - B. professional networking.
 - C. informal interviewing.
 - D. community resourcing.

84. An organization's product goals often involve setting standards for
- the variety of its goods and services.
 - behavior in the workplace.
 - expenses and income.
 - the target market's expectations.
85. Which of the following is the sequential order of a project's work breakdown structure:
- Subtask, task, and work assignment
 - Work assignment, task, and subtask
 - Task, subtask, and work assignment
 - Work assignment, subtask, and task
86. Which of the following is a primary responsibility of the project manager during the execution phase of a project:
- Developing a list of work tasks
 - Assembling a steering committee
 - Keeping the project on track
 - Acquiring project supplies and equipment
87. Which of the following is an example of a project manager motivating a project team:
- Zoey sends an email requesting each team member provide her with a weekly activity report.
 - Marcus tells Thomas that he might work more efficiently if he performed one task before another one.
 - Ryan advises Samantha that she will need to perform additional duties while Maggie is on vacation.
 - Tamara recognizes how hard her team is working, so she provides lunch for the team members.
88. After providing the stakeholders with the project deliverables, Lisa analyzed and documented the project's actual results with the initial project goals. What did Lisa do?
- Prepare a lessons-learned report
 - Conduct a post-implementation review
 - Develop a project-issues log
 - Compose final delivery instructions
89. A manufacturing company uses Six Sigma as a quality management framework. This means that the company
- produces only 3.4 defects per million parts.
 - follows the plan-do-check-adjust approach.
 - uses an IT-oriented approach to quality management.
 - has created its own quality management framework.
90. Which of the following is a potential benefit of implementing continuous quality improvement processes:
- Decreased demand
 - Lower productivity
 - Increased revenue
 - Higher costs
91. Madelyn is responsible for selecting Elite Manufacturing Company's new payroll-processing vendor. Madelyn has narrowed down her selection to three vendors and is favoring Pay Day Enterprises, the small company where her brother works. The primary concern with Pay Day is that it has never handled payroll for a company as large as Elite, which presents a business risk to the manufacturing company. This situation illustrates an ethical issue related to
- levels of service.
 - financial reporting methodology.
 - a conflict of interest.
 - the company's structure.

92. Using computer-data backup procedures on a regular basis reduces a company's level of risk because the process
- A. detects noncompliance issues.
 - B. prevents hackers from accessing the computer system.
 - C. saves information when computer failures occur.
 - D. allows employees to use many applications.
93. What can a business do if it is exposed to risks that commercial insurance companies do not cover?
- A. Establish a risk-management committee
 - B. Acquire a professional association
 - C. Create a trade union
 - D. Form a captive insurance company
94. Which of the following levels of managers spend most of their time staffing, directing, and controlling the day-to-day activities of the business:
- A. Mid-level
 - B. First-line
 - C. Executive
 - D. Regional
95. What is an advantage of managerial planning?
- A. Reduces uncertainty
 - B. Eliminates errors
 - C. Decreases the need to delegate work
 - D. Lessens the need to monitor employees
96. What management function is responsible for coordinating resources in ways that maximize efficiency?
- A. Organizing
 - B. Staffing
 - C. Directing
 - D. Controlling
97. Which task in the staffing process ensures that employees are knowledgeable and productive?
- A. Determining need
 - B. Recruiting
 - C. Training and developing
 - D. Developing compensation plans
98. A primary activity of the directing function of management is
- A. evaluating performance.
 - B. identifying skills.
 - C. initiating action.
 - D. establishing authority.
99. A primary activity in managerial control is
- A. evaluating.
 - B. delegating.
 - C. coaching.
 - D. forecasting.
100. What occurs during the first stage of the change-management life cycle?
- A. Organizations carry out a strategic plan for implementing desired change.
 - B. Organizations engage in dialogue to determine how to best implement change.
 - C. Organizations agree on a strategic plan for implementing the desired change.
 - D. Organizations identify and communicate the need for change to employees.

1. D
Disparagement. Frederic is making false statements about the quality of the new pizza place's food and the cleanliness of the restaurant. He is also leaving false negative reviews of the pizza place online. This constitutes disparagement. This is not an example of unfair competition or wrongful interference. Frederic is not infringing on the new pizza place's copyright.
SOURCE: BL:069
SOURCE: LaMance, K. (2018, February 2). *Business torts*. Retrieved September 19, 2018, from <https://www.legalmatch.com/law-library/article/business-torts.html>
2. D
Principal. In the legal system, an agent is a person who acts on the behalf of his/her client. The client is called the principal. A defendant is a person who is charged with a tort or crime. Opposition refers to the other party involved in a contract or dispute. A consultant is an advisor.
SOURCE: BL:072
SOURCE: HG.org. (1996-2018). *Agency law - Agent law*. Retrieved September 19, 2018, from <https://www.hg.org/agency-law.html>
3. A
Plaintiff. The plaintiff is the person in a case who makes a claim against another person or organization and starts the litigation process. The defendant is the person who is accused of breaking the law. The lawyer is the person who represents the plaintiff and/or defendant. The judge is the person who rules on a case.
SOURCE: BL:160
SOURCE: Stoel Rives, LLP. (2012, January 24). *How does a lawsuit work? Basic steps in the civil litigation process*. Retrieved September 19, 2018, from <https://www.stoel.com/how-does-a-lawsuit-work-basic-steps-in>
4. A
To avoid going to court. Parties may choose mediation if they want to avoid taking their case to court. Mediation often costs less money and results in a more personalized result. Mediation often means doing more work to resolve the dispute.
SOURCE: BL:161
SOURCE: Dysart, K. (1995-2016). *Why to choose mediation over litigation*. Retrieved September 19, 2018, from <http://www.hg.org/article.asp?id=18286>
5. B
Take notes. If a speaker is giving you multiple directions at one time, it may be useful to take notes. That way, as you complete your project, you can look back on them. If Sasha had taken notes in her situation, she'd know what to do next in her experiment. Eliminating distractions, making eye contact, and acknowledging directions are all important steps when it comes to following directions, but they are not steps that would help Sasha in this situation.
SOURCE: CO:119
SOURCE: Xdesign. (2016, October 20). *5 steps to giving and following instructions in the workplace*. Retrieved September 19, 2018, from <https://thinkx.net/blog/5-steps-to-giving-and-following-instructions-in-the-workplace>
6. C
Smiling. A smile conveys a positive message and reinforces good news. Poor posture sends the message that a person doesn't really care about what s/he is saying. Lack of eye contact sends a message that the speaker may not be telling the truth or may wish to be doing something else.
SOURCE: CO:059
SOURCE: Smith, J. (2013, March 11). *10 nonverbal cues that convey confidence at work*. Retrieved September 19, 2018, from <http://www.forbes.com/sites/jacquelynsmith/2013/03/11/10-nonverbal-cues-that-convey-confidence-at-work/>

7. A

Summarize what's been discussed in the conversation. At the end of the group's discussion—or even at quiet moments along the way—it's helpful to summarize what's been discussed so far. Jolie shouldn't immediately close off an idea that's out of the ordinary—even if she thinks an idea is bad or unrealistic, it's important to listen to it. It's also important to avoid judging other group members' suggestions when asking questions. If there's a silent time when no one wants to speak, Jolie should be a leader and take the reins. She should not be intimidated by a quiet moment.

SOURCE: CO:053

SOURCE: Reineke, M. (n.d.). *In-class discussion*. Retrieved September 19, 2018, from <https://sites.uni.edu/reineke/guidelin.htm>

8. B

To inform, persuade, and entertain. The three main purposes of oral presentations are to inform, persuade, and entertain. Interviews and debates are types of presentations, not purposes. An entertaining or persuasive presentation might inspire, but inspiring people is not one of the main purposes of oral presentations. An instructive presentation is an informational presentation.

SOURCE: CO:025

SOURCE: LAP-CO-025—Well Said! (Making Oral Presentations)

9. A

Priority sequence. Because Aaron first describes the most challenging or critical issues, he is arranging his report by priorities or level of importance. There is not enough information provided in the situation to determine if Aaron's priorities were simple or complex or if they were addressed in chronological (time-based) order or in alphabetical order by category.

SOURCE: CO:086

SOURCE: Burke, A. (2018, June 29). *Examples of methods of organization*. Retrieved September 19, 2018, from <https://smallbusiness.chron.com/examples-methods-organization-18982.html>

10. A

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

SOURCE: CO:185

SOURCE: KU Writing Center. (n.d.). *Writing informal and analytical reports*. Retrieved September 19, 2018, from http://writing.ku.edu/sites/writing.drupal.ku.edu/files/docs/Writing_Informational_Analytical_Reports.pdf

11. A

Recommendations. A research report is a written document that summarizes an investigation related to a particular issue or problem. The recommendations section is the proposed course of action, and it is the last component presented in the report. The purpose of the study, which appears at the beginning of the report, describes why the research is needed. The background or historical information is presented at the beginning of the report and usually appears after the purpose of the study. The methodology section of the report appears in the middle of the report and discusses the types of research tools used and why they were selected.

SOURCE: CO:186

SOURCE: Paper Masters. (n.d.). *Conclusions and recommendations*. Retrieved September 19, 2018, from http://www.papermasters.com/conclusions_recommendations.html

12. C
Face-to-face conversation. When discussing sensitive issues, face-to-face communication is the best strategy because it is the richest form of communication and has the least risk of misinterpretation. If Phoebe were to write an email, her employee may not understand her tone or meaning. A company-wide memo is inappropriate because this is an issue that should be only between Phoebe and the employee in question. Finally, video conferences are generally used when people are not in the same location and do not offer any benefits that a face-to-face conversation does not provide.
SOURCE: CO:092
SOURCE: Fenell, Z. (2017, September 26). *Importance of communication channels in business*. Retrieved September 19, 2018, from <https://bizfluent.com/about-6511827-importance-communication-channels-business.html>
13. A
Be prepared to provide an update. It is important for a meeting participant to be prepared to present the required information at a scheduled meeting. Being unprepared is unprofessional and inconsiderate of the other participants' time. Without the necessary information, the meeting may need to be rescheduled. Meeting participants should not monopolize the conversation. New company policies would be relevant only if they affect the project. Otherwise, they should be communicated outside the project-status meeting. It is not always necessary to take notes for the group.
SOURCE: CO:063
SOURCE: Lovering, C. (2016, October 26). *Purpose of weekly status meetings*. Retrieved September 19, 2018, from <https://smallbusiness.chron.com/purpose-weekly-status-meetings-76971.html>
14. D
Be helpful. Roger is displaying helpfulness to this customer. He didn't know the answer to the customer's question, but he immediately went into action to find the person who did. This situation does not illustrate keeping promises, paying attention to internal customers (employees), or being thankful.
SOURCE: CR:003
SOURCE: LAP-CR-001—Accentuate the Positive (Nature of Customer Relations)
15. B
Business decision-making. In the past, customer relationship management (CRM) was used mainly as a way to track and organize information about customers so a business could identify its most valuable clients and tailor its marketing strategies to generate more revenue. Today, its uses have expanded, and it is also considered an important tool in business decision-making. CRM is not typically considered a tool for use in commercial investing, hiring new employees, or establishing connections with vendors. These are not customer-focused activities.
SOURCE: CR:016
SOURCE: LAP-CR-016—Know When To Hold 'Em (Nature of Customer Relationship Management)
16. D
Ticket to football game. The ticket entitles its owner to watch a football game—an intangible activity performed by others for a certain amount of money. The alternatives are examples of economic goods—physical objects that are useful, scarce, and transferable.
SOURCE: EC:002
SOURCE: LAP-EC-010—Get the Goods on Goods and Services (Economic Goods and Services)
17. B
Bull dozers, photocopiers, and roads. Capital goods are manufactured or constructed items that are used to produce goods and services. Bull dozers, photocopiers, roads, trucks, drum scanners, tractors, cranes, refineries, and computers are types of capital goods. Laborers are human resources. Minerals and iron ore are natural resources.
SOURCE: EC:003
SOURCE: LAP-EC-014—Be Resourceful (Economic Resources)

18. A
Share human resources. The matrix organizational structure involves integrated departmental functions with product or project orientation. For example, a technology specialist, a marketing researcher, a financial advisor, and a manufacturing line supervisor are members of different departments but often work together to develop a product or improve a process. The advantage to businesses of using this organizational structure is that the business is applying its resources efficiently because a representative from each of the major departments provides a unique set of skills and knowledge to achieve the business's goals. Often, workers have two or more supervisors in the matrix organizational design. The matrix organizational design may improve the business's overall efficiency, but it does not always improve an individual's productivity. Departmental organizational design segments employees by their areas of expertise (e.g., accounting, sales, and production). Policies and procedures are developed to standardize various business activities and tasks in all types of organizational designs.
SOURCE: EC:103
SOURCE: Griffin, R.W., & Moorhead, G. (2010). *Organizational behavior: Managing people and organizations* (9th ed.) [pp. 453-455]. Mason, OH: South-Western Cengage Learning.
19. C
Minimum wage. Government regulation of business includes regulating working conditions provided by businesses. One such regulation involves minimum-wage laws that specify the lowest hourly wage that businesses can pay workers. Zoning laws are intended to protect business property. The inspection of food is intended to protect consumers. Government price supports maintain the price of a good or service to enable the producers to earn a profit.
SOURCE: EC:008
SOURCE: LAP-EC-016—Regulate and Protect (Government and Business)
20. C
Ski boat. An excise tax is a special government tax on certain nonessential and luxury items (e.g., ski boat) that is included in the price that consumers pay. Eggs, medication, and business computers are not luxury items that are subject to an excise tax.
SOURCE: EC:072
SOURCE: LAP-EC-027—Pay Your Share (Business Taxes)
21. B
Third. During the third stage of production, the company sees negative returns. The first stage of production produces increasing returns, while the second stage of production produces diminishing returns. There is no fourth stage of production.
SOURCE: EC:023
SOURCE: LAP-EC-031—Know Your Limits (Law of Diminishing Returns)
22. A
Improved use of resources increases the GDP. For example, a vacant warehouse does not produce revenue. If it is leased as office space, then the resource earns income. It is difficult to measure the GDP accurately because of several factors, including the large amounts of information that are collected and the problem of avoiding counting a good or service twice. A decrease in the GDP results in a lower standard of living. The underground economy understates the GDP because no receipts are kept in these transactions and they cannot be counted.
SOURCE: EC:017
SOURCE: LAP-EC-001—Measure Up? (Gross Domestic Product)
23. B
Countries that have engaged in war conflicts have difficulty establishing trust. When countries have a history of war, it can be difficult for them to establish trust with other countries to make trade possible. Countries speaking different languages represents a cultural difference. Countries that are adjacent to each other may have more opportunities for conflict or friendship, but the situation does not relate to the impact of the countries' history on world trade.
SOURCE: EC:115
SOURCE: Hughes, V. (2011, November 2). *Cultures of trust*. Retrieved September 19, 2018, from http://insight.kellogg.northwestern.edu/article/cultures_of_trust

24. A

Discuss your feelings with someone you trust. Often, this is all that is necessary to restore your self-esteem. It is never helpful to your self-esteem to bottle up your feelings, withdraw from life, or go over past mistakes repeatedly.

SOURCE: EI:016

SOURCE: Mind. (2016, June). *How to increase your self-esteem*. Retrieved September 19, 2018, from <https://www.mind.org.uk/information-support/types-of-mental-health-problems/self-esteem/#.W6JMQGhKiM8>

25. C

Effort. Honest employees work during all of the hours for which they are paid. They do their fair share of work no matter what their feelings of loyalty to the employer might be. Worry and concern are not indicative of honesty and integrity.

SOURCE: EI:022

SOURCE: LAP-EI-138—Sincerely Yours (Demonstrating Honesty and Integrity)

26. C

Controlling environmental distractions. By taking steps to minimize distractions, Jacob can focus his full attention on the most important work that he needs to accomplish. This helps him be more productive and manage all of his work commitments effectively. Although a “to-do” list may help Jacob prioritize his work, he is not developing the list in the situation provided, nor is he delegating work to others. Jacob is not accepting telephone calls or checking email, but he may be using his computer to do other tasks such as writing a report, or he may be making outgoing calls.

SOURCE: EI:077

SOURCE: LAP-EI-077—Commit to It! (Managing Commitments in a Timely Manner)

27. D

It keeps you from taking yourself too seriously. Having a sense of humor helps you maintain a positive attitude because it keeps you from taking yourself too seriously. Being able to laugh at yourself and at annoying things that happen is very good for your positive attitude. It helps you keep things in perspective. Having a sense of humor does not have anything to do with hanging out with positive people, staying healthy, or giving your appearance the attention it deserves.

SOURCE: EI:019

SOURCE: LAP-EI-003—Opt for Optimism (Positive Attitude)

28. D

Make an effort to remain calm. In some cases, acting calm will actually help you be calmer. Using language to vent your anger indicates you have lost your self-control. Frowning and being defensive are negative responses that will not help you maintain your self-control.

SOURCE: EI:025

SOURCE: LAP-EI-014—Control Yourself! (Demonstrating Self-Control)

29. B

Yourself. Feedback is evaluative information about you, your behavior, or the results of your behavior. Internal feedback is feedback that comes from within yourself, and it may be negative or positive. Friends, teachers, and employers are external sources of feedback.

SOURCE: EI:003

SOURCE: LAP-EI-015—Grin and Bear It (Using Feedback for Personal Growth)

30. C

Joe needed a pen, so he opened Ali's desk drawer to look for one while she was away. Employees should not go through their coworkers' desks, files, correspondence, or personal belongings in the workplace. To do so is a violation of privacy. When employees respect the privacy of others in the workplace, they are more likely to gain the trust and respect of their coworkers and managers. Walking away from a serious discussion and changing a document with the writer's approval are not violations of privacy. Sending a personal email from work is not an invasion of privacy, but it is wasting company resources because it is not business-related.

SOURCE: EI:029

SOURCE: Hamlin, K. (2017, July 5). *Respecting a co-worker's personal space*. Retrieved September 19, 2018, from <https://careertrend.com/respecting-coworkers-personal-space-9496.html>

31. D

They can change over time. Secondary dimensions of diversity are differences that may change at various points throughout one's lifetime and include characteristics such as language, religion, income, geographic location, family status, work experience, communication style, and education level. Physical traits and mental aptitudes are primary dimensions of diversity, which are inborn differences that cannot be changed. These differences include gender, age, race/ethnicity, etc. Subculture is a secondary group within a dominant culture. For example, suppose that a U.S. citizen has parents of Chinese descent; the Western culture is most likely the person's dominant culture, while his/her Chinese heritage represents a subculture. A person's subculture may influence some of a person's secondary dimensions of diversity, but it does not determine these dimensions.

SOURCE: EI:033

SOURCE: LAP-EI-033—Getting To Know You (Cultural Sensitivity)

32. B

Acknowledging her efforts. One way to motivate team members is to acknowledge their work accomplishments either individually or in a group setting (e.g., meeting). When employees feel that management appreciates their contributions to the company, they are often motivated to keep up the good work. In this situation, Matthew is not providing Shelby with a monetary reward, giving Shelby new job responsibilities, or supporting Shelby's ideas.

SOURCE: EI:059

SOURCE: Kostanyan, A. (2014, September 22). *15 effective ways to motivate your team*. Retrieved September 19, 2018, from http://www.huffingtonpost.com/anush-kostanyan/15-effective-ways-to-moti_b_5854242.html

33. D

Self-awareness. Frank is demonstrating self-awareness. Self-awareness is a person's knowledge of his/her own emotions. Each of us perceives the world through a unique set of values and beliefs. If you know what is important to you, your awareness will give you the confidence you need to respond appropriately. Self-management is the ability to direct and control one's emotions in a way that is purposeful. Social awareness is the ability to know and understand others' emotions. Social management is the ability to respond effectively to others' emotions.

SOURCE: EI:009

SOURCE: LAP-EI-016—Lead the Way (Concept of Leadership)

34. C

Generate innovative ideas. Collaboration involves working together in a cooperative manner. Colleagues from different departments often collaborate with one another to accomplish business goals. An advantage of collaboration is that colleagues from different departments have different perspectives, which can help generate innovative ideas for developing new products, improving processes, increasing productivity, and solving problems. Collaboration may reduce conflict, but it does not prevent it from ever happening. Although a little friendly competition among colleagues might positively affect some business activities, highly competitive attitudes tend to reduce trust and create a negative work environment. The goal of collaboration is interdependence (relying on one another) rather than acting independently (without others' input).

SOURCE: EI:061

SOURCE: DuBrin, A. (2010). *Leadership: Research findings, practice, and skills* (6th ed.) [pp. 339-340]. Mason, OH: South-Western Cengage Learning.

35. B

Foreign exchange rate fluctuations. Foreign exchange rate risk occurs when the value of an investment fluctuates due to changes in a currency's exchange rate. When a domestic currency appreciates against a foreign currency, profits earned in the foreign country will decrease after being exchanged back to the domestic currency. John's profits were greater in the foreign currency than in domestic currency because of fluctuations in the exchange rate between the two currencies. International trade agreements, political unrest, and the cost of international unionized labor are all factors that business owners should consider before engaging in international business, but John did not experience them in this situation.

SOURCE: EN:041

SOURCE: Beers, B. (2018, January 11). *The risks businesses face in international finance*. Retrieved September 19, 2018, from <http://www.investopedia.com/ask/answers/06/internationalfinancerisks.asp>

36. C

Account balance requirement. Financial institutions often require customers to maintain a certain amount of money in their bank accounts. The account holder may be charged fees if the minimal account balance requirements are not met. Direct payroll deposit, overdraft protection, and online transaction options are benefits or services that many types of checking-account products offer that customers may need to pay fees to obtain.

SOURCE: FI:058

SOURCE: Zacks. (2018, May 10). *Advantages and disadvantages of savings and checking accounts*. Retrieved September 14, 2018, from <https://finance.zacks.com/advantages-disadvantages-savings-checking-accounts-3843.html>

37. A

Time-value of money. Due to the time-value of money, any certain amount of money (such as Justine's \$5,000) is worth more now than later as a result of its earning potential. Rather than letting her uncle keep the \$5,000 until next year, Justine is wise to take the money now and put it in a deposit-bearing savings account. That way, Justine can earn more money (\$300, to be precise) on the money from her uncle. A dividend reinvestment plan (also known as a DRIP) is a method used by many investors to grow their investments more quickly. It involves using stock dividends to purchase more shares of that stock. Capital budgeting is the process that a firm's financial managers use to determine which projects to invest in. The accrual accounting method involves recording transactions at the time they occur even if no money changes hands at the time.

SOURCE: FI:270

SOURCE: Carther, S. (2017, May 18). *Understanding the time value of money*. Retrieved September 19, 2018, from <http://www.investopedia.com/articles/03/082703.asp#axzz2BZGrTRpM>

38. D

Obtain a bank loan. Banks obtain credit reports to make decisions about providing loans; therefore, it is important for individuals to periodically review the accuracy of their credit reports. By obtaining copies of their credit reports from an authorized credit agency, individuals can identify problems and take corrective action. Information presented in a credit report does not affect an individual's ability to withdraw money from a savings account, pay monthly credit card balances, or earn interest on stock holdings.

SOURCE: FI:072

SOURCE: Irby, L. (2018, May 1). *What is a credit report and why is it important?* Retrieved September 19, 2018, from <https://www.thebalance.com/what-is-a-credit-report-and-why-is-it-important-960448>

39. D

Obtain insurance. Risk is the possibility of loss. There are many ways to reduce the possibility of loss. One way to reduce the possibility of loss is by transferring the risk, which is done by obtaining insurance. Insurance is a contractual agreement in which one company (insurer) will pay for specified losses incurred by the other company (insured) in return for installment payments (premium). Implementing security measures, checking for hazards, and screening employees are ways to control and prevent certain types of risks.

SOURCE: FI:081

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 807-808). Columbus, OH: Glencoe/McGraw-Hill.

40. A
To compare estimated performance with actual performance. Businesses rely on accurate financial information to make sound business decisions. In the situation provided, Emma is comparing one financial report (budget) with another financial report (actual sales) to determine if the business performed as expected—if it achieved its sales goals. Although external economic conditions can affect sales, Emma is analyzing internal financial information rather than identifying external economic trends. Emma is not establishing new quality standards and benchmarks or analyzing the impact of aging accounts.
SOURCE: FI:579
SOURCE: LAP-FI-009—By the Numbers (The Need for Financial Information)
41. D
Keep this information confidential. Confidentiality is the practice of keeping information secret or private. Accountants have a legal responsibility to protect their clients' information. Tatiana should therefore keep information about her company's upcoming merger confidential. Tatiana does not necessarily have any control over whether or not the merger benefits the public interest. There is no indication that Tatiana has a conflict of interest that would require her to maintain her independence. Also, there is no indication that Tatiana should report the information about the merger to the SEC.
SOURCE: FI:351
SOURCE: LAP-FI-351—With Due Care (The Role of Ethics in Accounting)
42. D
Buildings, vehicles, and capital equipment. A balance sheet is a financial statement that captures the financial condition of the business at that particular moment. The balance sheet shows a business's assets, liabilities, and owner's equity. Long-term assets are items of value—buildings, vehicles, and capital equipment—that businesses use to generate revenue for more than a year. Inventory and cash are listed as current or short-term assets, which involve levels that tend to fluctuate. The mortgage is a long-term liability, and accounts payable (e.g., insurance premiums) are current liabilities.
SOURCE: FI:093
SOURCE: LAP-FI-010—The Right Balance (The Nature of Balance Sheets)
43. C
\$545,100. A company's free cash flow represents the funds available for internal growth and expansion. It also indicates how well the company is managing its money. A positive free cash flow is usually a sign that the company is practicing responsible money management, which can result in increased shareholder yield. A negative free cash flow, however, indicates that the company needs to look for more and/or other sources of funding. To calculate the free cash flow, we first need to determine the company's capital expenditures by adding together the net cash used by investing and the net cash used by financing ($\$690,000 + \$140,300 = \$830,300$). Finally, subtract the total capital expenditures from the cash flow from operations ($\$1,375,400 - \$830,300 = \$545,100$). So, the company brought in \$545,100 more than it spent.
SOURCE: FI:541
SOURCE: Vane, J. (2017, September 26). *How to calculate free cash flow*. Retrieved September 19, 2018, from <https://bizfluent.com/how-2364074-calculate-free-cash-flow.html>
44. D
Globalization. A growing trend toward globalization is one of many business trends that affects HR management activities. Costs of business are going up. Companies are often restructuring to save money. And, new technologies seem to pop up overnight.
SOURCE: HR:410
SOURCE: LAP-HR-035—People Pusher (Nature of Human Resources Management)

45. A
"Shadowing" a person in your desired career. "Shadowing" or following a person in your desired career as s/he moves through a work day (or week or month) is an example of receiving tacit knowledge. Tacit knowledge is hard to explain in words or through writing—being "on the job" with an expert is a great way to receive his/her knowledge by experiencing it firsthand. Reading a history textbook, listening to an instructor's lecture, and following a recipe are all examples of receiving explicit knowledge—knowledge that is easy to transfer through words.
SOURCE: KM:001
SOURCE: LAP-KM-001—Know Go (The Nature of Knowledge Management)
46. D
Self-interest can prevent effective knowledge management. While the benefits of sharing knowledge are undeniable, sometimes it can be tempting to keep your personal knowledge to yourself. Bailey is tempted to keep her digital marketing knowledge to herself because she doesn't want to lose her competitive edge. Therefore, she is not effectively sharing her knowledge with others. This is not an example of how it is impossible to get ahead in your career if you share knowledge. It is also not an example of how knowledge management prevents unethical behavior. Finally, this example does not demonstrate how sharing knowledge builds stronger relationships.
SOURCE: KM:002
SOURCE: LAP-KM-002—Know What's Right (Ethics in Knowledge Management)
47. D
Patent. Intellectual property is intangible business assets that result from thinking processes. Businesses can obtain legal protection of their intellectual property from the government. A patent is legal protection for a product or process, such as a production process. The patent is granted to the inventor or owner for a specific number of years and is a legal means of preventing the product from being recreated and distributed by unauthorized entities. Copyrights legally protect written documents and artistic compositions. A trademark is legal protection for a symbol, design, or word (name) that a business uses to identify its brand.
SOURCE: KM:004
SOURCE: World Intellectual Property Organization. (n.d.). *What is intellectual property?* Retrieved September 19, 2018, from <http://www.wipo.int/about-ip/en/>
48. B
Exit interview. The purpose of an exit interview is to gain feedback from an employee who is leaving the business. The feedback can provide managers with knowledge about how they can help replacements become acclimated to the job. The feedback can also provide management with ideas for improving processes and increasing efficiency and job satisfaction. Concept mapping is a method of clarifying and organizing ideas by using a graphic format to show relationships. Codification is the process of classifying or assigning value to certain ideas, statements, or data. Tammy may have used concept mapping or data codification techniques to organize Seth's feedback after the exit interview. Training involves providing new hires and employees with education to perform their jobs.
SOURCE: KM:005
SOURCE: Knowledge Sharing Toolkit. (2018, July 8). *Exit interviews*. Retrieved September 19, 2018, from <http://www.kstoolkit.org/Exit+Interviews>
49. A
Cultural influences. Cultural influences have the strongest effect on a consumer's buying behavior, even stronger than social influences, individual influences, and situational influences.
SOURCE: MK:014
SOURCE: LAP-MK-006—Cause and Effect (Buying Behavior)

50. B

Bob's new employer asks him to share confidential information about product-development processes that his previous employer uses. In many situations, employers require employees to sign a nondisclosure agreement, which is a promise to maintain the confidentiality of the business's trade secrets. Bob's new employer is asking him to break the promise that he made to his previous employer and share the information, which presents an ethical dilemma for Bob. Mailing a product catalog and price list to a customer, discussing work plans with coworkers, and providing a customer with accurate information about a company's privacy policy are ethical actions.

SOURCE: NF:111

SOURCE: Rocket Lawyer. (2016). *NDA 101: What is a non-disclosure agreement?* Retrieved September 20, 2018 from <https://www.rocketlawyer.com/form/non-disclosure-agreement.r/#/>

51. A

Maintain the confidentiality of the stored information. Businesses that store customers' personal banking information are legally required to keep the information confidential. It is illegal to provide personal bank account information with any other party without the customers' permission.

SOURCE: NF:076

SOURCE: Federal Trade Commission. (2015, January 7). *How to comply with the privacy of consumer financial information rule of the Gramm-Leach-Bliley Act*. Retrieved September 19, 2018, from <https://www.ftc.gov/tips-advice/business-center/guidance/how-comply-privacy-consumer-financial-information-rule-gramm>

52. C

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

SOURCE: NF:085

SOURCE: Goodwill Community Foundation. (1998-2016). *Computer basics: Understanding operating systems*. Retrieved September 19, 2018, from <http://www.gcflearnfree.org/computerbasics/2>

53. A

Performs interrelated functions. Integrated software applications consist of two or more related computer programs that work together to record information or perform specific business tasks or functions. For example, Microsoft Office combines a variety of programs that perform word-processing, spreadsheet, slideshow presentation, desktop publishing, and database functions. Some integrated software packages are customized to perform interrelated activities for a specific industry, such as travel and hospitality. Not all integrated software packages calculate break-even points or include forecasting tools. Because integrated software options vary, the level of training that users need also varies.

SOURCE: NF:088

SOURCE: Techopedia. (2018). *Integrated software*. Retrieved September 19, 2018, from <https://www.techopedia.com/definition/7748/integrated-software>

54. B

Critical path. Many project-management software packages incorporate the critical path methodology into their programs. The critical path methodology uses algorithms to determine timelines, develops schedules for complex project activities, and proposes scheduling contingency plans, which reduce project delays. Presentation software creates computer-generated visual aids that support oral presentations. Demonstration and linear are not components of project management software.

SOURCE: NF:130

SOURCE: Smartsheet. (2018, August 23). *The ultimate guide to the critical path method*. Retrieved September 19, 2018, from <https://www.smartsheet.com/critical-path-method>

55. D

Forecast sales. An invoice is the formal, printed record of a sale that includes all necessary information as to the buyer, the seller, items purchased, amounts, prices, delivery date, credit or discount terms, etc. By analyzing past sales records such as invoices, a business can determine what its customers are buying, when they are buying, and how much they are buying. This helps a business forecast future sales so it can be prepared to offer the products that customers want. Businesses do not review their invoices to evaluate ideas, execute promotions, or improve service.

SOURCE: NF:002

SOURCE: Burrow, J.L. (2012). *Marketing* (3rd ed.) [pp. 562-563]. Mason, OH: South-Western Cengage Learning.

56. C

Cash flow. By monitoring its cash flow statement, Maxton Mart knows when it is running short on cash and can take needed steps to alleviate upcoming cash shortages. If necessary, Maxton Mart should be prepared to take out a short-term loan to cover inventory costs. The income statement provides a picture of a business's profit or loss conditions. The balance sheet shows a snapshot of the business's assets, liabilities, and owner's equity. Open-to-buy documents indicate how much money the business has to invest in additional inventory.

SOURCE: NF:014

SOURCE: PowerHomeBiz.com. (2018). *Good record keeping for your small business*. Retrieved September 19, 2018, from <https://www.powerhomebiz.com/financing-a-business/accounting/good-record-keeping-for-your-small-business.htm>

57. A

Society and culture. Social trends currently affecting business decision-making include a growing need for convenience, increased concern for fitness and health, an emphasis on going green, and changing family roles, such as an increased number of fathers caring for their children. Demographics are the physical and social characteristics of the population, such as age, gender, income, employment status, etc. Personal finances may contribute to a father's decision to personally care for his children but do not represent an economic impact on a business. An increase in the number of fathers personally caring for their children does not represent competition for a business unless that business happens to be a day care service.

SOURCE: NF:015

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

58. C

Local building codes. Building codes govern the construction and maintenance of a facility's structure. Jurisdictions develop building codes to ensure that the facility meets a minimal set of standards to protect the safety of facility's occupants and visitors. Electrical wiring, water lines, the grade of construction materials, and the placement of the building's exits are types of things that building codes regulate and monitor. A business that fails to meet building codes may be fined and closed until the problems are fixed. Trade laws regulate the exchange of goods and services between jurisdictions (e.g., states/provinces, countries). Affirmative action is an effort to give special employment consideration to disadvantaged groups. Electronic communication regulations govern the appropriate use of electronic communication methods, such as telephone surveillance.

SOURCE: OP:339

SOURCE: BuildingsGuide.com. (2018). *State building codes*. Retrieved September 19, 2018, from <https://www.buildingsguide.com/blog/resources-building-codes-state/>

59. D

Padding an expense account. Employee pilferage involves the taking of small amounts or small articles without the consent of the company. That is what occurs when an employee pads his/her expense account. Having authorization to change the amount specified on a check is not pilferage. Installing personally owned software on your computer may violate company policies; however, it does not represent employee pilferage. Hacking into a competitor's computer network to obtain trade secrets is a computer crime, rather than pilferage.

SOURCE: OP:013

SOURCE: Business Practical Knowledge. (2011, March 4). *Employee theft*. Retrieved September 19, 2018, from <https://businesspracticalknowledge.wordpress.com/legal-security/employee-theft/>

60. A

Set the security alarm; locks the doors. Businesses install locks and security alarms to protect their facilities from theft and burglary. Depending on the business's procedures, the last employee to leave for the day should set the security alarm and lock the door. In some situations, the security alarm can be set with a remote device after the employee leaves the building and locks the doors. Turning off the lights and adjusting the thermostat will not protect the building from unlawful entry. Turning on a surveillance camera may deter and identify thieves and burglars, but this will not prevent them from entering the building.

SOURCE: OP:152

SOURCE: WikiHow. (2018, March 7). *How to protect your business property against theft*. Retrieved September 19, 2018, from <http://www.wikihow.com/Protect-Your-Business-Property-Against-Theft>

61. B

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

SOURCE: OP:228

SOURCE: Cohen, J. (n.d.). *How to prioritize all your work*. Retrieved September 19, 2018, from http://www.solveyourproblem.com/time-management/how_to_prioritize_work.shtml

62. D

Desired outcomes for the project. It is important for managers to clearly explain the desired outcomes and goals of each project that they delegate to other employees, or else employees will not know the purpose of their work. It would be inappropriate for a manager to include the staff rules and consequences for breaking them while explaining delegated assignments. It would also be inappropriate to explain the punishment for failing to meet an assignment's deadline, since this would most likely intimidate employees and place unnecessary pressure on them. A manager should not value the quantity of work over the quality of work; therefore, this would not be appropriate to say to employees.

SOURCE: OP:354

SOURCE: Economy, P. (2018, May 31). *Delegation is an art (and here are 9 simple ways to do it better)*. Retrieved September 19, 2018, from <https://www.inc.com/peter-economy/delegation-is-an-art-and-here-are-9-simple-ways-to-do-it-better.html>

63. B

Scope. A project's scope is what the project will and will not include. A plan is an outline of what will be done and how it will be accomplished. Risk is the possibility of loss or gain. Quality is the degree of excellence of a good or service.

SOURCE: OP:519

SOURCE: LAP-OP-519—Plan On It! (Planning Projects)

64. A

Planning. A project is any type of undertaking or task that has a distinct beginning and end. A project plan is a specific course of action (plan) for accomplishing the project's objectives. Project planning is the process of determining which resources (human, financial, materials) the business needs to complete the project and how those resources will be used. The advantage to project planning is that the business is more likely to achieve the project's objectives because the planner has obtained the necessary resources to complete the project before starting to work on it. Examples of projects that businesses plan might include training programs, marketing research, information analysis, and inventory control.

SOURCE: OP:001

SOURCE: Project Management Institute (2013). *A guide to the project management body of knowledge: PMBOK guide* (5th ed.) [pp. 53-54]. Newtown Square, PA: Project Management Institute.

65. C

Quality. Quality is the degree of excellence of a good or service. Purchasing personnel try to buy needed goods and services at the lowest possible price provided that quality does not suffer. Buying poor-quality goods at a low price is not efficient and may be costly to a business in terms of lost production or customer dissatisfaction. Loyalty is faithfulness. Security is safety from danger or risk. Publicity is any nonpersonal presentation of ideas, goods, or services that is not paid for by the company which receives it.

SOURCE: OP:015

SOURCE: LAP-OP-002—Buy Right (Purchasing)

66. B

Maintain long-term relationships. To establish favorable relationships with vendors, both the company and its vendors must receive something they want. Companies must be willing to work with vendors to achieve mutual goals. To achieve their mutual goals, the company and its vendors should be willing to share relevant information, negotiate fairly and compromise, and be trustworthy and reliable. By taking these actions, the company and its vendors are less likely to experience serious conflicts. A good working relationship can facilitate profitability for both the company and the vendor, but does not always double a company's profit margin.

SOURCE: OP:241

SOURCE: Bolander, J. (2010, May 31). *How to build strong vendor and supplier relationships*. Retrieved September 19, 2018, from <http://www.thedailymba.com/2010/05/31/how-to-build-strong-vendor-and-supplier-relationships/>

67. B

The company will be able to purchase more materials and increase production. If a purchaser is able to negotiate lower prices for the necessary raw materials, the company will be able to purchase more materials for the same amount of money. Therefore, the company will be able to produce more products. Negotiating lower prices would not necessarily limit the type of materials that can be purchased. Increases in productivity do not necessarily lead to higher costs. Finally, communication processes do not necessarily improve based on the negotiation of lower prices.

SOURCE: OP:247

SOURCE: Root, G.N. (2018). *How can functions of the operations manager increase productivity?* Retrieved September 19, 2018, from <http://smallbusiness.chron.com/can-functions-operations-manager-increase-productivity-11747.html>

68. A

To replenish its regularly-stocked items. A straight reorder is a purchase order in which the business orders normally-stocked items to replenish items that have been used or sold. Orders that are placed to accommodate customers' unique requests are special orders. A modified rebuy is a type of order in which there are changes in the quantities or styles of items that are routinely ordered. Seasonal merchandise includes items the businesses order and sell during specific times of the year when demand is high. Large retailers often use blanket orders to purchase seasonal goods (e.g., holiday gift-giving season).

SOURCE: OP:250

SOURCE: Berman, B., & Evans, J.R. (2013). *Retail management: A strategic approach* (12th ed.) [pp. 417-418]. Upper Saddle River, NJ: Pearson Education, Inc.

69. D

To sell it to end users. Businesses keep different types of inventory on hand for different reasons. If the business sells the goods that it buys to end users, it is resale stock. For example, an appliance-store chain (retailer) buys stoves, refrigerators, and dishwashers from manufacturers, and sells the items to consumers. Items such as parts (e.g., nails) and raw materials (e.g., wood) are used to produce manufactured goods. Businesses also maintain an inventory of supplies (office, cleaning) for employees to use to complete their work.

SOURCE: OP:336

SOURCE: Reference for Business. (2018). *Inventory types*. Retrieved September 19, 2018, from <http://www.referenceforbusiness.com/management/Int-Loc/Inventory-Types.html>

70. C

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

SOURCE: OP:337

SOURCE: Young Entrepreneur Council. (2016). *13 tips for negotiating with suppliers*. Retrieved September 18, 2018, from <http://www.inc.com/young-entrepreneur-council/tips-for-negotiating-with-a-supplier.html>

71. C

Determining whether to approve or reject an entire batch of products. Acceptance sampling is a part of statistical quality control that involves taking a random sample and determining whether to accept or reject the entire batch of products. Filling out control charts is part of statistical process control. Identifying the cause of quality problems is not a part of acceptance sampling. Descriptive statistics are a separate part of statistical quality control.

SOURCE: OP:163

SOURCE: LAP-OP-008—Take Control (Quality-Control Measures)

72. C

Promotional needs. Business analysis is the process of investigating and evaluating an issue, problem, process, or approach that affects the business. Analysis can help a business determine how to achieve its goals. Because the data and information that Mitchell is evaluating is related to an advertising campaign, he is evaluating a promotional issue—he is determining the best way to communicate product information to the target market. Although available human (internal and external) and financial resources are factors that Mitchell might consider as part of the analysis, the primary purpose is promotional rather than evaluating the business's operating schedule or its human resources.

SOURCE: OP:327

SOURCE: Gannon, D. (2011, August 11). *How to choose an advertising agency*. Retrieved September 14, 2018, from <http://www.inc.com/guides/201108/how-to-choose-an-advertising-agency.html>

73. D

Human. People can have a large impact on the design of a process. Stress, employee morale, and fatigue are common human factors that can influence process design. If the Internet and cable company wants to increase its customer-service phone line hours, it will need to consider that its employees may not be able to take on any extra work or may become fatigued from the extra hours. Regulatory and environmental factors that affect process design include government regulations and the political or social environment surrounding a company. Technological factors include the cost of necessary equipment or technology.

SOURCE: OP:475

SOURCE: Taylor, H. (2017, September 26). *Factors that affect process design*. Retrieved September 16, 2018, from http://www.ehow.com/list_7444011_factors-affect-process-design.html

74. D

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

SOURCE: OP:478

SOURCE: Business Development Bank of Canada. (n.d.) *How to implement just-in-time inventory management*. Retrieved September 16, 2018, from <https://www.bdc.ca/en/articles-tools/operations/inventory-management/pages/inventory-management-build-smoother-supply-chain.aspx>

75. D

Materials and information; organizations. Supply chain networks refer to the movement of supplies and knowledge among members of a network. Supply chain networks do not involve the movement of employees and customers among governments, government officials among Fortune 500 companies, or classified information among protest groups.

SOURCE: OP:479

SOURCE: Adaptalift Hyster. (2011, September 27). *What is a supply chain network?* Retrieved September 13, 2018, from http://www.aalhysterforklifts.com.au/index.php/about/blog-post/what_is_a_supply_chain_network

76. D

Language barriers. It is important for companies to consider the risks associated with global supply chain networks before engaging in international trade. In this example, the miscommunication between two individuals of different languages led to a delivery delay—in other words, there was a language barrier. Accountability and compliance, time zone differences, and cultural conflicts are all serious risks associated with global supply chains, but they are not illustrated in this example.

SOURCE: OP:480

SOURCE: Brosch, A. (2015, July). *6 global supply chain challenges to ignore at your own risk.* Retrieved September 13, 2018, from <http://www.inboundlogistics.com/cms/article/6-global-supply-chain-challenges-to-ignore-at-your-own-risk/>

77. B

An effective laptop security policy. Employees should be held accountable for the digital assets housed on their computers. One way to achieve this is by requiring employees to sign a detailed and effective laptop security policy that provides employees with best practices to ensure laptop security. Encryption software is more likely to protect digital assets from outsiders and/or criminals rather than holding employees accountable. Project management software is not necessarily related to protecting digital assets. Background checks will not necessarily help hold employees accountable for protecting digital assets.

SOURCE: OP:517

SOURCE: WinEncrypt. (n.d.). *Protecting digital assets in the modern organization.* Retrieved September 13, 2018, from http://www.winencrypt.com/downloads/resources/whitepapers/WinEncrypt_protecting_digital_assets.pdf

78. D

Scan the drive for viruses before opening it. External devices can carry viruses that can allow customer data to be exposed to threats. Scanning the USB for viruses can detect any threats before the data is exposed, protecting private customer information. Refusing to open the files isn't necessarily a reasonable action because Riley needs to view the files in one way or another. Deleting customer information is not practical because the information is probably necessary to the company's success. Finally, firing the design firm is an unreasonable response because the firm did not necessarily do anything to warrant such action.

SOURCE: OP:518

SOURCE: StaySafeOnline.org. (2018). *Protect your customers.* Retrieved September 18, 2018, from <https://staysafeonline.org/business-safe-online/protect-your-customers>

79. B

Knowing how she works best. Olivia is taking steps to reduce distractions that may affect her ability to complete her work tasks in a timely manner. She is not dividing large projects into smaller parts, making the most of her down time, or focusing on personal goals rather than work tasks.

SOURCE: PD:019

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

80. B

Allison focuses on her work tasks so she can meet her deadlines. Businesses have basic expectations regarding their employees' behavior in the workplace. Employers expect employees to arrive at work on time; perform their work accurately and efficiently; be honest; and exhibit respect for coworkers, customers, and company property. Because Allison is focused on her work and strives to meet her deadlines, she is meeting her employer's expectations. Engaging in idle chitchat and texting during a meeting are disrespectful actions that waste the company's time and money. Confiding in a customer about problems with coworkers is inappropriate behavior.

SOURCE: PD:020

SOURCE: Lockhart, K. (2013, June). *Employer expectations: Just what do they want?* Retrieved September 18, 2018, from <http://www.letsgettoworkwi.org/wp-content/uploads/2013/05/Employer-Expectations-by-Kristi-Lockhart.pdf>

81. C

Supply chain management. Supervising the transportation, storage, and handling of a company's product is a supply chain management job duty. This is not a job duty for business analytics, human resources management, or office management.

SOURCE: PD:297

SOURCE: LAP-PD-019—Career Opportunities in Business Management and Administration

82. B

Left for a better job. When providing information about previous jobs, you should present a positive picture of yourself and your former employers. Avoid saying anything that puts you or a former employer in a negative light. Therefore, comments such as "unable to get along with supervisor," "unfair supervisor," and "unpleasant working environment" should be avoided. Telling a potential employer that you left to find a better job says nothing negative about your abilities or those of former employers.

SOURCE: PD:027

SOURCE: GFCLearnFree. (1998-2018). *Job applications: Completing a job application*. Retrieved September 18, 2018, from <https://www.gcflearnfree.org/jobapplications/completing-a-job-application/1/>.

83. B

Professional networking. Networking is the process of exchanging information with others for the purpose of professional or business development and/or advancement. In the example, Marcus took advantage of a social situation to discuss his professional development or needs with Lynette. The situation presented is not an example of etiquette (exhibiting manners), interviewing, or community resourcing.

SOURCE: PD:037

SOURCE: Speisman, S. (2018, February 28). *Ten tips for successful business networking*. Retrieved September 18, 2018, from <http://www.businessknowhow.com/tips/networking.htm>

84. A

The variety of its goods and services. Organizational goals are the overall objectives or desired outcomes that the business wants to achieve. Businesses set different types of organizational goals. Product goals involve setting standards for various characteristics of the business's products—quality, style, durability, variety, etc. Expenses and income are budgeting (financial) considerations. Establishing guidelines for workplace behavior are human resources goals. Consumer goals involve setting standards and objectives to accommodate the target market's needs, wants, and expectations.

SOURCE: PD:254

SOURCE: Joseph, C. (2018). *What are the benefits of goal setting?* Retrieved September 18, 2018, from <http://smallbusiness.chron.com/benefits-goal-setting-2511.html>

85. B

Work assignment, task, and subtask. Work breakdown structure (WBS) is the process of dividing project tasks into meaningful components to complete the project. Dividing the entire project into smaller components helps the project manager effectively schedule, assign, and monitor complex project activities. When dividing the work, the project manager first divides the entire project into work assignments. Then, each work assignment is broken down by the tasks that the assignment requires for completion. In some situations, each task has subtasks that need to be completed before moving on to the next task.

SOURCE: PJ:006

SOURCE: Workbreakdownstructure.com. (2018). *Work breakdown structure (WBS)*. Retrieved September 14, 2018, from <http://www.workbreakdownstructure.com/>

86. C

Keeping the project on track. During the execution phase, the project manager is responsible for ensuring that tasks are performed correctly, taking corrective action if problems occur, and keeping the project on track in terms of schedule and scope. During the planning phase of a project, the project manager develops the work breakdown structure, which involves developing work packages and tasks. Acquiring supplies and equipment and assembling a steering committee (if needed) are also activities that occur during the planning phase of a project.

SOURCE: PJ:009

SOURCE: Project Management Institute. (2013). *A guide to the project management body of knowledge (PMBOK guide)* (5th ed.) [pp. 52-57]. Newtown Square, PA: Project Management Institute.

87. D

Tamara recognizes how hard her team is working, so she provides lunch for the team members. Effective project managers motivate their team members to reach project milestones and goals. Motivation often involves offering rewards (e.g., lunch), which expresses the project manager's appreciation for the team's hard work and can encourage team members to keep striving to achieve the team's goals. Marcus is providing Thomas with evaluative feedback and guidance. Ryan is delegating duties to Samantha. Zoey is communicating information to team members.

SOURCE: PJ:007

SOURCE: Daskal, L. (2014, November 26). *20 ways to reward your employees without spending a dime*. Retrieved September 19, 2018, from <https://www.inc.com/lolly-daskal/20-ways-to-reward-your-employees-without-spending-a-dime.html>

88. B

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

SOURCE: PJ:008

SOURCE: Lewinson, M. (2011, January 17). *Project closure template—Key steps to closing a project*. Retrieved September 19, 2018, from <http://www.mymanagementguide.com/project-closure-template-key-steps-to-closing-a-project/>

89. A

Produces only 3.4 defects per million parts. A popular quality management framework is Six Sigma, named for the statistical term that indicates only 3.4 defects per million. PDCA uses the plan-do-check-adjust approach. ITIL uses an IT-oriented approach. The company has not created its own quality management framework.

SOURCE: QM:002

SOURCE: University Alliance. (2018). *What is six sigma?* Retrieved September 18, 2018, from http://www.villanovau.com/resources/six-sigma/what-is-six-sigma/#.VsXLE_IrKUK

90. C

Increased revenue. Continuous improvement is an ongoing process that looks for ways to increase the levels of excellence in relation to a process, good, or service. Potential benefits of improved processes often increase productivity, which lowers costs and increases revenue. When quality improves, customer satisfaction levels often increase, which often results in a higher demand for the business's goods and services.

SOURCE: QM:003

SOURCE: Taylor, H. (2017, September 26). *Benefits of continuous quality improvement (CQI)*. Retrieved September 18, 2018, from <https://bizfluent.com/facts-5317408-benefits-continuous-quality-improvement-cqi.html>

91. C

A conflict of interest. Because Madelyn's brother works for a potential vendor, Madelyn may not be able to be objective and neutral when making a final selection for her employer's new payroll-processing provider. When selecting a vendor, it is important to be objective and consider all of the advantages, disadvantages, and potential risks with each candidate. A vendor that has not worked with large companies may not have the resources readily available to provide adequate service. Because Madelyn has a conflict of interest in this situation, she may want to seek input from her managers or formally request that someone else make the final decision. The situation presented does not involve an ethical issue related to financial reporting methodology, levels of service, or the company's structure.

SOURCE: RM:041

SOURCE: Monash University. (2012, May 30). *Examples of conflicts of interest and guidelines for action*. Retrieved September 18, 2018, from <http://www.adm.monash.edu.au/workplace-policy/conduct-compliance/examples.html>

92. C

Saves information when computer failures occur. Backup procedures involve saving the business's computer information at set intervals. If the computer system is damaged or fails to operate correctly, the backup is available to retrieve stored information so the business can continue to operate. The backup reduces the risk of losing all types of information—financial, shipping, ordering, human resources, etc. The purpose for implementing backup procedures is not to prevent hacking, detect noncompliance, or allow employees to access multiple applications, although there are various software applications that specifically address those issues.

SOURCE: RM:042

SOURCE: Marks, G. (2010, July 20). *Backing up your computer backup services*. Retrieved September 18, 2018, from <http://www.forbes.com/2010/07/20/carbonite-mozy-internet-technology-backup.html>

93. D

Form a captive insurance company. Organizations (i.e., corporations, industry/professional/trade associations) often form their own insurance companies—called captive insurance companies—when they carry risks that commercial insurance companies will not cover. The organizations that form the captive insurance companies control insurance activities including the underwriting processes, premium rates, and claims-processing policies. Acquiring a professional association, establishing a risk-management committee, and creating a trade union are not ways in which a business transfers risk.

SOURCE: RM:043

SOURCE: Wallace, O., & Foster, N. (n.d.). *What is captive insurance?* Retrieved September 18, 2018, from <http://www.wisegeek.com/what-is-captive-insurance.htm>

94. B

First-line. First-line or supervisory managers work directly with the employees who carry out the business's routine work. First-line managers report to the mid-level managers. Mid-level managers are responsible for implementing the goals set by executive (top-level) managers, and are the link between supervisory and executive (top-level) managers. Mid-level managers report to the executive managers. Executive managers are responsible for the whole organization and spend most of their time setting organizational goals and conducting strategic planning. A regional manager manages employees in a specific location or region. Regional managers are usually considered mid-level managers.

SOURCE: SM:001

SOURCE: LAP-SM-003—Manage This! (Concept of Management)

95. A

Reduces uncertainty. Planning is the management function of deciding what needs done and how it will be accomplished. Planning is a futuristic process, which means that managers are forced to think ahead about needed resources, risks, and desired outcomes. Thinking ahead or planning reduces uncertainty because managers are evaluating various scenarios to determine the best way to achieve goals. Planning may reduce errors but does not eliminate them. Delegating work is an organizing activity, which involves assigning authority or responsibility for something to another person. Planning does not lessen the need to monitor employees, which is a controlling activity.

SOURCE: SM:063

SOURCE: HubPages, Inc. (2018, February 16). *Importance of planning*. Retrieved September 18, 2018, from <http://youcanwin.hubpages.com/hub/Importance-of-Planning>

96. A

Organizing. The organizing function of management focuses on setting up the way the business's work will be done. Organizing involves determining what resources the business needs and how the various resources will work together to accomplish the business's goals in the most efficient ways. Staffing is the management function of finding workers for the business. Directing is the management function of providing guidance to workers and work projects. Controlling is the management function that monitors the work effort.

SOURCE: SM:064

SOURCE: Norman, L. (2018, June 29). *What are the four basic functions that make up the management process?* Retrieved September 19, 2018, from <http://smallbusiness.chron.com/four-basic-functions-make-up-management-process-23852.html>

97. C

Training and developing. Training and developing is a part of staffing that ensures that employees are knowledgeable and productive. It includes training employees in new job positions as well as providing ongoing professional development. Recruiting is the process of attracting qualified candidates to the company. Determining need involves keeping constant tabs on what job positions need to be filled and what the descriptions and specifications are for those open positions. Developing compensation plans involves paying and providing benefits for employees.

SOURCE: SM:065

SOURCE: LAP-SM-004—Dream Team Maker (Staffing)

98. C

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

SOURCE: SM:066

SOURCE: Management Study Guide. (2008-2018). *Importance of directing function*. Retrieved September 19, 2018, from http://www.managementstudyguide.com/importance_of_directing.htm

99. A

Evaluating. Control is the management function that monitors the work effort. To determine if employees or processes are working effectively and efficiently, managers compare the business's standards or goals with the actual output or desired result to evaluate performance. Delegating is an organizing task that involves assigning authority or responsibility to another person. Coaching is a directing activity and is an on-the-job instructional method in which a manager or supervisor is assigned a "coach" to set goals, give assistance in reaching goals, and give ongoing performance feedback. Forecasting is a planning activity that involves making estimates or predictions about something—sales, income, expenses, etc.

SOURCE: SM:004

SOURCE: Management Study Guide. (2016). *Controlling function of management*. Retrieved September 19, 2018, from http://www.managementstudyguide.com/controlling_function.htm

100. D

Organizations identify and communicate the need for change to employees. The first stage of the change-management life cycle involves realizing the need for change and explaining this to employees in an understandable manner. Engaging in dialogue to determine how to best implement change, agreeing on a strategic plan for implementing change, and carrying out a strategic plan for implementing change are all actions taken in subsequent stages of the change-management life cycle.

SOURCE: SM:096

SOURCE: TwentyEighty Strategy Execution, Inc. (2015). *The change management life cycle: How to involve your people to ensure success at every stage*. Retrieved September 18, 2018, from <https://www.strategyex.com/~media/Files/Public-Site/US/POVs/ChangeManagement>