Business Administration
Core Exam

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have _____ minutes to complete all questions.

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This comprehensive exam was developed by the MBAResearch Center exclusively for DECA’s 2017-2018 Competitive Events Program. Items have been randomly selected from the MBAResearch Test-Item Bank and represent a variety of instructional areas. Performance indicators for this exam are at the prerequisite and career-sustaining levels. A descriptive test key, including question sources and answer rationale, has been provided the DECA chartered association advisor.

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1. "To form my business, I used all of my savings and borrowed from the bank, and I'm personally liable for all of the debts." This is an example of which of the following forms of business ownership:
   A. Sole proprietorship
   B. Partnership
   C. Corporation
   D. Cooperative

2. Tyrone is writing a research paper for his business class. What question should Tyrone ask as he looks for valid sources?
   A. Does this source provide relevant graphic aids?
   B. Is this material interesting and easy to read?
   C. Is the information in this source up to date?
   D. Do I agree with the viewpoint of this author?

3. It is effective to follow a step-by-step order when applying written directions to
   A. take notes.
   B. give commands.
   C. read materials.
   D. achieve tasks.

4. Emma's teacher is giving directions for an essay test in class. Emma should
   A. avoid looking her teacher in the eye while directions are being given.
   B. pay close attention to the teacher while directions are being given.
   C. interrupt her teacher whenever she has a question.
   D. get a head start on her test while the teacher is giving directions.

5. Megan is working with a group member who's explaining her part of a project. Megan wants to make sure her group member knows she's listening, so she says things like, "I see," "Okay," and "I understand." Which active listening skill is Megan demonstrating:
   A. Paraphrasing the message to test her understanding
   B. Repeating critical information
   C. Using a verbal acknowledgement response
   D. Collecting all the information possible

6. Which of the following is a way that you can use nonverbal communication to express your approval of an idea:
   A. Making a fist
   B. Folding your arms
   C. Smiling broadly
   D. Raising your eyebrows

7. In North America, what nonverbal cue often indicates defensiveness?
   A. Crossed arms
   B. Fingernail biting
   C. Raised eyebrows
   D. Hands behind head

8. Paul is responding to an inquiry he received in the mail. His response includes some good news and some bad news. How should he structure his response in light of the bad news?
   A. Place the bad news in the post-script (P.S.) section of the response.
   B. Place the bad news at the beginning and the good news in the closing paragraph.
   C. Place the good news at the beginning and the bad news in secondary position(s).
   D. Give more space to bad news than good news to emphasize urgency.

9. What is important to do when giving verbal directions to make sure the audience understands?
   A. Maintain eye contact
   B. Ask questions
   C. Use gestures
   D. Explain information
10. It is appropriate to use slang during conversation when you are
   A. meeting with a new customer.
   B. socializing with close friends.
   C. interviewing for a job.
   D. being introduced to a new coworker.

11. Hazel is organizing her company's unpaid invoices. She orders them by date, starting with the earliest unpaid invoice and ending with the most recent. Hazel is organizing the invoices
   A. chronologically.
   B. by order of importance.
   C. geographically.
   D. deductively.

12. A guideline for effective, written business communication is to write clear, direct letters that immediately explain to the reader the
   A. purpose of the company.
   B. purpose of the message.
   C. company's goals.
   D. company's structure.

13. Why is it important to use the appropriate writing style when developing research reports?
   A. Ensures the writer's objectivity
   B. Enhances the writer's credibility
   C. Allows the writer to express creativity
   D. Reduces the need to edit the content

14. What is an example of a written business inquiry?
   A. An email requesting vendor pricing and discounts
   B. A memo outlining an upcoming meeting agenda
   C. A form describing an employee's performance review
   D. A report summarizing annual financial information

15. Penelope wants to use an interactive channel to communicate with her employees. Which channel of communication should she choose?
   A. A phone call
   B. A voice mail
   C. A letter
   D. A report

16. After solutions have been identified during a problem-solving meeting at an advertising agency, meeting participants should
   A. gather information about the problem.
   B. identify the cause of the problem.
   C. evaluate the solutions.
   D. verify the cause of the problem.

17. Most businesses stress to their sales force that the most important person is the
   A. supervisor.
   B. wholesaler.
   C. manager.
   D. customer.

18. How do service-oriented companies often improve their levels of service?
   A. By evaluating internal product development procedures
   B. By requesting input through employee and customer surveys
   C. By providing customers with product testimonials
   D. By conducting a feasibility analysis for company expansion
19. When doing business with clients from another culture, you should always be sure to
   A. always speak English, since it’s considered the international language of business.
   B. take the opportunity to tell the other person how you do things in your culture.
   C. use humor to ease tension and make everyone more comfortable.
   D. research the culture and history of the people with whom you’re doing business.

20. A store’s written policy concerning returns states that “Refunds will be issued when a receipt is
    presented; other returns will be given store credit.” Mrs. Garcia, a regular customer, returns a product
    without a receipt, complaints about the store’s return policy, and is given a full refund even though she
    doesn’t have a receipt. Another customer overhears the conversation and asks for a refund without a
    receipt, but the store denies that request. How would enforcing the return policy have a positive impact
    on the business?
    A. Ensure fair treatment of employees
    B. Reduce misunderstanding and ill will
    C. Eliminate consistent behavior
    D. Guide customers’ actions and protect their decisions

21. Elizabeth has many ways of interacting with her favorite store. She can visit it in person and speak to an
    employee, check out the store’s website online, receive one of its email newsletters, or look at its
    Facebook page. The ways Elizabeth interacts with the store are
    A. contact spots.
    B. touch points.
    C. brand interactions.
    D. customer exchanges.

22. Goods and services that are purchased by producers for resale, to make other goods and services,
    and/or to use in operating a business are known as __________ goods and services.
    A. convenience
    B. shopping
    C. specialty
    D. industrial

23. Which of the following is an example of a capital good:
    A. A hot dog purchased at the stadium
    B. A printing press purchased by a newspaper
    C. A cap and gown rented for graduation
    D. A shirt monogrammed with your initials

24. If the money supply is low and the demand for money is high, interest rates on loans will
    A. increase, then decrease.
    B. decrease.
    C. stay about the same.
    D. increase.

25. A business that produces a product should be socially responsible to the __________ of the product.
    A. producers
    B. providers
    C. endorsers
    D. users

26. A change in local conditions and government intervention are examples of __________ business risks.
    A. avoidable
    B. speculative
    C. pure
    D. unprofitable
27. Fracton Enterprises and Garland Manufacturing are identical businesses that are supplied by Alta Wholesale. Fracton provides a holiday party for its suppliers, while Garland does not. Because of the holiday party, Alta Wholesale charges Fracton less for its merchandise than it charges Garland for purchasing the same quantity of merchandise. Which government regulation of competition is Alta violating?
   A. Sherman Antitrust Act
   B. Clayton Act
   C. Robinson-Patman Act
   D. Celler-Kefauver Antimerger Act

28. The costs of government regulation of business are paid for through
   A. tariffs.
   B. interest.
   C. prices.
   D. taxes.

29. When you know your own emotions, you are demonstrating
   A. self-control.
   B. self-awareness.
   C. social relationships.
   D. social restraint.

30. Why is it important to avoid considering prejudice and bias when judging others?
   A. To improve negotiation
   B. To be fair and equitable
   C. To be persuasive
   D. To communicate effectively

31. As Ben assesses his personal strengths and weaknesses, what can he do to keep from focusing too much on his weaknesses?
   A. Identify one strength for every weakness
   B. Compare himself to others
   C. Develop a list of false generalizations
   D. Ask others for critical feedback

32. The ability to demonstrate interest and enthusiasm often leads to greater
   A. emotional instability.
   B. individual recognition.
   C. personal integrity.
   D. personal achievement.

33. Your supervisor has given you a job to do which must be completed before you leave for the day. Another employee has finished her assignment and offers to help you. This person is demonstrating
   A. honesty.
   B. initiative.
   C. empathy.
   D. assertiveness.

34. Which of the following is an essential element of responsible behavior:
   A. Positivity
   B. Hopefulness
   C. Decisiveness
   D. Compassion
35. Although Nolan feels that he has the right solution for a problem at work, he listens to what others have to say and takes their opinions seriously. Nolan is
   A. generous.
   B. empathetic.
   C. reliable.
   D. open-minded.

36. After Porter realized that he processed an order incorrectly, he waited too long to correct the problem. As a result, an incorrect item was shipped to the customer. Now, the customer will need to ship the item back to the warehouse, and Porter's company will need to pay extra charges to have the product returned. This situation illustrates that
   A. the company has unrealistic expectations about Porter's ability to perform his job.
   B. employees should tell their supervisors about all problems as soon as they occur.
   C. an employee's decisions and actions can negatively impact others.
   D. customers are likely to be very angry when employees make simple mistakes.

37. You are able to rely on your boss to answer your questions and treat all of your coworkers fairly. This means that you __________ your boss.
   A. support
   B. trust
   C. like
   D. resemble

38. You want to get straight A's and impress your teachers, so you consider cheating on tests to make sure you do well. You're facing an ethical dilemma because of your
   A. conflicting values.
   B. desire to prove yourself.
   C. pressure from others.
   D. bad role models.

39. You have just started a new job with coworkers who have been working together and are now friends. Whenever you ask a job-related question, your coworkers laugh at you. You can use self-control in this situation to help you with
   A. job enrichment.
   B. goal setting.
   C. interpersonal relationships.
   D. operational changes.

40. Associations with colors are cultural issues that are most important for
   A. travelers.
   B. families.
   C. businesses.
   D. individuals.

41. It is important to your assertiveness for you to consider yourself to be a(n) __________ person.
   A. inferior
   B. worthwhile
   C. superior
   D. enviable

42. A person is most likely to experience frustration or health problems when the
   A. conflict is about something tangible or concrete.
   B. other person does not use the yielding conflict response mode.
   C. disagreement is not handled well.
   D. other person uses problem-solving techniques.
43. If you and your teammates cooperate with each other and you feel like you’re “all in this together,” you benefit from shared
   A. reflection.
   B. competition.
   C. innovation.
   D. accountability.

44. What is a benefit of behaving ethically?
   A. Tense relationships with customers
   B. Decreased organizational productivity
   C. Better, easier decision-making
   D. Increased risk of legal trouble

45. Keegan is taking a business course, but he doesn't like his instructor’s style. He decides he'll go to two more classes to see if it improves, and if not, he'll switch to a different course. Keegan is showing adaptability by developing a(n) __________ plan.
   A. objective
   B. contingency
   C. corrective
   D. learning

46. Carmen had an accuracy rating of 91 percent last year. This year, she won't be satisfied unless her accuracy rating is at least 92 percent or higher. Which behavior of an achievement-oriented person does this illustrate?
   A. Taking moderate risks
   B. Not being satisfied with current performance
   C. Demonstrating leadership
   D. Desiring feedback

47. When persuading others to go along with a proposed change, you should
   A. reinforce your proposal with facts and statistics.
   B. tell them that there's a better way of doing things.
   C. minimize the amount of information you give.
   D. explain how the change will benefit them.

48. Team leaders enlisting others in working toward a shared vision must remember that communication
   A. is not important in a team setting.
   B. is more important than collaboration.
   C. only involves conveying the vision to team members.
   D. involves being receptive to feedback.

49. Which of the following is an advantage of practicing effective human relations skills at work:
   A. Decline in employee morale
   B. Increased employee loyalty
   C. Increased employee absenteeism
   D. Decreased customer loyalty and patronage

50. Ava doesn't agree with her classmate's opinion, but she listens carefully instead of starting an argument or insulting her. Which ethical principle is Ava illustrating?
   A. Respect
   B. Integrity
   C. Transparency
   D. Trust
51. Which of the following is an example of processing a transaction with a debit card:
   A. When Naomi purchased office supplies, she presented the cashier with a card that automatically
      withdrew funds from her business's checking account.
   B. Tyler provided his card number and expiration date to the online travel agency so he could obtain
      his airline tickets now and receive his bill for the tickets later.
   C. After Ava finished her meal at an upscale restaurant, she presented the server with a card that
      provided Ava with a special discount off her bill.
   D. Jayden purchased a new video game from Great Deal Electronics using a store-issued card
      given to him by his grandfather.

52. One way money functions in society is that it helps people communicate a product's
   A. attributes.
   B. income.
   C. market.
   D. value.

53. What federal law must businesses follow when they offer revolving charge accounts and send customers
    updated statements showing the status of their accounts?
   A. Fair Credit Billing Act
   B. Equal Credit Opportunity Act
   C. Truth-in-Lending Act
   D. Fair and Accurate Credit Transactions Act

54. What is the co-signer of a bank loan legally responsible to pay if the borrower defaults on the loan?
   A. The interest amount owed only
   B. The principle amount owed only
   C. The balance of the loan owed
   D. The original amount of the loan

55. For budgeting purposes, which of the following would be considered a long-term financial goal:
   A. Buying a used car
   B. Saving for retirement
   C. Saving for an annual vacation
   D. Creating an emergency fund

56. When setting financial goals, it is important to make sure that they are realistic and
   A. specific.
   B. general.
   C. conservative.
   D. durable.

57. Althea just received her first paycheck at work. She's excited, but as she looks at her pay stub she gets
    confused. She wants to know how much money she made in this pay period, but there are so many
    different numbers. If Althea wants to know how much money will actually be deposited in her bank
    account, she should look at the
   A. net pay.
   B. gross pay.
   C. federal income tax.
   D. state tax.

58. To endorse a check, the payee must sign his/her name on the
   A. back of the check.
   B. signature block of the check.
   C. check's memo line.
   D. check's “Pay to the order of” section.
59. Jeff is a college student who just obtained his first credit card. Which of the following should he NOT do:
   A. Pay his bill on time
   B. Buy more with his card than he can afford
   C. Think of his card as a loan
   D. Track his spending habits

60. What is one thing you can do to protect yourself from becoming a victim of identity theft?
   A. Use unusual passwords rather than your birth date to access your bank accounts.
   B. Place your Social Security number or your social insurance number on all documents.
   C. Keep your passport with you at all times.
   D. Always pay with cash rather than credit cards or check.

61. Which of the following is a user-owned, nonprofit, cooperative financial institution:
   A. Credit union
   B. Commercial bank
   C. Insurance company
   D. Savings and loan association

62. Which of the following is a disadvantage of investing in a savings account:
   A. The rate of return doesn't keep up with inflation.
   B. A minimum balance is required to keep the account active.
   C. You must pay a penalty for withdrawing your money early.
   D. There is a high potential for loss.

63. Financial information is not useful if it does not contain understandable
   A. language.
   B. footnotes.
   C. investment analysis.
   D. recommendations.

64. What components must “balance” in a balance sheet?
   A. Assets plus liabilities should equal net profit.
   B. Income plus expenses should equal owner's equity.
   C. Assets minus liabilities should equal owner's equity.
   D. Income minus expenses should equal owners' equity.

65. Aisha wants to buy new ovens for her bakery. They'll be expensive, but she has some money saved up
    that she can use for the purchase. Aisha plans to finance her new equipment using
   A. accounts receivable.
   B. dividends.
   C. debt.
   D. equity.

66. Two years ago, Tommy borrowed $12,500 from his bank to purchase a new vehicle. Unfortunately, he
    lost his job about a year ago, and he hasn't been able to make a payment on the loan for six months. As
    a result, the bank is taking steps to seize his automobile. This is called a
   A. forbearance.
   B. foreclosure.
   C. repossession.
   D. debt consolidation.

67. Which of the following is a purpose of an exit interview:
   A. To gain constructive suggestions for improvement
   B. To gauge employee attitudes about social issues
   C. To negotiate compensation and benefits
   D. To gain further insight into the competition
68. In the marketing concept, whose point of view matters most?
   A. Marketer's
   B. Seller's
   C. Planner's
   D. Buyer's

69. To determine the types of information that the business needs to operate, it is often beneficial to
   A. revise the business's goals.
   B. upgrade the computer network.
   C. develop a production schedule.
   D. obtain employees' input.

70. To evaluate an Internet source, what aspect would you consider when assessing whether its information
    is clearly laid out so that it is easy to read?
   A. Relevance
   B. Presentation
   C. Objectivity
   D. Timeliness

71. Mason Publishing included the following statement in a newsletter that was sent to its sales staff about its
    new tablet:

    CEO Lucinda Marcelli said, "This product supports our ongoing efforts to revolutionize the ways in which
    students across the country learn."

    This is an example of
   A. paraphrasing a comment to explain specific product benefits.
   B. including a quotation to introduce an item during a sales meeting.
   C. using a quotation to communicate product information.
   D. summarizing the features of a new item by using a testimonial.

72. Information is created from
   A. accounting records.
   B. data.
   C. personnel files.
   D. technology.

73. Which of the following is a computer-software technology that helps a business automate and track its
    sales, marketing, and service efforts:
   A. Automated Clearinghouse (ACH)
   B. Materials requirements planning (MRP)
   C. Computer-aided engineering (CAE)
   D. Customer relationship management (CRM)

74. Hardware, software, and databases are all components of ___________ systems.
   A. information
   B. ethics
   C. email
   D. word-of-mouth

75. To use various software programs, a computer must have a(n)
   A. Internet connection.
   B. operating system.
   C. search-engine mechanism.
   D. task toolbar.
76. The advantage of using electronic devices such as smartphones and laptops to manage business activities and schedules is that they are
   A. inexpensive.
   B. portable.
   C. indestructible.
   D. responsible.

77. Which of the following types of computer software programs usually contain a thesaurus:
   A. Communications
   B. Graphics and design
   C. Presentation
   D. Word processing

78. A database query allows a user to retrieve business records that contain
   A. the same criteria.
   B. different values.
   C. random statistics.
   D. dissimilar information.

79. Which of the following is an example of a groupware application:
   A. Job rotation
   B. Email filters
   C. Database sharing
   D. Relationship marketing

80. Deciding how to transport goods is part of which operations activity?
   A. Safety and security
   B. Scheduling
   C. Logistics
   D. Maintenance and repairs

81. To reduce the risk of injury in the workplace, the government requires businesses to follow
   A. organizational health policies.
   B. privacy laws.
   C. conservation ordinances.
   D. safety regulations.

82. Lodging facilities install Internet firewalls to protect their confidential information from
   A. web rings.
   B. binary users.
   C. frugging activities.
   D. computer hackers.

83. A new floor display in a business takes up so much space that workers bump into it when walking by. This is an example of
   A. a poor personal habit.
   B. an unsafe work area.
   C. horsing around.
   D. an electrical hazard.

84. Which of the following is a way that accidents are costly to employees:
   A. Lost production
   B. Expensive repairs
   C. Lost income
   D. Decreased sales
85. Which of the following is an example of a workplace emergency situation that all employees should know how to handle and report:
   A. Civil disorder
   B. Bomb threat
   C. Check fraud
   D. Identity theft

86. A project is temporary, which means that it has a definite
   A. outcome.
   B. beginning and end.
   C. quality.
   D. process group.

87. One of the advantages to a business of having a centralized purchasing structure is that
   A. the business can get better prices and services for quantity purchases.
   B. purchasing authority is shared by all departments.
   C. it is efficient for a business with several production facilities.
   D. it helps to eliminate confusion for vendors.

88. What type of production would most likely be used to produce prescription glasses?
   A. Robotic
   B. Batch
   C. Mass
   D. Unit

89. One of the major reasons that companies strive to have the most optimized supply chain is to
   A. increase inventory.
   B. increase suppliers.
   C. eliminate defects.
   D. lower costs.

90. Like any product that is effectively marketed, your personal appearance is
   A. likely to require a lot of money for you to be successful.
   B. of little value or importance to your overall success.
   C. not as critical as what's on the inside.
   D. the "brand" that will help you sell yourself to others.

91. Which of the following is one of the basics of goal setting:
   A. Wishing for your goal
   B. Reviewing and updating your goal
   C. Sharing your goal with others
   D. Defending your goal

92. Which of the following statements regarding problems is accurate:
   A. You should seek assistance to solve all problems.
   B. You should plan for every problem in advance.
   C. Problems come in all shapes and sizes.
   D. Problems are situations where things are going your way.

93. Which of the following addresses employees' right to not be bullied in the workplace:
   A. Right to a safe work environment
   B. Right to complain without retaliation
   C. Right to union activity
   D. Right to nondiscriminatory promotion practices
94. What do people usually take into consideration when identifying occupations that they want to pursue in life?
   A. Natural talent
   B. Personal conduct
   C. Mental health
   D. Social attitude

95. One of the most effective methods of locating job leads is asking for tips from
   A. friends.
   B. retirees.
   C. minors.
   D. nonworkers.

96. Offering to provide additional information after a job interview is often the function of a(n)
   A. telephone call.
   B. follow-up letter.
   C. handwritten note.
   D. email question.

97. What information should be included on a résumé?
   A. Work experience, education, and personal interests
   B. Education, work experience, and contact information
   C. Contact information, political affiliation, and education
   D. Personal goals, education, and references

98. What should employees in today's changing world do to prevent their skills from becoming obsolete?
   A. Change jobs frequently
   B. Modify personal behavior
   C. Delegate responsibility
   D. Continue their education

99. Because her employer requests that employees refrain from engaging in distracting activities and noise in the workplace, Alicia turns off her smartphone's ringer when she arrives at work each day. Alicia is
   A. performing her work efficiently.
   B. respecting her coworkers' privacy.
   C. following a company policy.
   D. exhibiting a positive attitude.

100. Tim works as an accounts-receivable clerk at a large law firm. In the past week, he has had problems with the computer system freezing up, crashing, and losing data. To work toward resolving the problem, Tim needs to talk with his manager. Tim's manager is most likely to be
    A. Juan Sanchez, the payroll specialist.
    B. Cynthia Sanford, the vice president of finance.
    C. Samantha Beckham, the accounts-payable clerk.
    D. Bob Crawley, the accounting manager.
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1. A
   Sole proprietorship. A sole proprietorship is a form of business ownership in which the business is owned by one person. Sole proprietors finance their own businesses, run them, and are personally liable for all losses. A partnership is a form of business ownership in which the business is owned by two or more persons. A corporation is owned by stockholders, and a cooperative is owned by its members.
   SOURCE: BL:003
   SOURCE: LAP-BL-001—Own It Your Way (Types of Business Ownership)

2. C
   Is the information in this source up to date? It's important for Tyrone to find information that's recent. This isn't always important, but in a field like business, an article from 20 years ago probably won't be very beneficial. Although it's certainly helpful if the information is interesting and easy to read, it's not necessary. Likewise, relevant graphic aids might be nice, but Tyrone should be more concerned with the information he finds in the source. Tyrone should be looking for information that's factually correct; he shouldn't let his personal biases affect which sources he includes.
   SOURCE: CO:054

3. D
   Achieve tasks. Business employees often are expected to apply written directions to achieve tasks, such as operating a new piece of office equipment. When applying written directions, it is effective to follow a step-by-step order to be able to perform the task correctly. Most written directions are explained in a step-by-step way because they must be performed in a certain order. Employees do not apply written directions to give commands, read materials, or take notes.
   SOURCE: CO:056

4. B
   Pay close attention to the teacher while directions are being given. It's important to listen carefully while directions are being given. Emma should not avoid eye contact with her teacher. Eye contact lets the speaker know that you are paying attention. Emma should try not to interrupt her teacher while she is speaking. Instead, she should wait until all directions have been given and then ask for clarification if she needs it. Instead of getting a head start, Emma should listen to all directions before starting.
   SOURCE: CO:119

5. C
   Using a verbal acknowledgement response. In one-on-one or small group conversations like Megan's, a short verbal response lets the speaker know you are paying close attention. By saying things like, “I see,” or “Uh-huh,” you let the other person know that you're actively listening. Repeating critical information is another important active-listening skill that involves repeating things like phone numbers, names, or web addresses. When you paraphrase the message, you repeat what the other person said, but in your own words. When you collect all the information possible, you observe gestures, interpret body language, and listen to the person's tone of voice. All of these are important active-listening skills, but they aren't what Megan is doing in this example.
   SOURCE: CO:017

6. C
   Smiling broadly. Nonverbal communication uses body language to express feelings or opinions without words. A broad smile is an indicator of approval and/or agreement with what is happening or being said. All of the other alternatives are forms of body language that have a negative context.
   SOURCE: CO:147
7. A
Crossed arms. Individuals communicate with those around them verbally as well as nonverbally. Nonverbal cues—including facial expressions, eye contact, body language, tone of voice, and use of physical space—communicate as much (or more) than a person's words. Nonverbal cues can express emotions, attitudes, rituals, etc. In North America, crossed arms often indicate defensiveness, although individuals may also cross their arms because they are cold, frightened, or cautious. Fingernail biting is typically a sign of nervousness. People often raise their eyebrows when they are surprised or are looking at something closely. When people put their hands behind their heads, they are indicating that they are comfortable and open to ideas.


8. C
Place the good news at the beginning and the bad news in secondary position(s). Bad news stands out, and so while he needs to honestly share bad news, it should be handled with care or else it will eclipse the good news. To do this, good news should always be used at the beginning and be allocated more space than bad news. If a post-script is used, it should contain good news since it will be the last impression for the reader. Negative or bad information is not always urgent.


9. B
Ask questions. When giving verbal directions, it is important to regularly ask questions to make sure the audience understands the directions. Asking if listeners understand a certain word or phrase will provide feedback that indicates understanding. Many times, listeners will not admit that they do not understand, and the only way to find out is to ask questions. Maintaining eye contact, using gestures, and explaining information are techniques for giving verbal directions. However, they will not indicate if the audience understands the directions.


10. B
Socializing with close friends. Casual communication is generally used with family and friends and may include the use of slang. Slang is informal language mutually understood within a group. For example, you might refer to your friends as your “buds” (buddies) when speaking with your family. However, people outside your family and circle of friends may not understand what “bud” means. They might associate the word “bud” with a rose (bud) or leaf (bud). Formal communication is appropriate when meeting with a new customer, when interviewing for a job, or when you are being introduced to a new coworker. Formal communication involves using proper grammar and a respectful tone.


11. A
Chronologically. Chronological order is a way of organizing that puts information in sequence according to time. When Hazel organizes her company’s invoices from the earliest date to the most recent, she is organizing them chronologically. The invoices are not organized by order of importance or geographically. Deductive organizing begins with a general recommendation or statement, then includes information that backs it up.

12. B
Purpose of the message. Effective written communications immediately explain the reason for the message. Readers may not take the time to read lengthy messages in search of their purpose. Businesspeople should explain the purpose quickly and in concise terms in order to make sure that the receiver will read the letter. The company's structure, goals, and purpose would not be explained immediately unless they were the purpose of the letter.
SOURCE: CO:016

13. B
Enhances the writer's credibility. When a writer takes the time to follow the appropriate writing style and cite sources in a preferred format, it indicates that the writer has taken care to present the facts and findings in a meaningful way. As a result, the writer often increases his/her credibility or trustworthiness with the audience. Using the appropriate writing style does not ensure the writer's objectivity, nor does it reduce the need to edit content. The primary purpose of a research report is to present facts, results, and recommendations rather than providing the writer with a creative outlet.
SOURCE: CO:088

14. A
An email requesting vendor pricing and discounts. An inquiry is a request for information. Businesses often send emails requesting information from other businesses. Some requests might include product pricing, membership eligibility, or shipping dates. A performance review, meeting agenda, and financial report provide business information. The information is not an inquiry unless someone asks for something.
SOURCE: CO:040

15. A
A phone call. Interactive communication goes two ways. There is a back-and-forth conversation involved, like on a phone call. Voice mails, letters, and reports are considered static communication because they do not involve interaction. If Penelope wants to use an interactive channel of communication, she should call her employees. She might also consider talking to them in person.
SOURCE: CO:092

16. C
Evaluate the solutions. Problem solving is the process of overcoming an obstacle. Because many tasks, activities, and multifunctional groups are necessary for advertising agencies to effectively service their clients, problems are bound to happen. Scheduling conflicts and production issues can affect other group members' work. When these obstacles occur, agency staff members may hold a problem-solving meeting. During the meeting, the group members define the problem, identify solutions, and then evaluate the solutions to determine the action that will best solve the problem. Once the group selects the best solution, the group implements an action plan to solve the problem. The group must gather information about the problem and identify and verify the cause of the problem before the members can effectively identify and evaluate the solutions.
SOURCE: CO:067
17. D  
Customer. Positive relations with customers/clients are important to the success of the business. Customers provide the dollars that pay salaries and other operating expenses of a business. Supervisors and managers may be needed in any department. A wholesaler is a business that buys goods from producers or agents and sells them to retailers. 
SOURCE: CR:003
SOURCE: LAP-CR-001—Accentuate the Positive (Nature of Customer Relations)

18. B  
By requesting input through employee and customer surveys. Service-oriented companies are generally committed to providing exceptional service levels. Service-oriented companies are always looking for ways to improve their service levels. Requesting feedback from employees and customers regarding service levels is one way businesses can evaluate and improve service. Testimonials are statements by identified users of a product proclaiming the benefits received from the use of a product. Distributing testimonials, evaluating product development procedures, and conducting a feasibility analysis are not methods that businesses generally use to improve their service levels.  
SOURCE: CR:005

19. D  
Research the culture and history of the people with whom you're doing business. Many things can differ from culture to culture—gestures, idioms, values, holidays, etc. A gesture that's perfectly fine in your culture might be deeply offensive in another! To avoid problems and to show respect, it's best to do some research on the culture of the people with whom you're doing business. However, remember not to rely on stereotypes when communicating—each person you talk to is an individual with his/her own personality. You shouldn't try to educate the other person about your culture—learning about her/his culture shows respect, which is extremely important in most business dealings. Although you may be tempted to make a joke, avoid using humor. It's often culturally specific, so you risk not being understood—or worse, offending someone. English is the preferred language of most businesses, but that doesn't mean everyone uses it. Again, it shows respect to learn at least a few key phrases in the other person's language.  
SOURCE: CR:019

20. B  
Reduce misunderstanding and ill will. Clear business policies that are consistently enforced reduce misunderstandings that often cause bad feelings. In this case, the second customer may resent being treated differently than Mrs. Garcia and decide to shop elsewhere. Business policies are used to guide employee actions, not customer actions. Business policies are intended to ensure that all customers are treated the same. Business policies are intended to provide fair and consistent treatment of customers. 
SOURCE: CR:007

21. B  
Touch points. A touch point is the point of contact between a business and its customers. Anytime a customer and business interact, whether in person or not, it's a chance for the business to reinforce its brand. A company's website, its newsletters, and its Facebook page are all touch points. Contact spots, brand interactions, and customer exchanges are not terms commonly used to refer to touch points. 
SOURCE: CR:001
SOURCE: LAP-CR-006—Share the Promise (Identifying Brand Promise)
22. D
Industrial. Almost all producers must buy goods and services to carry out their daily activities. Specialty, shopping, and convenience goods and services are types of consumer goods and services. These are items which are used by the ultimate consumer to satisfy his/her own personal wants.
SOURCE: EC:002
SOURCE: LAP-EC-010—Get the Goods on Goods and Services (Economic Goods and Services)

23. B
A printing press purchased by a newspaper. Capital goods are defined as manufactured or constructed items that are used to produce goods and services. The other alternatives would all be considered consumer goods, as they were purchased and used by persons to satisfy their own wants and needs.
SOURCE: EC:003
SOURCE: LAP-EC-014—Be Resourceful (Economic Resources)

24. D
Increase. The law of supply and demand states that increased demand and reduced supply drive prices (in this case, interest is the price of borrowing money) up. As long as supply is low and demand is high, interest rates will not drop.
SOURCE: EC:005
SOURCE: LAP-EC-011—It's the Law (Supply and Demand)

25. D
Users. Businesses should offer the users of their products safe, quality products. The business is the provider of the product, and it is generally not held liable when the user of its product abuses the product in some way. People who endorse a product are recommending it to others.
SOURCE: EC:070
SOURCE: LAP-EC-070—Business Connections (Business and Society)

26. B
Speculative. Speculative risks are those that may result in a loss, no change, or a gain. A change in local conditions and government intervention could result in a loss, a gain, or no change. A pure risk is one that carries the possibility of loss or no loss. These examples are not always avoidable or unprofitable.
SOURCE: EC:011
SOURCE: LAP-EC-003—Lose, Win, or Draw (Business Risk)

27. C
Robinson-Patman Act. The Robinson-Patman Act prohibits price discrimination and states that all businesses purchasing similar amounts and types of products should be charged the same price. Because the two businesses purchase the same amount of merchandise, Alta is discriminating against Garland. The Clayton Act prevents specific business actions that might restrict competition such as exclusive agreements. There are no exclusive or tying agreements in this case. The Sherman Antitrust Act prevents monopolies from forming and hinders price fixing (all businesses charging the same price). There are no monopolies or price fixing involved in this case. The Celler-Kefauver Antimerger Act protects competitors from takeovers if the acquisition would hinder competition. There is no takeover situation in this case.
SOURCE: EC:012
SOURCE: LAP-EC-008—Ready, Set, Compete! (Competition)

28. D
Taxes. The government's main source of revenue is from businesses and individuals in the form of different kinds of taxes. Businesses give government the income and social insurance taxes collected from employees and excise taxes collected from customers. Businesses pay tax directly to the government on their income and property. Raising or lowering interest rates is used to regulate the flow of money in our economy. Prices are the amounts of money paid for goods and services. Tariffs are taxes only on imported goods.
SOURCE: EC:008
SOURCE: LAP-EC-016—Regulate and Protect (Government and Business)
29. B
Self-awareness. Emotional intelligence is the ability to recognize and manage emotions in ourselves and in others. To recognize your own emotions, you must be aware of what you are feeling at that particular time. For example, imagine that a friend says something that offends you. You may begin to frown, feel your face turning red, or feel your shoulders getting tense. When you notice these physical reactions, you know your feelings are changing at that particular time. Therefore, you are aware of your emotions. Self-control means that you know that you don't need to respond in a way that your emotions are telling you, such as saying something rude in retaliation. When you recognize and manage your own emotions, you have the capability to identify tactics that will help you respond appropriately in social situations.

SOURCE: EI:001
SOURCE: LAP-EI-001—EQ and You (Emotional Intelligence)

30. B
To be fair and equitable. Prejudice and bias are roadblocks that get in the way of judging others fairly and equitably. Prejudice and bias involve having opinions or making judgments based on feelings or hearsay, rather than on fact. To be fair and equitable, it is important to judge others on the basis of fact. Avoiding prejudice and bias when judging others does not necessarily improve negotiation, enable one to be persuasive, or make it possible to communicate effectively.

SOURCE: EI:017
SOURCE: LAP-EI-139—Don't Jump to Conclusions! (Recognizing and Overcoming Personal Biases and Stereotypes)

31. A
Identify one strength for every weakness. Although an important aspect of self-assessment is evaluating your weaknesses, obsessing over them will only discourage you. If you identify one strength for every weakness, you will have a more accurate, realistic assessment of yourself. Comparing yourself to others and making false generalizations may also hinder your ability to accurately assess yourself. Asking others for both positive and negative feedback is an important aspect of the self-assessment process, but it is counter-productive to obsess over the negative feedback.

SOURCE: EI:002
SOURCE: LAP-EI-017—Assess for Success (Assessing Personal Strengths and Weaknesses)

32. D
Personal achievement. The traits of interest and enthusiasm help individuals to show self-confidence and maturity, to cope with problems, to improve relationships, to improve job performance, and thus to realize greater levels of personal achievement. Whether the individual receives recognition for these traits would depend upon the person's circumstances. Emotional instability would not necessarily be caused by interest or enthusiasm, unless these traits are carried to extremes. Personal integrity is adhering to an established set of personal ethics and sound moral principles.

SOURCE: EI:020

33. B
Initiative. Initiative is defined as the willingness to act without having to be told to do so, or the willingness to accept or seek additional or unpleasant duties. The employee who offers to help another is showing initiative by seeking additional duties. Empathy means the ability to put yourself in another person's place. Assertiveness is behavior that is characterized by respect for personal rights as well as for the rights of others. Honesty is truthfulness.

SOURCE: EI:024
SOURCE: LAP-EI-002—Hustle! (Taking Initiative at Work)

34. D
Compassion. Compassion for others is an essential element of responsible behavior. Part of compassion is treating others with kindness and respect, even if they are different from you. Hopefulness, decisiveness, and positivity are all wonderful traits, but they are not essential elements of responsible behavior.

SOURCE: EI:021
SOURCE: LAP-EI-021—Make the Honor Role (Acting Responsibly)
35. D
Open-minded. Being open-minded means you are free from biases and judgment. When someone is open-minded, s/he considers all points of view and weighs information without preconceptions. In this case, Nolan does not allow his point of view to stop him from carefully considering others' ideas. This situation does not demonstrate that Nolan is empathetic, reliable, or generous.
SOURCE: EI:127
SOURCE: LAP-EI-127—Fair or Foul? (Demonstrating Fairness)

36. C
An employee's decisions and actions can negatively impact others. If Porter had immediately called the shipping department to stop the incorrect order from being shipped, then the customer would not be burdened with the task of returning the item, and the company would not need to pay extra charges to return the product. Customers' satisfaction levels tend to decrease when they receive the incorrect products, and unnecessary return charges hurt the company's bottom line. Therefore, Porter's decision to wait to take action negatively impacts both the customer and the company. Many routine problems can be resolved without involving supervisors. Porter's lapse of judgment in one situation does not mean that he does not have the ability to perform his job well. Customers react differently to problems and inconveniences; therefore, it cannot be assumed that most customers will become very angry over simple mistakes—some of them may become slightly annoyed.
SOURCE: EI:075
SOURCE: LAP-EI-075—It's Up to You (Taking Responsibility for Decisions and Actions)

37. B
Trust. Trust occurs when someone is able to rely on you. If you can rely on your boss to answer your questions and treat all of your coworkers fairly, this means that you trust your boss. You do not necessarily have to support, like, or resemble your boss to trust her/him.
SOURCE: EI:128
SOURCE: LAP-EI-128—Trust in Me (Building Trust in Relationships)

38. B
Desire to prove yourself. The desire to look good at work or at school can lead to ethical dilemmas. If, for example, you want to prove yourself at school, you may be tempted to cheat on your tests. This is not an example of being influenced by conflicting values, pressure from others, or bad role models.
SOURCE: EI:124
SOURCE: LAP-EI-124—What's the Situation? (Reasons for Ethical Dilemmas)

39. C
Interpersonal relationships. Self-control is restraint of your feelings, words, and actions. It helps you to be successful in your interpersonal relationships because it helps you to avoid making angry or insulting remarks that might offend others. None of the other alternatives would be part of this situation. Goal setting is establishing an objective to be reached. Job enrichment gives more meaning to a job in order to increase employee motivation. Operational changes are changes in the way a business is set up or operates.
SOURCE: EI:025
SOURCE: LAP-EI-014—Control Yourself! (Demonstrating Self-Control)

40. C
Businesses. Associations with colors are especially important cultural issues for businesses. When a company does international business, it must be careful to consider the connotations of the colors it uses on packaging, labels, etc., in the cultures that will be affected. Associations with colors tend to be less important issues for individuals, families, or travelers.
SOURCE: EI:033
SOURCE: LAP-EI-011—Getting to Know You (Cultural Sensitivity)
41. B
Worthwhile. In order to be assertive, you must consider yourself to be a worthwhile person who is worthy of self-respect, as well as respect from others. It would be egotistical and possibly aggressive to think of yourself as superior or enviable. Considering yourself inferior would be negative and self-defeating.
SOURCE: EI:008
SOURCE: LAP-EI-018—Assert Yourself (Assertiveness)

42. C
Disagreement is not handled well. People often feel the negative effects of conflict when disagreements are not handled well. Some of the negative effects include frustration, distrust, broken relationships, health problems, and physical violence. The yielding conflict response mode is a type of reaction to a disagreement. It occurs when one person lets the other person have what s/he wants. It is often used when an issue is not very important. Problem solving is also a conflict response mode. It is a reaction to a disagreement in which a person works to come up with a resolution that is satisfactory for everyone involved in the conflict. Yielding and problem solving response modes are not reactions that are most likely to cause frustration or health problems for an individual. A functional conflict is a type of disagreement about something tangible or concrete. The type of conflict (e.g., functional) does not necessarily cause any more frustration or health problems than other types of conflict (e.g., emotional).
SOURCE: EI:015
SOURCE: LAP-EI-007—Stop the Madness (Conflict Resolution in Business)

43. D
Accountability. When you share accountability with your team, cooperation increases. Nobody is at risk of being singled out as a failure, and team members are equally accountable in both positive and negative situations. Competition isn't likely to increase if you and your teammates cooperate with each other. Instead, you should be working together towards a goal. Innovation is one of the many advantages of working as a team, but it isn't necessarily related to accountability. Reflection is an important quality for a good team member to have because it helps you learn from your mistakes. It isn't related to cooperation, though.
SOURCE: EI:045
SOURCE: LAP-EI-045—Team Up (Participating as a Team Member)

44. C
Better, easier decision-making. Ethical behavior makes it easier to make good decisions. Ethical behavior does not decrease organizational productivity; rather, it increases productivity. Ethical behavior also improves relationships with customers rather than making them tense. Finally, ethical behavior decreases risk of legal trouble rather than increases it.
SOURCE: EI:132
SOURCE: LAP-EI-132—Practice What You Preach (Modeling Ethical Behavior)

45. B
Contingency. A contingency plan is an alternate course of action. Keegan is being adaptable because he's willing to consider doing something in a different way. Objective, corrective, and learning are not terms that are commonly used to describe a plan for an alternate course of action.
SOURCE: EI:006
SOURCE: LAP-EI-023—Go With the Flow (Demonstrating Adaptability)

46. B
Not being satisfied with current performance. Carmen is not satisfied with her current performance. She won't be happy unless she can achieve an improvement on her accuracy rating next year. In this scenario, Carmen is not taking a moderate risk, demonstrating leadership, or desiring feedback.
SOURCE: EI:027
SOURCE: LAP-EI-010—High Hopes (Developing an Achievement Orientation)
47. D
Explain how the change will benefit them. A change leader is a person who has the ability to guide others and persuade them to alter their opinions or actions. Because some individuals have a difficult time accepting and making changes, change leaders must be able to explain how a change will actually benefit them. By doing so, the change leader has a better chance of persuading others that a new idea, process, or action will improve a situation. Telling others that there is a better way of doing things (even if it is true) might put them on the defensive and make them more resistant to change. Giving others as little information as possible may make you appear like you are being dishonest, which may hinder your ability to persuade others because they won't trust you. In many situations, facts and statistics aren't necessary or relevant to the proposed change.
SOURCE: EI:005
SOURCE: LAP-EI-022—Start the Revolution (Leading Change)

48. D
Involves being receptive to feedback. Team leaders enlisting others in working toward a shared vision must remember that communication involves being receptive to feedback as well as conveying the vision to team members. It's a two-way street. Communication is very important in a team setting, but not necessarily more important than collaboration.
SOURCE: EI:060
SOURCE: LAP-EI-060—Vision Quest (Enlisting Others in Vision)

49. B
Increased employee loyalty. There are many benefits of practicing effective human relations skills at work, such as increased employee loyalty. Other advantages include increased cooperation from others, increased productivity, a pleasant working environment, increased customer loyalty, and reduced employee absenteeism.
SOURCE: EI:037
SOURCE: LAP-EI-037—Can You Relate? (Fostering Positive Working Relationships)

50. A
Respect. Ethical people respect other people's opinions—they don't start an argument or insult someone just because they don't agree. Showing respect means listening to others when they speak. This is not an example of integrity, transparency, or trust.
SOURCE: EI:123
SOURCE: LAP-EI-123—Rules to Live By (Nature of Ethics)

51. A
When Naomi purchased office supplies, she presented the cashier with a card that automatically withdrew funds from her business's checking account. A debit card is a common method of payment for goods and services. Issued by financial institutions (e.g., banks), a cardholder scans the card into a machine at the point of sale. The information is transmitted to the appropriate location, and the funds are electronically transferred from the cardholder's checking or savings account to the seller's account. Credit is the arrangement in which businesses and individuals can purchase now and pay later. Individuals and businesses can obtain the goods and services that they need right away, such as airline tickets, and then pay for the tickets when they receive their statements from their lending institutions. Some businesses offer membership or customer-loyalty cards, which provide their members or customers with product discounts. Gift cards are store-issued vouchers that a gift giver can purchase for another person to use to buy the store's products.
SOURCE: FI:058
52. D
Value. Money is the most common medium of exchange in society. People exchange money for goods and services that they want. The price, or the amount of money a person is willing to pay for the product, communicates the product's value or worth. Income is money resource owners receive for supplying goods and services. Market is a customer or potential customer who has an unfulfilled desire and is financially able and willing to satisfy that desire. Attributes are a product's characteristics.
SOURCE: FI:060

53. C
Truth-in-Lending Act. The Truth-in-Lending Act requires businesses to provide credit customers with all the information that applies to their accounts and send customers regularly updated statements showing the status of their accounts. The purpose of the Equal Credit Opportunity Act is to make the granting of credit fair by prohibiting the denial of credit based on the applicant's gender, race, age, marital status, or national origin. The Fair Credit Billing Act requires businesses that extend credit to respond within 30 days to any customer's complaint or inquiry about a billing error. The Fair and Accurate Credit Transactions Act gives consumers the right to inspect the files of their credit history at any credit agency and to have any mistakes corrected.
SOURCE: FI:002
SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

54. C
The balance of the loan owed. When the borrower does not have the collateral or credit history to obtain the loan, the lender often requests that another person co-sign for the loan. A co-signer is responsible for paying back the loan if the borrower does not. The co-signer is legally responsible for paying the balance of the loan owed, including interest and principle. If the original loan was $5,000 plus interest, and the borrower defaulted after paying half of the loan, the co-signer would be responsible for paying the remaining half of the loan.
SOURCE: FI:063

55. B
Saving for retirement. Long-term goals, such as saving for retirement, take longer than a couple of years to achieve. Buying a used car, saving for an annual vacation, and creating an emergency fund should all take less than two years and are known as short-term financial goals.
SOURCE: FI:064

56. A
Specific. A financial goal is a short- or long-term objective that is measured in terms of money. To accomplish financial goals, they must be specific, realistic (attainable), results-oriented, and time-bound. Financial goals are not general or durable, and they do not need to be conservative.
SOURCE: FI:065

57. A
Net pay. The net pay is the amount of money Althea will actually receive after all her withholdings have been taken out. This is the money that will be deposited in her bank account. The gross pay is the amount she earns before her withholdings are taken out. Federal income tax and state tax are money that Althea owes to the government.
SOURCE: FI:068
58. A
Back of the check. Endorsement involves signing the back of the check, which allows the funds to be transferred from the payer (check source) to the payee (check recipient). The payer completes the front of the check, which includes the "Signature" line and the "Pay to the order of" line, which identifies who can cash the check—usually the payee. The memo line is used to identify the purpose of the check.
SOURCE: FI:560

59. B
Buy more with his card than he can afford. If Jeff does this, he will be headed toward mounting credit card debt. He should pay his bill on time to build good credit. Thinking of his card as a loan and tracking his spending habits will keep him from overspending.
SOURCE: FI:071

60. A
Use unusual passwords rather than your birth date to access your bank accounts. Identity theft occurs when somebody uses another individual's name and personal information (e.g., credit cards) for fraudulent purposes. Identity theft can occur even when you take precautions. To reduce the risk of identity theft, use unusual passwords to access your personal bank accounts rather than common information such as your birth date. To further prevent identity theft, do not place your Social Security number or social insurance number on unnecessary documents. Many people do not have passports. Paying with cash is not always a good idea because cancelled bank checks serve as a receipt for payments. If you pay your bills by sending cash, the envelope may get lost, and you have no record of making the payment. In addition, using credit cards wisely can help you build a good credit report, which will help you obtain loans for expensive items (e.g., car) in the future.
SOURCE: FI:073

61. A
Credit union. A credit union is a nonprofit financial cooperative set up to provide savings and credit services to its members, who are also the owners of the credit union. Although many credit unions are tied to a particular business or labor union, some are not affiliated with any certain entity or organization. Commercial banks, insurance companies, and savings and loan associations are not user-owned, and they typically are for-profit financial institutions. A commercial bank is a full-service bank offering a variety of banking services including checking and savings accounts, secured and unsecured loans, installment credit, and bank credit cards. While an insurance company may offer some banking services, it is likely to focus on the sale of insurance policies to individuals and businesses. A savings and loan association is a financial institution that offers savings accounts and makes loans to borrowers, most of which are for real estate purchases.
SOURCE: FI:075

62. A
The rate of return doesn't keep up with inflation. Savings accounts earn low rates of return—usually not even enough to keep up with inflation. This causes the investor's money to lose buying power. Savings accounts do not require a minimum balance or incur penalties for withdrawing money early. Savings accounts are very low-risk investments, especially since they are insured by the FDIC.
SOURCE: FI:077
SOURCE: LAP-FI-077—Invest for Success (Types of Investments)
63. A
Language. Financial information is not useful if it does not contain understandable formatting and language. It is often not necessary for readers to understand each footnote in a financial report. People use financial information to analyze potential investments, but the information itself does not have to come in the form of an analysis. It does not have to include recommendations to be understandable.
SOURCE: FI:579
SOURCE: LAP-FI-009—By the Numbers (The Need for Financial Information)

64. C
Assets minus liabilities should equal owner's equity. The balance sheet gets its name from the fact that the figures it presents must balance each other. When the business subtracts what it owes (liabilities) from what it owns (assets), the result should be the same as the owner's equity. This is the total net worth of the business. Income, expenses, and net profit are all found on an income statement.
SOURCE: FI:085
SOURCE: LAP-FI-085—Show Me the Money (Nature of Accounting)

65. D
Equity. Assets a company already owns and can use to finance a new venture are known as equity. Aisha's using equity when she purchases new ovens with money she already has saved up. Dividends are sums of money paid to investors or stockholders as earnings on investments. Debt refers to taking out a loan from a bank or other lending institution. Since Aisha already has her money, she doesn't have to go into debt to buy the new ovens. Accounts receivable refers to all the money owed to the business by others.
SOURCE: FI:354
SOURCE: LAP-FI-007—Money Matters (Role of Finance)

66. C
Repossession. When a borrower defaults (fails to pay for an extended period of time) on his/her loan, the lender—in this case, Tommy's bank—may choose to claim the collateral—Tommy's car—that was used to secure the loan. Tommy will no longer be expected to pay on the loan, but he also will no longer have his vehicle. Foreclosure is similar to repossession, but the term is used strictly to refer to the seizure of a mortgaged property, usually a house or other type of real estate. Forbearance is an agreement between a mortgagee and a mortgager to delay foreclosure proceedings. A debt consolidation involves taking out a new loan to pay off multiple other loans and debts.
SOURCE: FI:568

67. A
To gain constructive suggestions for improvement. Exit interviews are discussions with employees who are leaving that are designed to gain feedback for the business. Exit interviews aim to gauge employee attitudes about a company (not outside issues or competition), and gain constructive suggestions for improvement. They are not designed to negotiate compensation and benefits—this would take place with a new employee, not one who is leaving.
SOURCE: HR:410
SOURCE: LAP-HR-035—People Pusher (Nature of Human Resources Management)

68. D
Buyer's. The buyer's point of view matters most because the marketing concept says that the customer's point of view is the starting point for marketing decision-making. The seller's, planner's, and marketer's points of view can be distinctly different from the buyer's and are not used to begin the marketing process.
SOURCE: MK:001
SOURCE: LAP-MK-004—Have It Your Way! (Nature of Marketing)
69. D
Obtain employees' input. Because employees perform the work, they know what types of information they need to complete their tasks efficiently. Employees often have ideas about improving work processes and retrieving needed information. Upgrading the computer network, developing a production schedule, and revising business goals will not help businesses assess their information needs.
SOURCE: NF:077

70. B
Presentation. Presentation is the way in which the information is communicated. It addresses such factors as clarity of language used, sufficiency of font size, clarity of layout, effectiveness of colors, usefulness of graphics or photos, clarity of audio or video (if included), and helpfulness of any animation used. Presentation is particularly important on the Web since so much time is spent reading online. Relevance deals with whether the information pertains to the topic being researched. Objectivity deals with presenting unbiased information. Timeliness deals with how up to date the information is; however, the importance of timeliness will vary from topic to topic.
SOURCE: NF:079

71. C
Using a quotation to communicate product information. In this situation, the quotation provides the reader with information about the product's purpose—to help students learn in new ways. The CEO may have made the statement at a sales meeting, but there is not enough information provided to determine when or where she said it. Because the statement is placed in quotation marks, it is written exactly as it was spoken, rather than paraphrased. A testimonial is a statement by an identified user of a product proclaiming the benefits received from the use of the product. The statement does not provide any information about the product's features, nor does it provide enough information to determine if the CEO has actually used the new product to provide a testimonial.
SOURCE: NF:080

72. B
Data. Information is data (facts and figures) put into a useful form. Technology can assist in managing data, but it does not create it. Accounting records and personnel files contain information but do not create it.
SOURCE: NF:110
SOURCE: LAP-NF-110—In the Know (Nature of Information Management)

73. D
Customer relationship management (CRM). A variety of computer software helps businesses streamline their business processes and increase their efficiency levels. CRM software organizes and stores information about the business's customers and prospective customers. The software facilitates the business's ability to build ongoing relationships with their customers. A business's manufacturing or production functions use materials requirements planning (MRP) software. Computer-aided engineering (CAE) software is useful for product development. Businesses use automated clearinghouse (ACH) software for financial purposes, particularly banking activities.
SOURCE: NF:003
SOURCE: LAP-NF-004—TECH-tastic (Technology's Impact on Business)
74. A

Information. An information system is a set of components (including hardware, software, databases, and human resources) that collects, processes, and interprets information. Word-of-mouth is promotion for a business provided by customers who tell others of their satisfaction with the business. Ethics are the basic principles that govern your behavior. This is not an email system.
SOURCE: NF:083

75. B

Operating system. The operating system consists of the basic components (i.e., central processing unit, hard drive, modem, keyboard, display screens) needed to run all of a computer's applications and programs. Without the operating system intact, computer users cannot connect to the Internet, conduct a query through an Internet search-engine, or use a software program's task toolbar.
SOURCE: NF:085

76. B

Portable. Smartphones and laptops have many useful applications including wireless telephone and Internet access, GPS functions, and digital camera capabilities. Businesspeople can use the portable devices to conduct many business activities while they are away from their offices, such as checking and answering email; making and retrieving telephone calls; verifying inventory availability; placing orders for customers; scheduling meetings, etc. The advantage to these devices is that they are small and portable—they can be taken virtually anywhere. The devices and the fees to use their applications can be expensive, depending on the service plan the user purchases. Smartphones and laptops are not indestructible and may break if they are misused. People, rather than technical devices, are responsible.
SOURCE: NF:005

77. D

Word processing. Most word-processing software programs contain a thesaurus, which is a listing of words and their synonyms. This feature enables users to look up alternative words that have the same meaning. The thesaurus helps business employees to prepare accurate written documents and use words that exactly describe or explain the message. Communications programs allow computers to communicate with other computers. Graphics and design software is used to create artwork and drawings rather than text. Presentation software is used to create multimedia presentations.
SOURCE: NF:007

78. A

The same criteria. The query is the mechanism used to obtain the desired information from the database. The desired information involves pulling records that have the same or matching criteria. For example, a business that wants to obtain its customers' credit transactions from the state of Wisconsin for July 1, 2009 would set the query using the appropriate values for the credit, state, and date fields to pull all of the records with the desired information. Some of the other information in various database fields may differ or be dissimilar, such as the name and address of each customer. A query pulls specified information rather than random statistics.
SOURCE: NF:009
79. C
Database sharing. Groupware applications refer to the modes that employees who work in different locations use to work together or collaborate so they can accomplish a common goal. One mode of collaboration is sharing a database that links or networks several people via computer. For example, when both a sales representative and a warehouse manager have the ability to turn on their computers and access the same inventory status information to see if a product is in stock for a customer, they are using a groupware application. Email filters are computer programs that block out unwanted information. Job rotation is an instructional method in which trainees are rotated periodically from one job to another in order to broaden the trainees’ perspective of the business. Relationship marketing is a strategy in which businesses spend time with current and prospective clients outside the office setting to enhance the partnership.

SOURCE: NF:011

80. C
Logistics. Logistics refers to managing the flow of goods and services from production to consumption. This includes all the people, information, and processes involved in storing and transporting goods. Scheduling is the production activity that establishes the timetable to be followed in production. Safety and security has to do with protecting customers and employees from hazardous materials and processes. Maintenance and repairs has to do with keeping facilities and equipment in working order.

SOURCE: OP:189

81. D
Safety regulations. Employees have the right to work in a safe environment. To ensure that businesses protect this right, the government regulates certain business activities. For example, the government might require businesses to inspect dangerous equipment at certain intervals to ensure that they are operating correctly. Equipment that is not maintained properly is more likely to break and cause injuries to the employees who operate it. Privacy laws address consumers’ right to privacy. Conservation ordinances are local regulations that address environmental issues. An organization's health policies are internal rules and guidelines, which may or may not be influenced by government regulations.

SOURCE: OP:004

82. D
Computer hackers. Firewall hardware and software reduce risks associated with computer hacking. Computer hacking is the illegal practice of accessing computer data (e.g., customers’ credit card numbers) without authorization for fraudulent purposes. Binary is a technical term that describes a two-digit numerical system that computers use to store data. A web ring is a method used to link related web sites. Frugging is a practice in which marketers deliberately mislead consumers by stating that they are collecting marketing research, when they are really soliciting donations. Lodging facilities do not install Internet firewalls to protect their confidential information from binary users, frugging activities, or web rings.

SOURCE: OP:064

83. B
An unsafe work area. The display creates an unsafe traffic pattern in the business. No indication was given that the display uses electricity or has a problem with frayed electrical cords with exposed wires, overloaded electrical outlets, or electrical appliances that come in contact with water. Personal habits that create safety problems include carelessness, being tired, and using alcohol and drugs. Horsing around involves running, jumping, wrestling, or showing off at work.

SOURCE: OP:007
84. C
Lost income. Accidents are costly to both employers and employees. One way that accidents are costly to employees involves missing work and losing income. Some workers may be temporarily or permanently disabled and lose income for a long period of time or have their income drastically reduced. Expensive repairs, lost production, and decreased sales are ways that accidents are costly to employers.
SOURCE: OP:009

85. B
Bomb threat. Emergency situations usually occur unexpectedly. Therefore, business employees should know how to handle and report them even if it is unlikely they will occur. An example of an emergency situation is a bomb threat. Although most businesses will never have a bomb threat, employees should know what to do to be prepared if it happens. Civil disorder usually involves widespread rioting. Not all employees handle checks or security issues such as identity theft in the workplace.
SOURCE: OP:010

86. B
Beginning and end. Projects are temporary, which means that they have a definite beginning and end. Projects include outcomes, quality, and process groups, but the definition of temporary does not relate to these terms.
SOURCE: OP:519

87. A
The business can get better prices and services for quantity purchases. A centralized purchasing structure is a way of organizing purchasing in which responsibility and authority are held in one department and/or by a few individuals. Combining small, individual purchases into orders of significantly larger quantities is usually cost effective for the purchaser. Centralized purchasing is efficient for businesses with one location rather than several. Centralized purchasing may also be beneficial to vendors, but that is not an advantage to the business.
SOURCE: OP:015
SOURCE: LAP-OP-002—Buy Right (Purchasing)

88. D
Unit. Unit production is the production of one item at a time or items in small quantities. It is used for such items as custom-tailored suits, prescription glasses, and income tax returns. Batch production is the production of items in specific amounts. Mass production is the production of a few products in large quantities.
SOURCE: OP:017
SOURCE: LAP-OP-017—Can You Make It? (Nature of Production)

89. D
Lower costs. Optimized supply chains lower costs by eliminating unnecessary transactions and suppliers. Increasing suppliers and increasing inventory are not goals linked to an optimized supply chain and would most likely have a negative effect. Supply chain does not attempt to eliminate defects; instead, it tries to streamline processes and lower costs for the company.
SOURCE: OP:443
90. D
The “brand” that will help you sell yourself to others. Successfully marketed goods are packaged in such a way that they sell easily. The packaging demonstrates a product's value and quality. Similarly, as you "package" yourself through developing an appropriate personal appearance, you will demonstrate your value and worth. Your appropriate personal appearance will be a factor that leads to your overall success. Although what's on the inside (including such things as knowledge, skills, values, and integrity) is important, an inappropriate personal appearance can mask important qualities and abilities you possess. Maintaining an appropriate personal appearance does not have to be costly but requires sensible habits and choices in personal health, hygiene, and grooming.
SOURCE: PD:002
SOURCE: LAP-PD-005—Brand ME! (Personal Appearance)

91. B
Reviewing and updating your goal. The basics of goal setting include choosing your goal, writing your goal down, breaking your goal down, visualizing your goal, and reviewing and updating your goal. Along the way, you may wish to achieve your goal, share it with others, or even defend it from criticism, but none of these is a basic of goal setting.
SOURCE: PD:018
SOURCE: LAP-PD-016—Go for the Goal (Goal Setting)

92. C
Problems come in all shapes and sizes. Some problems are minor inconveniences, while others are life-changing events. While it is wise to seek assistance to solve serious, complicated problems, you can handle small problems like spilling a glass of milk on your own. While it would be great to plan for every problem in advance, it's simply not possible. There are some problems that no amount of planning can prepare you for entirely. Problems are sometimes referred to as situations where things are not going your way.
SOURCE: PD:077
SOURCE: LAP-PD-077—No Problem (Demonstrating Problem-Solving Skills)

93. A
Right to a safe work environment. Laws that protect employees from bullying and harassment are addressed in legislation that relates to employees' right to a safe and non-hostile work environment. The right to complain without retaliation is addressed in whistleblower laws. Employees' rights to organize and bargain collectively are protected in the Wagner Act and many other laws in the United States. Employees' right to nondiscriminatory promotion practices are protected in a variety of laws dealing with equal employment opportunities and discrimination.
SOURCE: PD:021

94. A
Natural talent. Aptitudes are natural talents or abilities for learning specific skills. People usually consider their natural talents when identifying occupations, because their abilities are an indication of what type of work they will be able to do the best and enjoy the most. For example, a person with good hand skills who has the ability to attractively combine colors and materials might consider a career in design or visual merchandising. Mental health is a person's soundness of mind. Personal conduct is the way a person behaves. Social attitude is a person's point of view about society.
SOURCE: PD:023
95. A
Friends. Letting friends and acquaintances know that you are looking for a job is one of the most effective methods of locating job leads. These people often will be willing to pass on information about new openings, resignations, and retirements they learn about. Retirees, nonworkers, and minors usually are out of the mainstream of the employment scene and would not have information concerning job leads.
SOURCE: PD:026

96. B
Follow-up letter. After a job interview, it is important to send a follow-up letter to the interviewer. The letter thanks the interviewer for his/her time and reinforces the applicant's interest in the position. Also, a function of a follow-up letter is to offer to provide additional information. In some situations, an interviewer may decide that more information is necessary to make a hiring decision and will contact the applicants who have indicated that they are willing to provide that information. It is more appropriate to send a follow-up letter than to place a telephone call after a job interview. The job applicant should not send a handwritten note. Email letters are becoming more common after job interviews, but they do not ask questions, which would require the interviewer to respond.
SOURCE: PD:029

97. B
Education, work experience, and contact information. Every résumé should include the job applicant's education, work experience, and contact information. References are often listed on a separate document. Personal goals, personal interests, and political affiliation are not necessary elements to include on a résumé.
SOURCE: PD:031

98. D
Continue their education. Employees need to continue learning and improving their skills in order to keep up with changes in technology. For example, many businesses are replacing existing equipment with advanced models that are more complex or perform more operations. Employees need to be willing to learn the skills necessary to operate advanced equipment because their former skills are obsolete. Employees should not change jobs frequently. Modifying personal behavior will not necessarily prevent employees' skills from becoming obsolete unless they also continue their education. Many employees are responsible for performing specific tasks and are not able to delegate that responsibility to others.
SOURCE: PD:033

99. C
Following a company policy. Policies are a company's general rules. Companies want their employees to be able to focus on their work without distractions, so they often develop policies regarding personal cellphone use in the workplace. Companies may ask employees to turn off the ringers on their phones and request that personal phone calls be made or taken on their breaks in certain locations (e.g., employee break room). There is not enough information provided to determine if Alicia is respecting her coworkers' privacy, performing her work efficiently, or exhibiting a positive attitude.
SOURCE: PD:250
100. D

Bob Crawley, the accounting manager. The chain of command is the flow of authority within an organization. Levels of authority are often determined by the business function. In the example, Tim works as an accounts-receivable clerk in the accounting department; therefore, his direct manager is most likely the accounting manager. If Tim is having issues that affect his ability to perform his work, he would most likely talk with Bob Crawley. The accounting manager is likely to speak with the IT manager to get the computer problem resolved. Bob Crawley is most likely to report to the controller or perhaps the vice president of finance, Cynthia Sanford. The accounts-payable clerk and the payroll specialist are Tim's coworkers. It is likely that Samantha and Juan report directly to the accounting manager, Bob Crawley.

SOURCE: PD:252