



SAMPLE EXAM

BUSINESS MANAGEMENT + ADMINISTRATION CAREER CLUSTER

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

HUMAN RESOURCE MANAGEMENT

RETAIL MANAGEMENT

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. What is the social and moral consensus of how to interpret the law?
 - A. The meaning of the law
 - B. The letter of the law
 - C. The spirit of the law
 - D. The understanding of the law

2. Which of the following types of laws is most likely to affect high school students:
 - A. Child labor laws
 - B. Copyright laws
 - C. Personal injury laws
 - D. Corporate tax laws

3. BTA Enterprises used overly aggressive advertising tactics to discredit the MZT Company, its primary competitor. As a result, the MZT Company's sales and stock values have plummeted over the past few months. This situation is an example of
 - A. misappropriation.
 - B. negligence.
 - C. an intentional tort.
 - D. a criminal offense.

4. Which of the following is a benefit of settling a case instead of going to trial:
 - A. There will be a "guilty" and "not guilty" verdict.
 - B. Settlements ensure a chance at appeal.
 - C. Settlements are more private.
 - D. There is less predictability.

5. What is the first step of the litigation process?
 - A. The plaintiff files a complaint.
 - B. The defendant files a complaint.
 - C. The defendant answers a complaint.
 - D. The plaintiff answers a complaint.

6. Which of the following words most accurately describes arbitration:
 - A. Biased
 - B. Nonconsensual
 - C. Confidential
 - D. Temporary

7. Which of the following is an example of a procedure:
 - A. Megan must enter a specific username and password to access her work computer.
 - B. Glenwood Industries offers dental and optical insurance for all full-time employees.
 - C. Employees are permitted to wear jeans to work on Fridays.
 - D. Arron can take two weeks of vacation after he has been with the company for one year.

8. To provide a legitimate, effective response to an inquiry, you should
 - A. answer the question immediately.
 - B. make your answer as long as possible.
 - C. actively listen to the question.
 - D. answer the question with a question.

9. Which of the following is an example of organizing business information by location:
 - A. Elizabeth structures a national insurance company's financial reports by branch.
 - B. Ben's history assignment is to create a timeline to illustrate his family's immigration from Ireland.
 - C. Corinne prepares a real-estate guide that lists homes for sale in ascending order by selling price.
 - D. Jacob structures a research report by providing the most important information in the first section of the document.

10. Which of the following statements regarding executive summaries is true:
- A. You should use jargon, technical language, abbreviations, and slang frequently throughout your executive summary.
 - B. Your executive summary should be approximately one-fourth to one-third as long as your entire report.
 - C. You should always write your executive summary before writing the body and appendices of your report.
 - D. You should sequence the main ideas of your executive summary in the same order that they appear in your full report.
11. When the audience wants to know which course of action to take, the writer of an analytical report should focus on
- A. external factors.
 - B. logical arguments.
 - C. progress.
 - D. recommendations.
12. Daniel is developing a complex document that provides supporting evidence that his company made a good decision when it expanded its operations overseas. What type of analytical report is Daniel writing?
- A. Cause and effect
 - B. Feasibility
 - C. Troubleshooting
 - D. Justification
13. Three weeks ago, Mrs. Anderson ordered a blue sweater for her niece's birthday, which was last Tuesday. When the sweater arrived yesterday, Mrs. Anderson called the store to communicate her dissatisfaction with the business. Mrs. Anderson told the store's customer-service representative that she wanted to return the sweater because her order did not arrive on time, so she had to buy another gift for her niece's birthday party. Mrs. Anderson's complaint involved
- A. the shipment of an incorrect item.
 - B. undisclosed service charges.
 - C. poor delivery service.
 - D. damaged merchandise.
14. When a business is successful in carrying out its brand promise, it provides its customers with
- A. a variety of messages.
 - B. above-average product quality.
 - C. consistent experiences.
 - D. a single touch point.
15. Kara orders a dress for her school dance on Saturday. If the dress doesn't arrive until the next Monday, it has no _____ utility.
- A. time
 - B. form
 - C. possession
 - D. place
16. A luxury spa has experienced decreased sales. The owner believes the reason is a rise in unemployment in the area. What external environmental factor does this represent?
- A. Technological
 - B. Sociocultural
 - C. Economic
 - D. Governmental

17. Which of the following is an advantage of private enterprise:
- A. The freedom to use private property to make a profit
 - B. Periods of unemployment
 - C. The equal distribution of property and income
 - D. The elimination of poverty
18. When Maura purchased a new car, she was able to get part of the purchase price back from the car's manufacturer. The car's manufacturer engaged in
- A. offering rebates.
 - B. clearance sales.
 - C. price fixing.
 - D. nonprice competition.
19. What is most likely to happen when interest rates rise?
- A. The demand for credit increases.
 - B. Investment activity decreases.
 - C. Business profitability increases.
 - D. The value of the dollar decreases.
20. A society in which group ties are very loose is known as a(n)
- A. individualist society.
 - B. "feminine" society.
 - C. collectivist society.
 - D. uncertainty-avoiding society.
21. Max says, "I'm good at drawing, but Nicole is better at it." Max is not assessing his personal strengths and weaknesses objectively because he is
- A. failing to acknowledge his talents.
 - B. making false generalizations.
 - C. comparing himself to others.
 - D. obtaining input from others.
22. You are more likely to persuade others to take action if you
- A. use illogical reasoning.
 - B. provide supporting facts.
 - C. overstate the benefits.
 - D. conceal your credibility.
23. Noah isn't sure how to finish the project he's working on. He can't ask his boss for guidance because his boss is out of the office. Noah is stressed because of a
- A. heavy workload.
 - B. low salary.
 - C. lack of job security.
 - D. lack of direction.
24. On a team, everyone feels invested and has an equal sense of _____, which increases commitment, productivity, and enjoyment.
- A. innovation
 - B. learning
 - C. communication
 - D. ownership
25. Which of the following best describes what it means to have a vision:
- A. Encouraging others to achieve their dreams
 - B. Setting clear objectives that you want to achieve
 - C. Being clear-minded and focused at all times
 - D. Having a mental picture of the ideal future

26. Sylvia needs to buy a new computer for her company. Instead of bartering for the computer, she uses money to purchase it. Which function of money does this illustrate?
- A. Unit of measure
 - B. Medium of exchange
 - C. Store of value
 - D. Double coincidence of wants
27. The price of raw materials used in manufacturing a product was double what had been projected for the year. Which of the following could the business determine by analyzing its financial information:
- A. Variances
 - B. Equipment costs
 - C. Supply and demand
 - D. Errors in forecasting
28. Which of the following is an example of the principle of transparency/full disclosure:
- A. A company regularly sends its accountants to professional development conferences.
 - B. An accounting firm cannot hire Catherine because her husband works for one of its clients.
 - C. Tristan adds notes to his financial statements to explain a new company policy.
 - D. Russell always completes his financial statements on time and without mistakes.
29. Which of the following is an example of a liability:
- A. Cash
 - B. Stocks and bonds
 - C. Copyrights
 - D. Accounts payable
30. Which of the following best describes the finance function:
- A. It is the same as accounting.
 - B. It boosts the company's growth and reduces risks.
 - C. It focuses on record-keeping activities.
 - D. It provides information about the company's finances.
31. The primary reason for analyzing budget variances is to
- A. understand the generally accepted accounting principles.
 - B. ensure that the business generates a sizable profit.
 - C. determine where the business is on target and where it is not.
 - D. make adjustments to the business's operating procedures.
32. According to the statement of cash flows in a company's annual report, its cash flow from operations last year was \$5,260,300 and its capital expenditures were \$980,200. What was the company's free cash flow?
- A. \$6,240,500
 - B. \$1,863,391
 - C. \$5,397,164
 - D. \$4,280,100
33. Which of the following tasks is part of the staffing function of human resources management:
- A. Conducting background checks
 - B. Mediating conflicts
 - C. Developing benefits plans
 - D. Determining training needs

34. Julie just got a promotion and will be transferring to another city, so she plans to spend some time with her replacement, passing on some of her tacit knowledge before she leaves. This is an example of knowledge management being necessary due to
- innovation.
 - information overload.
 - globalization.
 - turnover.
35. Because Bob was angry that Laurie received the promotion that he wanted, Bob decided not to tell her about a procedure that he uses to bypass a specific problem with a computer program—a step that would save Laurie and other employees a lot of time. This is an ethical issue that is related to
- withholding information.
 - unlawful behavior.
 - embezzlement.
 - misleading facts.
36. Katrina is using a special software program to develop a business chart that shows the employees' expertise and skills and how they access different types of information throughout the organization. What type of software is Katrina using to document the information?
- Tactical production
 - Intranet
 - Knowledge mapping
 - Accounting
37. Which of the following is an example of a business taking action to legally protect its intellectual property:
- A snack food manufacturer hires a graphic artist to develop a trade character.
 - A small sporting-goods business uses a logo that is very similar to a well-known athletic sportswear manufacturer.
 - A web-based company provides individuals the ability to download music without the consent of the songwriters or owners.
 - An organic farm obtains a patent for a new hybrid tomato plant.
38. How does the fragmentation of processes help to protect a company's trade secret?
- The company will not need to monitor any part of the process.
 - It replaces the need to obtain a copyright for intellectual property.
 - Employees' knowledge is limited to a specific part of the process.
 - The need for noncompete agreements is eliminated.
39. Which of the following is an action that a business can take to capture tacit knowledge from its employees:
- Obtaining statistical reports from the Internet
 - Holding customer focus groups
 - Developing a competitive analysis
 - Conducting personal interviews
40. Over the years, Malcolm has implemented strategies that help him perform and complete a work activity more efficiently. The department manager has asked Malcolm to write down the steps of the process, so that the instructions will be available for coworkers and employees in the future. This is an example of
- knowledge codification.
 - confidential information.
 - project management.
 - data procurement.

41. Trevor is a small business owner who usually purchases his janitorial supplies from the store that is located across the street from his office. What is Trevor's buying behavior most likely to be based on?
- A. Convenience
 - B. Brand insistence
 - C. Price
 - D. Product dependability
42. Failing to manage information properly is most likely to cause a business to
- A. fail.
 - B. be unprepared for a disaster.
 - C. be shut down by the government.
 - D. save money on technology costs.
43. Which of the following statements is true of spreadsheets:
- A. A column is horizontal, while a row is vertical.
 - B. "Row" and "column" are interchangeable terms.
 - C. A cell is where a column and row intersect.
 - D. A row is where a column and cell intersect.
44. Stella has just finished designing the web page for her new business. Next, she needs to select a _____ and register the website's _____.
- A. hyperlink, modem
 - B. web host, domain name
 - C. media permit, server
 - D. file link, ethernet
45. What is the advantage to using project-management computer software that allows several team members to access project information at the same time?
- A. Ensures data accuracy
 - B. Reduces the need to secure data
 - C. Enhances collaboration efforts
 - D. Eliminates the need to analyze variances
46. Daniela is in charge of moving company data into a new software system. Which of the following is a step she should take:
- A. Schedule the change to occur during a project deadline.
 - B. Avoid telling employees about the change until it is completed.
 - C. Delete the old software system before installing the new one.
 - D. Make sure all the data are saved in a backup location.
47. Records that help businesses keep track of their furniture, equipment, land, and buildings are _____ records.
- A. promotional
 - B. payroll
 - C. personnel
 - D. asset
48. A main reason that environmental scanning is important is so that businesses can be aware of
- A. foreign markets.
 - B. new products and services.
 - C. competitors' internal environments.
 - D. potential threats.

49. Statistical findings indicate that the sales for an automaker's environmentally friendly hybrid cars increased by a minimum of eight percent each quarter last year. Based on the information provided, what can the automaker conclude?
- The company needs to increase its budget for research and development.
 - Most families care about the environment, but prefer driving SUVs.
 - The automaker should reduce the production of its line of luxury cars.
 - Trends indicate an ongoing demand for more fuel-efficient vehicles.
50. A corporation is building a facility in the city's business district. The city requires that the facility meet certain size, style, structural, and usage requirements. These requirements are outlined in the town's
- partnership agreement.
 - health regulations.
 - zoning ordinances.
 - tax code.
51. Which of the following is a way that employees can help prevent accidents in the workplace:
- Practicing general safety procedures
 - Using back muscles to lift objects
 - Being an offensive driver
 - Taking shortcuts on the job
52. Although your coworker Edward has always been a pessimistic person, his attitude has been very negative lately. He obviously has an extreme dislike for the new manager, and recently, his favorite topics of conversation have been guns and knives. Knowing all this, what should you do?
- During a staff meeting, accuse Edward of plotting violence
 - Say nothing because Edward will probably calm down soon
 - Call the local sheriff or police chief to discuss Edward's mood
 - Share this information with your supervisor or the HR department
53. Randy has three tasks that he must complete in the next two days. One task that he must do is to develop the production schedule for next week, which is due by 12:30 p.m. tomorrow and will take him approximately three hours to complete. Randy must also finish a PowerPoint presentation for a meeting at 4:00 p.m. today, which will take him approximately two hours to complete. And, he must prepare and place an order for parts by 1:00 p.m. today, so the order arrives by next Monday. It is currently 12:15 p.m. In what order should Randy prioritize his work load?
- Develop the production schedule; prepare and place the order; complete the PowerPoint presentation
 - Prepare and place the order; complete the PowerPoint presentation; develop the production schedule
 - Complete the PowerPoint presentation; prepare and place the order; develop the production schedule
 - Prepare and place the order; develop the production schedule; complete the PowerPoint presentation
54. One way to prioritize daily work tasks is by reviewing each task and evaluating the
- company's long-term performance goals.
 - reason why your manager delegated the work to you.
 - shortcuts you can take to complete all tasks by their deadlines.
 - consequences of not completing activities.
55. Which of the following work tasks must always be completed in designated sequential order:
- Eve calls on customers, Ted writes the order, and Lily prepares the presentation.
 - Heather checks email, Paul orders supplies, and Leah develops a stock list.
 - Calvin conducts the research, Eva files the report, and Ben reads the instructions.
 - Jack pulls stock, Mary packs the box, and Tim places the order on the truck.

56. How can a manager encourage employees to be open and honest when reporting on the status of their work?
- A. Having employees report as often as possible
 - B. Listening to employees' conversations
 - C. Communicating informally with employees
 - D. Being objective and supportive
57. What is the first step you should take when streamlining your work processes?
- A. Ask coworkers for input.
 - B. Divide the work process into steps.
 - C. Identify a work process to improve.
 - D. Implement the improvements.
58. Monroe Manufacturing uses a numerical rating scale to quantify a vendor's activities in a variety of areas, including delivery, service, and quality. What system is Monroe using to evaluate the vendor's performance?
- A. Weighted-point
 - B. Cost-based
 - C. Applied-tabulation
 - D. Cycle-oriented
59. Which of the following actions will help a business maintain positive, long-term relationships with its vendors:
- A. Negotiating aggressively
 - B. Limiting communication
 - C. Solving problems together
 - D. Withholding information
60. One way to ensure a good vendor/supplier relationship is to make sure your contract is clear for both parties. This will help you
- A. separate the people from the company.
 - B. make your expectations known early.
 - C. understand that they have other customers.
 - D. learn the marketplace.
61. Which of the following is an example of a reorder:
- A. Sims Steakhouse received six out of eight cases of glassware on Monday because the vendor ran out of stock.
 - B. The Powell Company did not order enough paper towels for the month, so it ordered an additional four cases.
 - C. Mr. and Mrs. Travis ordered a dining-room set in a wood finish that the furniture store doesn't normally carry.
 - D. Henry's Hardware Store ordered 35 model-N1 hammers and 2 cases of ¼" stainless steel bolts from Franklin Tool Manufacturers.
62. Which of the following is an example of a business obtaining raw-materials inventory:
- A. A snack-food manufacturer orders potatoes, oil, and salt to make its potato chips.
 - B. A department-store chain orders shirts, ties, and socks from different vendors for resale.
 - C. A petroleum processing plant orders a replacement part for a large piece of equipment.
 - D. An accounting firm orders pencils, copy paper, and post-it notes for its staff.

63. "We can accept the volume pricing that you are offering, but we would like the merchandise to leave your facility within 24 hours, rather than 48 hours, after the order is placed." In this situation, the negotiator wants to obtain
- more technical support.
 - better lead time.
 - additional discounts.
 - an extended warranty.
64. Which of the following is a benefit to the business of automating the production process:
- Less consumer demand
 - Increased capital investment
 - Increased efficiency
 - Reduced computerization
65. "Big Q" focuses on
- improving factory conditions.
 - exceeding customer expectations.
 - conforming to specifications.
 - designing and developing products.
66. Which of the following quality control methods is proactive:
- Creating a quality assurance checklist
 - Filling out a corrective action report
 - Inspecting finished products
 - Processing customer returns
67. Which of the following is an activity that falls under supply chain management:
- Hiring new employees
 - Creating advertising campaigns
 - Forecasting sales
 - Building relationships with vendors
68. A business often compares its similar financial information from different time periods to
- detect trends.
 - control markets.
 - evaluate competitors.
 - influence buying behavior.
69. How does process thinking help organizations?
- Helps them avoid documenting workflow
 - Enables them to find out who to blame for issues
 - Lets them know why they succeeded or failed
 - Assists them in separating work between departments
70. How does supply chain management increase customer satisfaction?
- Enhances data quality
 - Integrates information throughout an organization
 - Improves cash flow
 - Reduces the time it takes for goods to reach consumers
71. Radio-frequency identification (RFID) technology is becoming more popular than barcodes in supply chain management because it does not require a direct line of sight, can be read at greater distances, and
- does not have reader collision concerns.
 - is less expensive.
 - can be read much faster.
 - has no chance of privacy problems.

72. Supply chain network design improves service and reduces cost by aligning purchasing, production, warehousing, inventory, and
- A. marketing.
 - B. transportation.
 - C. the sales force.
 - D. promotion.
73. Longer supply lines, due to globalization, will most likely increase _____ for suppliers.
- A. risk
 - B. speed
 - C. product quality
 - D. visibility
74. The first step of protecting a business's digital assets is taking an inventory. This includes what information is on what media, where the information is located, and
- A. order of information importance.
 - B. how the information is accessed.
 - C. costs associated with the information.
 - D. how the information will be used.
75. Which of the following is a good strategy for protecting digital customer data:
- A. Use the same password for all accounts
 - B. Limit installation of outside software programs
 - C. Avoid backing up your work
 - D. Give employees equal access to customer information
76. Dara is in charge of quality control at her company. Which type of business management and administration career does she have?
- A. Business analytics
 - B. Operations management
 - C. Office management
 - D. Human resources management
77. In comparing trade associations with professional organizations, trade associations are typically more _____-oriented.
- A. performance
 - B. academic
 - C. profit
 - D. research
78. So that a business can achieve its organizational goals, the business's employees must have
- A. comprehensive analytical skills.
 - B. adequate training.
 - C. detailed reports.
 - D. unlimited resources.
79. What should a project's statement of work include?
- A. A request for proposal
 - B. Terms and commitments
 - C. The results summary
 - D. Charts and materials

80. In which of the following resources is a project team member most likely to find information about the standards and quality-control protocol for project work activities:
- Project production schedule
 - Statement of work (SOW)
 - Work breakdown structure dictionary
 - Critical path analysis
81. Reviewing activity-status reports helps a project manager to
- control the project.
 - create barriers.
 - determine project scope.
 - develop specifications.
82. The team's project manager said, "Leah, your efficiency rate increased by 10 percent this week, which is far above average. You have made great progress in a short time!" In this situation, the project manager is
- requesting a project update.
 - making a suggestion for improvement.
 - providing evaluative information.
 - supporting a team member's decision.
83. ABC Builders are two months behind schedule on the mall they are building. Management has decided to "crash" the project. Which of the following is an example of "crashing" a project:
- Extend the completion date by two months
 - Stop the project and allow another company to finish it
 - Start installing lights now instead of waiting until the painting is complete
 - Hire ten additional construction workers
84. Which of the following is a question that should be answered when developing the "lessons learned" document:
- Who are our stakeholders?
 - What equipment should we use?
 - How can we improve?
 - What are the risks?
85. A water-filtering company made some changes to its processes that resulted in better tasting water. This is an example of
- quality improvement.
 - quality control.
 - opportunity cost.
 - market development.
86. An advantage to a business that uses Capability Maturity Model Integration (CMMI) software is that it
- implements the business's online permission-based marketing efforts.
 - provides the business with confidential information about its competitors.
 - guides continuous improvement efforts throughout many levels of the organization.
 - summarizes changes related to the gross national product.
87. The focus of the Six Sigma framework involves maximizing overall quality and
- expanding product lines.
 - hiring qualified employees.
 - preventing problems.
 - emphasizing innovation.

88. What is the potential benefit to a business that continuously takes action to improve the quality of its goods and services?
- A. Increased product options
 - B. Higher demand
 - C. Increased premiums
 - D. Higher costs
89. Which of the following is a true statement about the role of ethics and business risk:
- A. Businesses that follow ethical guidelines often damage their reputations in the marketplace.
 - B. The unethical behaviors of a business's managers do not affect the business's employees.
 - C. Businesses that provide ethics-training programs can reduce the business's level of risk.
 - D. Businesses are not at risk when they assume that their employees understand the importance of ethics.
90. The MIB Company uses protective computer-software programs to minimize losses associated with its customers' financial transactions. It is managing risks associated with
- A. purchasing.
 - B. security.
 - C. overhead.
 - D. performance.
91. Vanessa, who is opening a new fitness center, is concerned about the risks that she, her employees, and her customers could encounter while at her facility. As a result, Vanessa has developed a list of guidelines for her staff to follow: gather a medical history from each customer, provide every customer with instructions for using the exercise equipment, and maintain CPR certification. By instituting these policies, Vanessa hopes to avoid _____ lawsuits.
- A. private nuisance
 - B. negligence
 - C. breach-of-contract
 - D. discrimination
92. Which of the following is the type of action that a business is taking when it continuously monitors the laws that affect its operations for the purpose of minimizing risk:
- A. Preventative
 - B. Corrective
 - C. Reactive
 - D. Remedial
93. The core activity of managerial planning involves
- A. determining objectives.
 - B. modifying behavior.
 - C. implementing procedures.
 - D. identifying gains.
94. Jackie is a manager with the SDP Company and is establishing a systematic way for her department to complete a long-term assignment. What function of management is Jackie carrying out?
- A. Leading
 - B. Organizing
 - C. Staffing
 - D. Controlling
95. An important activity associated with the organizing function of management is
- A. developing a blueprint.
 - B. defining employees' roles.
 - C. evaluating performance.
 - D. creating tangible outputs.

96. Marla and her fellow managers at the Frisco Corporation have determined that rearranging their human resources could increase the company's efficiency. This human resources change is most likely the result of
- A. a need for process improvement.
 - B. a need for new types of skills and experience.
 - C. a change in government regulations.
 - D. competitive pressures.
97. What directing activity involves rewarding employees with positive feedback and monetary incentives?
- A. Supervising
 - B. Motivating
 - C. Coordinating
 - D. Producing
98. Inspecting raw materials before using them to produce finished goods is an example of _____ control.
- A. concurrent
 - B. feedforward
 - C. feedback
 - D. standard
99. A company is changing over to a new operating system and wants all of its employees to successfully adjust to the change. What can the company do to get all of the employees on board?
- A. Let the employees know why the change is important after it has occurred.
 - B. Execute the change without telling employees to avoid confusing them.
 - C. Involve only high-ranking employees—lower level employees do not need to be aware of the change.
 - D. Explain to all employees why the change is needed and how it will help.
100. Many organizational changes fail because
- A. big changes cannot be executed throughout entire companies.
 - B. companies do not properly execute the change-management lifecycle.
 - C. most people are resistant to change.
 - D. managers give their employees too much time to adjust to changes.



KEY

Test Number 1180

Business Management and Administration Exam

Human Resource Management

Retail Management

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1. C

The spirit of the law. The spirit of the law is the intent of the law. It is the reason why the law was created and the way in which all people understand its interpretation. The letter of the law refers to the literal meaning of a law, as it is written, word for word. The meaning of the law and the understanding of the law are not specifically related to the social and moral consensus of how to interpret the law.

SOURCE: BL:163

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

2. A

Child labor laws. Child labor laws are important to high school students because if they were to get a job as a minor, they should know the laws that affect their employment. High school students are not as likely to be affected by copyright laws, personal injury, and corporate tax laws.

SOURCE: BL:163

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

3. C

An intentional tort. A tort is a private wrongdoing against a person or business. When a tort is intentional, one party plans to carry out an activity against another party. Because advertising is a planned promotional activity, the use of overly aggressively advertising tactics is an intentional action. BTA used advertising to discredit MZT, which hurt MZT's sales. In response, MZT may file a lawsuit against BTA on the grounds of defamation, if the advertising contained false statements. Negligence involves unintentional or accidental wrongdoings such as a distracted driver causing a minor car accident. Misappropriation or embezzlement is the theft of valuables that have been entrusted to someone's care. In business, this usually involves money. Criminal law addresses issues that involve wrongdoing against society, such as robbery and murder.

SOURCE: BL:069

SOURCE: Lumen - Work within the law. (n.d.). *Examples of intentional torts in business*. Retrieved November 28, 2017, from <https://courses.lumenlearning.com/workwithinthelaw/chapter/intentional-torts/>

4. C

Settlements are more private. In settlements, most details aren't public, meaning that they are much more private than trials. Settlements cannot be appealed, and they do not involve a "guilty" or "not guilty" verdict. Settlements are more predictable than a jury decision.

SOURCE: BL:159

SOURCE: Shvartsman, S. (2015, April 9). *To settle or not to settle? That is the question*. Retrieved November 28, 2017, from <https://www.lawyers.com/legal-info/research/to-settle-or-not-to-settle-that-is-the-question.html>

5. A

The plaintiff files a complaint. The litigation process begins when the plaintiff files a complaint with the court. Then, the defendant must answer within a certain time period. The defendant does not file the complaint.

SOURCE: BL:160

SOURCE: Ebron, S. (2017, April 24). *An overview of the litigation process*. Retrieved November 28, 2017, from <https://courtroom5.com/overview-of-the-litigation-process/>

6. C

Confidential. Arbitration is private and not open to the media, so parties may choose arbitration if they want to keep information confidential. Arbitration is consensual. Both parties must sign an agreement assenting to arbitration. Arbitration is neutral, not biased. Arbitration is final and binding, not temporary.

SOURCE: BL:161

SOURCE: Ellis, J., & Harris, B. (2017, November 26). *What is an arbitration?* Retrieved November 28, 2017, from <http://www.wisegeek.com/what-is-an-arbitration.htm>

7. A

Megan must enter a specific username and password to access her work computer. A procedure is the step-by-step process that an employee follows when performing a specific task. Because Megan must take certain actions to obtain computer access, she is following a procedure. Policies are the company's general rules or guidelines. Common company policies include providing employees with a certain amount of vacation time based on their length of employment, offering employees the option to purchase certain types of insurance, and setting guidelines for business attire at work.

SOURCE: CO:057

SOURCE: Difference Between. (2015, August 14). *Difference between policy and procedure*. Retrieved November 28, 2017, from <http://www.differencebetween.info/difference-between-policy-and-procedure>

8. C

Actively listen to the question. To provide a legitimate, effective response to an inquiry, you should actively listen to the question. Rather than rehearsing your response in your head while the question is still being asked, you should listen carefully to the inquiry. By actively listening to what is being said, you are more likely to understand the question and answer it appropriately. If you still don't understand the inquiry after actively listening to it, ask for clarification. When you are certain that you understand the intent of the question, pause for a moment to consider your response. Don't respond immediately or say the first thing that pops into your mind. Instead, compose your response silently and then say it aloud. It is not necessary to make your answer as long as possible. Your answer should be concise, containing only the information necessary to completely and specifically respond to the inquiry. Avoid answering a question with a question because it gives listeners the impression that you are trying to evade responding to the inquiry.

SOURCE: CO:060

SOURCE: University of Leicester. (2013, March 12). *Responding to questions effectively*. Retrieved November 28, 2017, from <http://www2.le.ac.uk/offices/ssds/sd/ld/resources/presentation/questions>

9. A

Elizabeth structures a national insurance company's financial reports by branch. Geographical order puts information in order based on the geographic location, such as business region or branch. When a business wants to evaluate or compare the financial performance of each business location, the geographic organizational approach is appropriate to use. Ben is organizing information for school rather than business and is using a chronological format for his timeline. The chronological format involves placing information in sequence according to time. Corrine is organizing information by value because she is listing homes by selling price. Jacob is using the deductive approach to organize his research report. The deductive approach involves presenting the main ideas, recommendations, and most important information in the first part of the report.

SOURCE: CO:086

SOURCE: College of Marin. (n.d.). *Chapter 10 lecture: Six methods for organizing data*. Retrieved November 28, 2017, from http://www.marin.edu/buscom/index_files/Page1347.htm

10. D

You should sequence the main ideas of your executive summary in the same order that they appear in your full report. An executive summary is a summary of the most important points of a longer document such as a business report, business plan, or marketing plan. In fact, the executive summary is typically considered to be the most important part of a company's business or marketing plan because it gives an overview of the entire document and helps the reader to determine whether it is worthwhile to read any further in the document. The main ideas of the executive summary should be presented in the same order that they appear in the full report. As a rule of thumb, an executive summary should be no more than one-tenth of the length of the entire report. It is commonly recommended that you write your executive summary after writing the body of your report. You should avoid using excessive jargon, technical language, abbreviations, and slang in your executive summary.

SOURCE: CO:091

SOURCE: Bird, B. (2017, September 26). *How to write an executive summary*. Retrieved November 28, 2017, from <https://bizfluent.com/how-16566-write-executive-summary.html>

11. D

Recommendations. An analytical report is a document that explains and evaluates an issue, opportunity, or problem. A component of the analytical report is the recommendations section, which provides the reader with advice for resolving a problem or acting on an opportunity. The recommendations appear at the end of the report after background information, research, results, and facts have been presented. Writers should include logical arguments for analytical reports in which the topic is controversial, and the audience may disagree with some of the report's information. By providing logical arguments, the writer is more likely to persuade the audience to accept the conclusions. An analytical report may address external factors or the progress of an action, but including this type of information depends on the nature of the report's topic.

SOURCE: CO:185

SOURCE: KU Writing Center. (n.d.). *Writing informal and analytical reports*. Retrieved November 28, 2017, from http://writing.ku.edu/sites/writing.drupal.ku.edu/files/docs/Writing_Informational_Analytical_Reports.pdf

12. D

Justification. Analytical reports are documents that summarize information about issues, opportunities, or problems. Justification reports provide facts and data that support a previous decision or action such as profits or market share realized from a business expansion overseas. A feasibility report summarizes the positive and negative consequences of taking a certain course of action that has not yet occurred. Troubleshooting reports address specific problems, such as an issue with a process. Cause and effect reports provide information about a variety of scenarios under different circumstances—if actions A and B happen, then the probable result will be C. This type of report helps the business consider pros and cons of each scenario to determine which action it should take.

SOURCE: CO:185

SOURCE: KU Writing Center. (n.d.). *Writing informal and analytical reports*. Retrieved November 28, 2017, from http://writing.ku.edu/sites/writing.drupal.ku.edu/files/docs/Writing_Informational_Analytical_Reports.pdf

13. C

Poor delivery service. Customers often complain when their orders do not arrive when they want or need them. Many situations can cause late deliveries—backorders, slow order cycles, and transportation issues. In the scenario described, Mrs. Anderson did not indicate that she received incorrect or damaged merchandise, or that she was billed for undisclosed service charges.

SOURCE: CR:010

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [p. 550]. Tinley Park, IL: The Goodheart-Willcox Co.

14. C

Consistent experiences. A brand promise is a business's agreement (spoken or unspoken) with customers that it will consistently meet their expectations and deliver on its brand characteristics and values. All messages and touch points should reinforce the brand promise in a consistent way. Brand characteristics vary among businesses and products but may focus on product quality. Businesses use many touch points to communicate their brand promises—employees, website, advertising, public-relations activities, etc. All of the touch points and messages form the customers' impressions of the business and influence their experiences with the business.

SOURCE: CR:001

SOURCE: FrogDog. (2011, February 18). *How to develop a brand promise*. Retrieved November 28, 2017, from <http://frog-dog.com/how-to-develop-a-brand-promise/>

15. A
Time. When products are available at the time they are needed, they have time utility. If Kara's dress doesn't show up until Monday—two days after the dance—it won't possess time utility for her. Form utility occurs when the form of a good or service is altered to provide more satisfaction for the customer. Possession utility is created when ownership of a product is transferred from the seller to the person or business that will use the good or service. Place utility exists when goods or services are available at the place where they are needed or wanted by customers.
SOURCE: EC:004
SOURCE: LAP-EC-013—Use It (Economic Utility)
16. C
Economic. Economic trends, including unemployment, have an impact on business. The salon's sales are likely to decline in a time of high unemployment because fewer people have money to spend on luxury goods. Sociocultural factors include population changes, fashion trends, etc. If the business specialized in spa services that became unfashionable, it may see sales decline for sociocultural reasons. Technological factors deal with shifts in the type of technology available/used. Governmental factors are controlled by the government, such as changes in the tax rate or government regulations.
SOURCE: EC:105
SOURCE: LAP-EC-105—What's Shakin'? (Factors Affecting the Business Environment)
17. A
The freedom to use private property to make a profit. Individuals and businesses in a private enterprise economy are free to decide how to use their private property and when and how to sell it. The periods of unemployment that occur in a private enterprise are a disadvantage, not an advantage. In a private enterprise system, there is an unequal distribution of property and income, and poverty is not eliminated.
SOURCE: EC:009
SOURCE: LAP-EC-015—People Power (The Private Enterprise System)
18. A
Offering rebates. Rebates are a type of price competition because they do, in fact, lower the price of a product. Nonprice competition involves businesses competing on factors other than price, such as customer services, pleasant facilities, and trained personnel. Clearance sales are promotion events in which a business discounts product prices in order to move goods and decrease inventory. Giving back part of the purchase price to customers is not price fixing.
SOURCE: EC:012
SOURCE: LAP-EC-008—Ready, Set, Compete! (Competition)
19. B
Investment activity decreases. When interest rates increase, consumer and business spending tend to decrease because the cost of buying on credit becomes more expensive. As a result, individuals and businesses save rather than spend; the demand for credit tends to decrease; business profitability declines due to reduced consumer spending; and businesses are less likely to invest their money and expand business activities. When policies are implemented to control inflation, interest rates increase, the money supply tightens, and lenders approve fewer loans. Therefore, the value of the dollar increases.
SOURCE: EC:084
SOURCE: Seabury, C. (2016, March 17). *How interest rates affect the U.S. markets*. Retrieved November 28, 2017, from <https://www.investopedia.com/articles/stocks/09/how-interest-rates-affect-markets.asp>
20. A
Individualist society. A society in which group ties are very loose is known as an individualist society, according to Hofstede's dimensions of national cultures. A collectivist society is integrated into strong groups. An uncertainty-avoiding society is known for liking rules and structure. A "feminine" society values the qualities of caring, quality of life, etc.
SOURCE: EC:045
SOURCE: LAP-EC-045—On Top of the World (Impact of Culture on Global Trade)

21. C
Comparing himself to others. Max is acknowledging that he has artistic talent (drawing), but he is comparing his abilities to someone else whom he feels is better at it. When you compare yourself with others, you are not assessing your strengths objectively. Getting input from others can help you put your strengths and weaknesses in perspective. It is also important not to make false generalizations, which involves basing your strengths and weaknesses on an isolated incident.
SOURCE: EI:002
SOURCE: LAP-EI-017—Assess for Success (Assessing Personal Strengths and Weaknesses)
22. B
Provide supporting facts. Providing supporting facts builds your credibility. And if others view you as a credible person, you are more likely to persuade them to take action. Overstating the benefits and providing illogical reasons are not likely to enhance your credibility and persuade others to take the desired action.
SOURCE: EI:012
SOURCE: LAP-EI-121—Win Them Over (Persuading Others)
23. D
Lack of direction. Clear directions and expectations at work are ideal, but they don't always happen. Employees can become stressed if they don't know what they're working on or how they should complete a task. They might worry about making a mistake if a boss simply assigns a project but isn't available to answer any questions about it. Low salary, lack of job security, and heavy workload are all common causes of stress, but they are not illustrated in Noah's example.
SOURCE: EI:028
SOURCE: LAP-EI-025—Keep Your Cool (Stress Management)
24. D
Ownership. On a team, one person isn't telling others what to do. Everyone has an equal amount of input, and everyone should share a sense of ownership over the work, which leads to increased productivity and enjoyment. Everyone on a team does not necessarily have an equal sense of learning, communication, or innovation.
SOURCE: EI:045
SOURCE: LAP-EI-045—Team Up (Participating as a Team Member)
25. D
Having a mental picture of the ideal future. A vision is a mental snapshot of your desired future. Having a vision does not mean setting clear objectives that you want to achieve, although you may set goals and objectives as part of creating your vision. Being clear-minded and focused at all times and encouraging others to achieve their dreams do not describe what it means to have a vision.
SOURCE: EI:063
SOURCE: LAP-EI-063—Picture This! (Determining Personal Vision)
26. B
Medium of exchange. Money is accepted as payment for goods and services. This creates efficiency because otherwise, people would have to rely on bartering. A double coincidence of wants occurs in a bartering system when each party wants something that the other party is willing to barter. Although money is also a unit of measure and a store of value, those functions are not illustrated in this example.
SOURCE: FI:060
SOURCE: Beggs, J. (2017, September 20). *Properties and functions of money*. Retrieved November 28, 2017, from <https://www.thoughtco.com/what-is-money-1147763>

27. A

Variances. Businesses analyze their financial information to determine the differences between what they had forecast and what actually happened. By doing this, they can account for those differences and improve future forecasts. In this scenario, equipment costs were not a factor. The business could not determine from its financial information whether the supply of raw materials decreased or demand increased. Forecasts are estimates based on information known at the time the forecast was made and will not be exactly what actually happens. In this scenario, therefore, the variances would not be considered forecasting errors.

SOURCE: FI:579

SOURCE: LAP-FI-009—By the Numbers (The Need for Financial Information)

28. C

Tristan adds notes to his financial statements to explain a new company policy. Transparency means maintaining honest and open communication. Transparency also coincides with the principle of full disclosure, which means that financial statements or documents should include all information that is necessary for the documents to be understood. Tristan is practicing transparency and full disclosure by explaining his financial statements as much as possible. An accounting firm that cannot hire Catherine because her husband works for one of its clients is an example of objectivity/independence. A company that regularly sends its accountants to professional development conferences is practicing due care. Russell's timely, accurate completion of financial statements is an example of responsibility.

SOURCE: FI:351

SOURCE: LAP-FI-351—With Due Care (The Role of Ethics in Accounting)

29. D

Accounts payable. Accounts payable are money the business owes. These are debts (liabilities). Stocks and bonds, copyrights, and cash are all assets.

SOURCE: FI:093

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

30. B

It boosts the company's growth and reduces risks. Finance is the business function that involves all money and money-management matters. Its ultimate purpose is to boost the company's growth and to reduce its risks. It is not the same as accounting, although finance and accounting are closely interrelated and even overlap in some areas. Accounting focuses on record-keeping activities, while finance focuses on money-management decisions. Accounting provides information about the company's finances.

SOURCE: FI:354

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

31. C

Determine where the business is on target and where it is not. The budget lets the business know if it is achieving its goals. If the actual performance is lower than expected, the business can take steps to correct the problem. Such actions might include finding ways to lower expenses or using strategies to increase sales to achieve the desired profit levels. Depending on the situation, the business might be able to change its operating procedures to improve performance. Analyzing budget variances will not help the business understand the generally accepted accounting principles, which are guidelines for recording and reporting financial data.

SOURCE: FI:106

SOURCE: LAP-FI-106—Money Tracks (Nature of Budgets)

32. D
\$4,280,100. Free cash flow is the capital that a company has left at the end of a year after paying all of its expenses and making any necessary new capital expenditures. Investors often calculate a company's free cash flow to determine whether the company has funds to pay dividends to investors. The formula used to calculate free cash flow is $\text{Free Cash Flow} = \text{Cash Flow From Operations} - \text{Capital Expenditures}$. To determine the company's free cash flow, simply subtract the capital expenditures noted from the given cash flow from operations ($\$5,260,300 - \$980,200 = \$4,280,100$).
SOURCE: FI:541
SOURCE: Investopedia. (2014, December 8). *Free cash flow—FCF*. Retrieved November 28, 2017, from <http://www.investopedia.com/terms/f/freecashflow.asp>
33. A
Conducting background checks. Conducting background checks during the interview process is one of the tasks HR managers undertake in the staffing function. Mediating conflicts is a task HR managers complete in the employee relations function of HR management. Developing benefits plans is a task HR managers complete in the compensation and benefits function of human resources management. Determining training needs is a task HR managers complete in the training and development function of HR management.
SOURCE: HR:410
SOURCE: LAP-HR-035—People Pusher (Nature of Human Resources Management)
34. D
Turnover. Julie's promotion is an example of turnover—employees leaving their job positions for various reasons. Because of the high amount of turnover in modern businesses, knowledge management is very important to keep things running smoothly in times of transition. Information overload refers to the chaos created when too much information is present or available. Globalization is the rapid and unimpeded flow of labor, capital, and ideas across national borders. Innovation refers to the creation of new products, processes, ideas, etc.
SOURCE: KM:001
SOURCE: LAP-KM-001—Know Go (Nature of Knowledge Management)
35. A
Withholding information. When an employee is unwilling to share information that will help the company improve its performance, achieve a competitive advantage, or develop innovative processes, an ethical issue may exist. In the example, the employee is unwilling to share information because he has a personal issue with another employee. Although Bob's motives may be considered unethical by some people, he was not exhibiting unlawful behavior, providing misleading facts, or embezzling company money or property.
SOURCE: KM:002
SOURCE: Oracle. (2010, May). *Cultivating and formalizing a culture of knowledge capitalization*. Retrieved November 28, 2017, from <http://www.oracle.com/us/products/applications/tutor-upk/cultivating-and-formalizing-wp-080924.pdf>
36. C
Knowledge mapping. Knowledge mapping software provides the ability to capture a business's information sources and information flow in a graphic format. Knowledge maps help businesses determine if there are underused sources of knowledge, as well as areas in which there is a breakdown or gap in knowledge sharing. An Intranet is a business's internal computer network. Knowledge management software can capture information stored on a company's Intranet, which is one of many sources of a company's knowledge. Production and accounting software are different types of software used in specific functions of business. Businesses do not use these software programs to capture and track an entire organization's tacit and explicit knowledge.
SOURCE: KM:003
SOURCE: Rachman, H. (2012, April). *Knowledge management strategy and program*. Retrieved November 28, 2017, from <https://www.slideshare.net/haitan/modul-3-knowledge-mapping>

37. D

An organic farm obtains a patent for a new hybrid tomato plant. Intellectual property is intangible business assets resulting from thinking processes. Businesses can obtain legal protection of their intellectual property from the government. When a business invents a new product (e.g., tomato plant), the business would apply for a patent. The patent is granted to the inventor or owner for a specific number of years. The patent is a legal means of preventing the product from being recreated and distributed by unauthorized entities. Copyrights legally protect musical compositions. Trademarks can be obtained to protect trade characters. Copyrights or trademarks can legally protect logos. A business that uses a similar logo as another company, and an online business that illegally distributes music are examples of ways that intellectual property is not being protected. A manufacturer that hires a graphic artist to design a trade character will need to legally protect the trade character after it is developed.

SOURCE: KM:004

SOURCE: World Intellectual Property Organization. (n.d.). *What is intellectual property?* Retrieved November 28, 2017, from <http://www.wipo.int/about-ip/en/>

38. C

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

SOURCE: KM:004

SOURCE: Inc Staff. (2009, December 1). *How to protect your trade secrets*. Retrieved November 28, 2017, from <https://www.inc.com/magazine/20091201/how-to-protect-your-trade-secrets.html>

39. D

Conducting personal interviews. Tacit knowledge is knowledge consisting of personal opinions, experiences, expertise, or understanding that is not easily articulated, stored, or quantified. By conducting personal interviews with employees, management might be able to obtain knowledge from employees about their on-the-job experiences—experiences that can ultimately affect the success of the business. Listening to employees' experiences might reveal problems and issues that they encounter while doing their jobs. Holding customer focus groups, developing a competitive analysis, and obtaining statistical reports from the Internet will not capture employees' tacit knowledge.

SOURCE: KM:005

SOURCE: Kingston, J.K.C. (2012, September). *Tacit knowledge: Capture, sharing, and unwritten assumptions*. Retrieved November 28, 2017, from <http://www.tlinc.com/articl310.htm>

40. A

Knowledge codification. Knowledge codification involves placing knowledge into a format that is accessible to others. In the example, Malcolm has been asked to write down the steps he uses to carry out an activity. By doing so, he is putting his know-how into a written format that others can access when they need it. Malcolm's situation is not an example of confidential information, project management, or data procurement.

SOURCE: KM:005

SOURCE: *Knowledge codification*. (n.d.). Retrieved November 28, 2017, from http://www.cs.unibo.it/~gaspari/www/teaching/slides_KM6.pdf

41. A

Convenience. Trevor is most likely motivated to buy from this particular store because it is close and convenient to his business. If Trevor needs cleaning supplies right away, he just has to walk across the street to buy them. Although brand, price, and product dependability might influence his buying behavior, there is not enough information provided to determine if these factors are important to Trevor in this situation.

SOURCE: MK:014

SOURCE: LAP-MK-006—Cause and Effect (Buying Behavior)

42. B

Be unprepared for a disaster. Failing to manage information properly is most likely to cause a business to be unprepared for a disaster, whether it's a natural disaster, such as an earthquake, or a technological disaster, such as a system failure. Failing to manage information properly is detrimental to a business, but it doesn't necessarily mean that the business will fail or be shut down by the government. A business may or may not save money on technology costs by neglecting proper information management.

SOURCE: NF:110

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

43. C

A cell is where a column and row intersect. Spreadsheets, electronic documents that store data, contain cells, rows, and columns. A cell, which can contain data and be involved in calculations within the spreadsheet, is the box where a column and row intersect. "Row" and "column" are not interchangeable terms—in fact, they mean very different things! A row is horizontal, while a column is vertical. A row is not where a column and cell intersect.

SOURCE: NF:010

SOURCE: French, T. (2017, May 20). *What is cell?* Retrieved November 28, 2017, from <https://www.thoughtco.com/what-is-cell-in-excel-3123609>

44. B

Web host, domain name. After creating a web page, the developer needs to post the web page through a web host (web server) or Internet service provider (ISP). The web host may charge a fee to post and store the web page, although some web hosts will provide the service free of charge. The domain name is the business's web address. Internet users enter the web address to view Stella's website. Stella can register her domain name directly with the Internet Corporation for Assigned Names and Numbers (ICANN). Or, Stella can work with her web host to register the domain name for her. Stella does not need to register a hyperlink, media permit, or file link with any organization. A hyperlink (link) is the component of an electronic document (file) that can be clicked on in order to jump to another place within the document or into a different document. A modem is an internal or external computer communications device that is used to transmit information over a particular medium such as telephone lines or television cables. Ethernet is a local area network.

SOURCE: NF:042

SOURCE: Tester, A. (2016, December 21). *Publishing your website in three steps*. Retrieved November 28, 2017, from <http://www.webhostingsearch.com/articles/how-to-publish-your-website.php>

45. C

Enhances collaboration efforts. Project-management software allows businesses to plan, track, and evaluate all aspects of a project. Project-management software is available to accommodate different types of projects, from simple, individual projects to multiple, complex projects. Complex projects often involve several hundred tasks being performed by dozens of people. Often, team members need to access the same information to perform their project tasks. Programs that are designed to allow multiple users to access project data enhance the team's ability to collaborate and share project information from a variety of locations. Allowing several team members to access project-management data does not reduce the need to secure the data, ensure data accuracy, or eliminate the need to analyze variances.

SOURCE: NF:130

SOURCE: Hooks, J. (2013, February 20). *Project management software advantages and disadvantages*. Retrieved November 28, 2017, from <https://www.business2community.com/strategy/project-management-software-advantages-and-disadvantages-0412921#uyAAu5QbvU7cXITa.97>

46. D

Make sure all the data are saved in a backup location. It's important for Daniela to make sure all the company's data are saved in a backup location. If something goes wrong while she's moving the data into the new system, this will help her avoid losing all that information. She should tell employees about the change before it occurs. She should wait to delete the old system until she installs the new one. This way, she'll be less likely to lose information if something goes wrong. The change should be scheduled to occur at a convenient time, not during a project deadline, so that it will not disrupt the office's work.

SOURCE: NF:264

SOURCE: Matteson, S. (2013, November 1). *Best practices for change management in the data center*. Retrieved November 28, 2017, from <http://www.techrepublic.com/blog/data-center/best-practices-for-change-management-in-the-data-center>

47. D

Asset. Asset records are documents about something of value that a business owns. Payroll records are documents that contain information about an employee's pay and deductions, as well as details about his/her identification, hours worked, regular wages, and overtime wages. Personnel records are documents that keep track of employee information regarding hiring, evaluations, promotions, reprimands, and terminations. Promotional records are documents containing information about the various types of communications that businesses use to inform, persuade, or remind customers of their products, images, or ideas.

SOURCE: NF:001

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

48. D

Potential threats. A main reason that environmental scanning is important is so that businesses can be aware of potential threats and opportunities. These are all too easy to miss if a business isn't aware of its surroundings. An environmental scan might include information on new products, services, or foreign markets, but these are not the main reasons for conducting it. Most information about a competitor's internal environment would not be available to a competing business.

SOURCE: NF:015

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

49. D

Trends indicate an ongoing demand for more fuel-efficient vehicles. Statistics are information presented in numerical form. Businesses often interpret and analyze statistics to identify trends, which indicate the general direction in which people or events are moving. If numerical data show that the sales for an environmentally friendly hybrid car has been steadily increasing for several months, then the trend indicates that there is an ongoing demand for the fuel-efficient vehicles. Hybrid (electric and gas fueled) cars are environmentally friendly and fuel efficient because they use less gasoline than traditional vehicles. After identifying the trend, the automaker might decide to reduce the production of luxury cars and increase the production of hybrid cars, or increase its research and development budget to create more efficient cars. There is not enough information provided to determine if most families prefer driving SUVs.

SOURCE: NF:093

SOURCE: Markgraf, B. (2013, November 4). *How to evaluate trends in business*. Retrieved November 28, 2017, from <http://smallbusiness.chron.com/evaluate-trends-business-75944.html>

50. C

Zoning ordinances. Zoning ordinances are regulations that govern the ways in which land and buildings may be used in certain jurisdictions. In many towns and cities, land is designated for commercial (business) or residential use. Although zoning ordinances vary by community, they may regulate the size of the facility or require that some buildings be designed to accommodate a certain style (e.g., American colonial). A company that wants to build a facility in a certain location must consider the city's zoning ordinances to make sure that the regulations are compatible with the company's needs and goals. Health regulations are laws that are designed to protect the health and well-being of society. A partnership agreement is a written agreement (contract) signed by business partners that specifies the terms of the partnership arrangement. The tax code outlines the tax obligations and laws that individuals and businesses must follow.

SOURCE: OP:339

SOURCE: Investopedia. (2010, July 14). *Zoning ordinance*. Retrieved November 28, 2017, from <https://www.investopedia.com/terms/z/zoning-ordinance.asp>

51. A

Practicing general safety procedures. By practicing general safety procedures, employees will form good habits that will help them prevent accidents. One general rule is to be safety conscious. This means being aware of risks and trying to eliminate them. Employees should never take shortcuts. Employees should use their leg muscles, not their back muscles, to lift objects. They should drive defensively.

SOURCE: OP:009

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [pp. 687-688]. Tinley Park, IL: The Goodheart-Willcox Co.

52. D

Share this information with your supervisor or the HR department. Discussing weapons at work and displaying obvious signs of anger or hostility are indicators of potentially dangerous behavior. While there is some chance that Edward will calm down soon, it would be wise to share your observations with your supervisor or the HR department, especially given his recent attitude and behavior. Your supervisor or the HR department can then decide how to handle the situation. Rather than contacting the local sheriff or police chief to discuss Edward's mood, you should start by sharing your knowledge with someone inside your company, such as your supervisor or a member of the HR department. Accusing Edward of plotting violence during a staff meeting is likely to antagonize Edward, making the situation worse.

SOURCE: OP:152

SOURCE: Occupational Safety & Health Administration. (2017, March 13). *Workplace violence*. Retrieved November 28, 2017, from <https://www.osha.gov/SLTC/workplaceviolence/>

53. B

Prepare and place the order; complete the PowerPoint presentation; develop the production schedule. Prioritizing involves ranking things in the order of their relative importance. Employees consider many factors when they prioritize their work, such as deadlines and the time it will take to complete each task. The first task that Randy should do is to place the order because this is the tightest deadline, and it will not take him very long to complete. The next deadline he has is to complete the PowerPoint presentation for today's meeting at 4:00 p.m. If he begins working on the PowerPoint at 1:00 p.m., he should be done with it by 3:00 p.m., which is an hour before the meeting. The last task on Randy's priority list is the production schedule because it is due the next day. Randy will need to make sure that he arrives at work early enough to finish the schedule in three hours. If Randy followed the sequence of the other options listed, he would not complete all of the work by their deadlines.

SOURCE: OP:228

SOURCE: Lee, A. (2017, July 5). *Personal organization skills*. Retrieved November 28, 2017, from <https://careertrend.com/list-6556881-personal-organization-skills.html>

54. D

Consequences of not completing activities. By thinking about what may happen if a task is not completed, you are evaluating the importance of the task, which helps you prioritize your work. For example, suppose your manager needs a status report from you for a meeting that is scheduled two hours from now. If you don't have the report ready on time, your manager will not have the information to present during the meeting, which will make him/her unprepared. As a result, your manager is likely to become upset with you. On the other hand, suppose you need to write a letter of recommendation for a student who did an internship with your company. The student doesn't need the letter until next week. So, if you don't write the letter today, it isn't going to cause a problem for your intern. The reason why your manager delegated work to you is not important. Depending on the tasks involved, shortcuts are not always an option and can often lead to unsatisfactory results. Long-term goals are objectives that will take a year or more to reach. Daily work tasks are closely aligned with short-term rather than long-term goals.

SOURCE: OP:228

SOURCE: Snell, S. (2017, November 28). *7 Tips for how to prioritize tasks effectively*. Retrieved November 28, 2017, from <http://www.vandelaydesign.com/how-to-prioritize-tasks/>

55. D

Jack pulls stock, Mary packs the box, and Tim places the order on the truck. When one task needs to be completed before another task can be started, then the work must be done in sequential order. Before Tim can place an order on the truck, Mary must pack the stock that Jack pulls from inventory. In this situation, each employee depends on another employee to perform a task before s/he can perform his/her assigned task.

SOURCE: OP:230

SOURCE: MindTools. (1996-2017). *Gantt charts*. Retrieved November 28, 2017, from https://www.mindtools.com/pages/article/newPPM_03.htm

56. D

Being objective and supportive. When a manager delegates tasks to employees, s/he must monitor their work and ensure that tasks are being completed. When monitoring employees' work, it's important to encourage employees to be honest and open about the status of their work. One way to do so is to be objective and supportive so employees feel they are being treated fairly and that their honesty will be rewarded. Listening to employees' conversations is not ethical, and it might make them feel uncomfortable and defensive, which does not encourage honesty and openness. Communicating informally is not necessarily related to encouraging openness and honesty. Having employees report as often as possible will not necessarily encourage employees to be open and honest; in fact, it might encourage employees to over-estimate their work progress.

SOURCE: OP:354

SOURCE: Free Management Books. (n.d.). *Monitoring delegated tasks*. Retrieved November 27, 2017, from <http://www.free-management-ebooks.com/faqs/delegation-05.htm>

57. C

Identify a work process to improve. When streamlining your work processes, the first thing you need to do is identify or select a work process to improve. You can't streamline your work if you don't know what you're streamlining. Dividing the work process into steps, asking coworkers for input, and implementing the improvements are steps that come later in the process.

SOURCE: OP:355

SOURCE: Leonard, K. (2017, September 11). *How to streamline work process and improve workflow*. Retrieved November 28, 2017, from <http://smallbusiness.chron.com/streamline-work-process-improve-work-flow-3929.html>

58. A

Weighted-point. There are many methods for businesses to use to evaluate their vendors' performance. The weighted-point system involves assigning a numerical rating to evaluate various performance categories. Although categories vary by business, they often include delivery and lead times, order accuracy, order cycle, service levels, technology support, product quality, quality improvement, and costs. The rating scale may range from one to five—one representing "poor performance" and five representing "excellent performance." By assigning a numerical value to various areas of performance, the business can evaluate the vendor's strengths and weaknesses, and determine if improvements should be made. The cost-based system focuses on product and delivery costs. Applied-tabulation and cycle-oriented are not methods used to evaluate a vendor's performance.

SOURCE: OP:162

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 308-313]. Mason, OH: South-Western Cengage Learning.

59. C

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

SOURCE: OP:241

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 114-115, 122-123]. Mason, OH: South-Western Cengage Learning.

60. B

Make your expectations known early. Defining your expectations as clearly as possible in the contract will help ensure a good vendor/supplier relationship. Although separating the people from the company, understanding that the supplier has other customers, and learning the marketplace are all smart tactics to ensure a good relationship, none of these are achieved in the contract.

SOURCE: OP:241

SOURCE: James, J. (2011, September 20). *10 things you can do to ensure good vendor relationships*. Retrieved November 28, 2017, from <http://www.techrepublic.com/blog/10-things/10-things-you-can-do-to-ensure-good-vendor-relationships/>

61. B

The Powell Company did not order enough paper towels for the month, so it ordered an additional four cases. A reorder involves ordering items that the company has previously ordered. The Powell Company placed a reorder because it submitted a second order for the same product (paper towels) to its vendor. A backorder occurs when a vendor ships part of an order on time and the rest of the order later when the stock is available. Mr. and Mrs. Travis placed a special order, which is a request for a custom item that a vendor does not normally carry in stock. Henry's Hardware Store placed a regular order, which involves providing the vendor with the specifications of items that the business wants to order.

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.

62. A

A snack-food manufacturer orders potatoes, oil, and salt to make its potato chips. Raw-materials inventory are goods (inputs) that a business uses to make a finished good (output). Finished products are completed goods that are ready to be marketed to consumers. MRO goods are maintenance, repair, and operating supplies such as office supplies and replacement parts for equipment.

SOURCE: OP:336

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 587-588]. Mason, OH: South-Western Cengage Learning.

63. B

Better lead time. When negotiating with vendors, businesses consider many issues including payment terms, shipping terms, discounts, and lead time. Lead time is the amount of time it takes to complete a process. In the example, the business wants the vendor to process and ship its orders within 24 hours, rather than 48 hours, which indicates that the business wants better lead time from the vendor. The negotiator is not asking for more technical support, additional discounts, or an extended warranty.

SOURCE: OP:337

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 465-466]. Mason, OH: South-Western Cengage Learning.

64. C

Increased efficiency. Automation replaces human labor with machine production, thereby increasing efficiency and producing larger quantities of goods. A disadvantage of automation is that it increases the amount of capital that must be invested in equipment. Automating production increases computerization because most automated systems are controlled by computers. Increased consumer demand helped create the need for automation.

SOURCE: OP:017

SOURCE: LAP-OP-017—Can You Make It? (Nature of Production)

65. B

Exceeding customer expectations. “Big Q” focuses on ingraining quality into every aspect of the organization to meet and exceed customer expectations. “Little Q” focuses on conforming to specifications. Neither approach to quality management specifically focuses on improving factory conditions or designing and developing products, although those may certainly be important goals of a quality-management system.

SOURCE: OP:163

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

66. A

Creating a quality assurance checklist. Proactive quality control involves stopping problems before they happen. One way to do this is by creating a quality assurance checklist. Quality assurance methods are typically proactive and often save money since defective products are never produced. Reactive quality control focuses on fixing problems after they've happened. This can include tasks such as filling out a corrective action report, inspecting finished products, and processing customer returns. Reactive quality control tends to cost more money and create more waste, since problems aren't discovered until after the products have already been produced.

SOURCE: OP:164

SOURCE: McKenzie, E. (2017, September 26). *The differences in quality control and quality assurance*. Retrieved November 28, 2017, from <https://bizfluent.com/list-7628030-differences-quality-control-quality-assurance.html>

67. D

Building relationships with vendors. Supply chain management is the process of getting products into the marketplace. One aspect of supply chain management is building relationships with vendors to ensure a smooth product flow from production to consumers. Creating advertising campaigns, forecasting sales, and hiring new employees are not aspects of supply chain management.

SOURCE: OP:303

SOURCE: Investopedia. (2016, March 22). *Supply chain management - SCM*. Retrieved November 27, 2017, from <https://www.investopedia.com/terms/s/scm.asp>

68. A

Detect trends. Business analysis is the process of investigating and evaluating a business issue, problem, process, or approach. Businesses analyze financial data to evaluate the financial well-being of their operations at any given time. By comparing the same type of financial information from different consecutive time periods, a business can detect trends. By detecting trends, the business can determine if it needs to make changes. For example, if the business notices a substantial increase in sales-dollar volume over a three-month period, trends indicate an increase in spending. The business may decide to conduct further analysis to determine what customers are purchasing, and decide if it needs to increase the production or inventory-levels of certain products. Businesses analyze markets for many reasons, but they cannot control market activity. To analyze its competitors, a business needs to obtain and review external data. Comparing internal financial data cannot influence buying behavior.

SOURCE: OP:327

SOURCE: Business Queensland. (2017, July 17). *Trend analysis for business improvement*. Retrieved November 28, 2017, from <https://www.business.qld.gov.au/running-business/growing-business/trend-analysis>

69. C

Lets them know why they succeeded or failed. Processes are sets of steps used to reach an outcome. Process thinking means keeping processes in mind throughout a project or business venture. Process thinking helps organizations know why they succeeded or failed because they can look back at and assess the process that was used, which is usually the cause of success or failure. Process thinking does not enable organizations to find out who to blame for issues because it shifts the focus from people to processes. Process thinking encourages documentation rather than helping organizations avoid it. Finally, process thinking encourages collaboration between departments rather than keeping work separate.

SOURCE: OP:474

SOURCE: Pitagorsky, G. (2017). *The importance of process thinking*. Retrieved November 27, 2017, from <https://www.projecttimes.com/george-pitagorsky/the-importance-of-process-thinking.html>

70. D

Reduces the time it takes for goods to reach consumers. Supply chain management allows customers to more quickly get the products into their hands, which improves their satisfaction. Integrating information throughout an organization, improving cash flow, and enhancing data quality do not directly increase customer satisfaction.

SOURCE: OP:477

SOURCE: Dempsey, D. (2017, March 13). *The benefits of supply chain management*. Retrieved November 27, 2017, from <https://www.liaison.com/blog/2017/02/10/benefits-supply-chain-management/>

71. C

Can be read much faster. RFID technology can be read much faster than barcodes. RFID technology is more expensive than barcodes, has reader collision concerns, and still has a chance of privacy problems.

SOURCE: OP:478

SOURCE: Atlas RFID Solutions. (2017). *RFID vs. barcode*. Retrieved November 28, 2017, from <http://www.atlasrfid.com/jovix-education/auto-id-basics/rfid-vs-barcode>

72. B

Transportation. Supply chain network design aligns purchasing, production, warehousing, inventory, and transportation. Supply chain network design does not incorporate marketing, promotion, or the sales force.

SOURCE: OP:479

SOURCE: Balaji, L.N. (2013, July 8). *How to reduce costs through supply chain network optimization*. Retrieved November 28, 2017, from <http://www.industryweek.com/planning-amp-forecasting/how-reduce-costs-through-supply-chain-network-optimization>

73. A
Risk. Global supply chains have longer supply lines, which increases risk for suppliers. Longer global supply lines often reduce the speed of delivery and may or may not increase product quality for suppliers. Longer global supply lines typically have less visibility than local supply chains.
SOURCE: OP:480
SOURCE: Dittmann, P. (2015, August 21). *Managing risk in the global supply chain*. Retrieved November 28, 2017, from http://www.scmr.com/article/managing_risk_in_the_global_supply_chain1
74. B
How the information is accessed. An effective digital inventory records what information is on what media, where the information is located, and how it is accessed. The order of importance, costs associated with the information, and how the information will be used are not as important while inventorying digital assets.
SOURCE: OP:517
SOURCE: Parrish, S. (2014, February 10). *Beyond identity theft: Why you need to protect your digital assets*. Retrieved November 28, 2017, from <http://www.forbes.com/sites/steveparrish/2014/02/10/beyond-identity-theftwhy-you-need-to-protect-your-digital-assets/#2715e4857a0b14a790d82b61>
75. B
Limit installation of outside software programs. Companies should set clear standards for what employees can install and keep on their computers at work. Outside software programs can bring security risks to a company's network and data. Using the same password for all accounts is not a good strategy because it makes accounts more vulnerable to hacking. Backing up your work is a good strategy for protecting customer data. Finally, giving all employees access to customer information is risky. Instead, information should be restricted to only those who need it.
SOURCE: OP:518
SOURCE: National Cyber Security Alliance. (2017). *CyberSecure my business - Protect*. Retrieved November 27, 2017, from <https://staysafeonline.org/cybersecure-business/protect>
76. B
Operations management. Quality control typically falls under the umbrella of operations management. It is not considered part of business analytics, human resources management, or office management.
SOURCE: PD:297
SOURCE: LAP-PD-019—Career Opportunities in Business Management and Administration
77. C
Profit. Trade associations seek ways to increase the profitability of all members' businesses. For example, a local merchants' association might sponsor a Christmas parade to stimulate business for all merchants in the area. Professional organizations are usually concerned with expanding the knowledge of the profession (education or academic endeavors) and maintaining high professional standards to ensure excellent performance. They may sponsor research projects to support these goals.
SOURCE: PD:036
SOURCE: QuickBooks. (2013, January 9). *5 ways that joining a trade association can help you boost business*. Retrieved November 28, 2017, from <https://quickbooks.intuit.com/r/marketing/5-ways-that-joining-a-trade-association-can-help-you-boost-business/>

78. B

Adequate training. Employees carry out the work so the business can achieve its organizational goals. To achieve the business's organizational goals, the business's employees must know how to perform their jobs. Because each business functions differently, it is important for a business to provide its employees with training. When employees are well-trained, and they understand what is expected of them, they have the knowledge to perform their work efficiently. Not all jobs require employees to possess comprehensive analytical skills or to obtain detailed reports. Because businesses have finite resources (i.e., staff, parts, equipment, money), they provide necessary, rather than unlimited, resources for employees to perform their work.

SOURCE: PD:255

SOURCE: McNamera, C. (n.d.). *Assessing your training needs: Needs assessment to training goals*. Retrieved November 28, 2017, from http://managementhelp.org/trng_dev/analyze/analyze.htm

79. B

Terms and commitments. The statement of work (SOW) is a document that outlines the terms, commitments, and conditions of the project. It includes information about the project's activities, timelines, and deliverables. The project team and the project's stakeholders should agree to the SOW contents before beginning the project. A request for proposal is a document that solicits bids for an activity, project, or order from vendors. A results summary contains the results of the project, and is provided to stakeholders upon completion of the project. Charts and materials do not need to be included in the SOW.

SOURCE: PJ:005

SOURCE: Wrike. (2006-2017). *What is statement of work in project management?* Retrieved November 28, 2017, from <https://www.wrike.com/project-management-guide/faq/what-is-statement-of-work-in-project-management/>

80. C

Work breakdown structure dictionary. The work breakdown structure (WBS) dictionary is a comprehensive manual that outlines the project's standards, activity procedures, processes, and terminology. Team members can refer to the WBS dictionary if they need to obtain information about project work activities. The statement of work (SOW) is a document that outlines the terms, commitments, and conditions of the project. The project-production schedule provides details about when activities and outputs must be completed. A critical path analysis involves reviewing the sequence of work activities and the ways in which they are interrelated to determine the minimal amount of time it will take to complete the activities and/or project.

SOURCE: PJ:006

SOURCE: Project Management Knowledge. (2010, October 29). *Work breakdown structure dictionary*. Retrieved November 28, 2017, from <http://project-management-knowledge.com/definitions/w/work-breakdown-structure-dictionary/>

81. A

Control the project. Controlling is the management function of monitoring the work effort. Various reports can help project managers monitor the work effort. An activity-status report provides a project manager with information about where the project stands at a given point. If the activity-status report indicates that the project is running behind, then the project manager can take steps to get the project back on track. Reviewing an activity-status report does not create barriers but may identify them. The project manager determines the project scope and develops project specifications during the project planning phase, rather than the project execution phase.

SOURCE: PJ:009

SOURCE: Villanova University. (2017). *Monitoring and controlling process groups*. Retrieved November 28, 2017, from <https://www.villanovau.com/resources/project-management/pmbok-monitoring-controlling-process-group/#.WPENJdLyuUk>

82. C

Providing evaluative information. The team manager is providing the team member with positive, evaluative information about her work performance. The team manager is not making a suggestion for improvement, requesting a project update, or supporting a team member's decision.

SOURCE: PJ:007

SOURCE: Allan, L. (2003-2017). *Project team management*. Retrieved November 28, 2017, from http://www.businessperform.com/project-management/project_team_management.html

83. D

Hire ten additional construction workers. Adding more resources to a project to shorten its duration is called “crashing.” Stopping the project would not shorten its duration; rather, it would cause the project to be incomplete. Rescheduling tasks that were originally scheduled to run one after the other so that they run at the same time (in this example, installing the lights and painting at the same time) is called “fast tracking” a project. Extending the completion date is a major change to the project that requires many people to approve it. It is not an example of crashing, which is a means of adding resources to get the project done on time.

SOURCE: PJ:010

SOURCE: Monnappa, A. (2017, September 19). *Project management learning series: Fast tracking versus crashing*. Retrieved November 28, 2017, from <https://www.simplilearn.com/fast-tracking-vs-crashing-article>

84. C

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

SOURCE: PJ:008

SOURCE: Semczuk, N. (2017, September 21). *Why and how to document lessons learned (with bonus lessons learned template)*. Retrieved November 28, 2017, from <http://www.thedigitalprojectmanager.com/project-management-lessons-learned-template/>

85. A

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

Market development is the activities that a business implements to increase its target market.

SOURCE: QM:001

SOURCE: LAP-QM-001—Keep it Quality (Nature of Quality Management)

86. C

Guides continuous improvement efforts throughout many levels of the organization. Capability Maturity Model Integration (CMMI) is a software program designed to help businesses continuously improve their processes, outputs, and performance levels. An advantage to using CMMI is that it can help guide improvement for projects, for departments, or throughout the overall organizational structure. CMMI software does not provide the business with confidential information about competitors, implement online permission-based marketing efforts, or summarize changes related to the gross national product.

SOURCE: QM:002

SOURCE: CMMI Institute. (2017). *What is capability maturity model integration (CMMI)?* Retrieved November 28, 2017, from <http://cmminstitute.com/capability-maturity-model-integration>

87. C

Preventing problems. Six Sigma is a quality improvement framework that involves continuously setting higher goals of perfection. The framework builds upon previous goals to set higher goals that continuously improve the quality of the business's goods, services, or processes. The steps the business takes to improve quality help to prevent problems in the future. Hiring qualified employees is a human-resources activity. Expanding product lines is a product/service management consideration. Critics of Six Sigma claim that the framework tends to stifle innovation because the focus is on continuously improving existing processes.

SOURCE: QM:002

SOURCE: DuBrin, A. (2009). *Essentials of management: Instructor's edition* (8th ed.) [p. 286]. Mason, OH: South-Western Cengage Learning.

88. B

Higher demand. 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 the business's productivity levels. Increased productivity levels result in increased outputs, lower costs, and increased revenue. When quality improves, customer satisfaction levels often increase, which often results in a higher demand for the business's goods and services. A premium is an item that a business offers to the purchasers of a particular product. Offering premiums to customers and increasing product options do not impact the continuous quality-improvement efforts of a business's products.

SOURCE: QM:003

SOURCE: Taylor, H. (2017, September 26). *Benefits of continuous quality improvement (CQI)*. Retrieved November 28, 2017, from <https://bizfluent.com/facts-5317408-benefits-continuous-quality-improvement-cqi.html>

89. C

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

SOURCE: RM:041

SOURCE: Campbell, V. (2013, March 19). *Ethics as a risk management strategy*. Retrieved November 28, 2017, from <http://www.afpnet.org/Ethics/EthicsArticleDetail.cfm?itemnumber=16340>

90. B

Security. Risk management is a business activity that involves the planning, controlling, preventing, and procedures to limit business losses. Businesses use technology to minimize security risks. One way that businesses control security risks is by installing firewalls on computer networks to prevent computer hackers from obtaining confidential financial data (e.g., customers' credit-card numbers). Another way that businesses control security risk is by limiting employees' access to certain financial information, which often involves the use of passwords and security codes. Purchasing is the function of acquiring goods and services for use in the business or for resale. Overhead is business expenses such as payroll, rent, and utilities. Performance is the degree to which someone or something successfully accomplishes an activity.

SOURCE: RM:042

SOURCE: Harwood, M. (2009, July 28). *TJX settles data breach for \$9.7 million*. Retrieved November 28, 2017, from [https://sm.asisonline.org/Pages/TJX-Settles-Data-Breach-for-\\$9.7-Million.aspx](https://sm.asisonline.org/Pages/TJX-Settles-Data-Breach-for-$9.7-Million.aspx)

91. B

Negligence. A customer may file a negligence lawsuit against a business if s/he feels that the business has failed to protect her/him from harm or wrongdoing. To minimize their chances of being sued for negligence, risk managers and business owners develop specific policies and procedures to protect customers from being injured and to avoid being blamed for customer injuries, if they occur. An individual may file a private nuisance lawsuit if s/he has been unable to live peacefully at home as a result of a neighbor's barking dog, teenagers having a loud party nearby, etc. If someone fails to fulfill his/her contract (e.g., does not complete promised work, does not pay for services rendered, etc.), the individual or company who entered into that contract with the violator might file a breach-of-contract against him/her. People file discrimination lawsuits when they feel that they were treated unfairly because of their race, religion, gender, or other characteristic.

SOURCE: RM:043

SOURCE: The Law Dictionary. (n.d.). *What is a negligence lawsuit?* Retrieved November 28, 2017, from <https://thelawdictionary.org/article/what-is-a-negligence-lawsuit/>

92. A

Preventative. Businesses must comply with a variety of government regulations. Because regulations often change, it is important for businesses to keep up with changes so they can implement appropriate action, if needed, to stay in compliance. Monitoring regulations is a preventative action because it is taking steps to prevent the negative consequences associated with noncompliance. If a business does not comply with regulations, it can be fined, or in some situations, closed down. In addition, noncompliance may result in a poor public image that lowers the business's credibility with its customers. Corrective, reactive, and remedial actions are taken after issues or problems are identified.

SOURCE: RM:043

SOURCE: CFO Career Planning Tools. (2013, October 16). *Manage risks with preventive, detective, and corrective controls.* Retrieved November 28, 2017, from <http://www.cfocareer.com/manage-risks-preventive-detective-corrective-controls/>

93. A

Determining objectives. The planning function of management involves deciding what will be done and how it will be accomplished. A primary aspect of the planning function is determining the organization's objectives or desired outcomes. Directing is the management function of providing guidance to workers and often involves modifying or changing employee behavior to achieve desired results. One aspect of the control function of management is to measure actual performance against established standards. If performance exceeds the standards, the manager can identify gains. If performance falls below the standards, the manager may need to implement new procedures for improvement.

SOURCE: SM:063

SOURCE: McQuerrey, L. (2017, August 2). *The basic steps in the management planning process.* Retrieved November 28, 2017, from <http://smallbusiness.chron.com/basic-steps-management-planning-process-17646.html>

94. B

Organizing. The management function of setting up the way the business's work will be done is organizing. Organizing involves determining how to best use the available resources (i.e., financial, material, human) in the most efficient manner to achieve the business's goals. Leading is guiding or directing the actions of others in a desired manner. Staffing is the management function of finding workers for a business. Controlling is the management function that monitors the work effort.

SOURCE: SM:064

SOURCE: McNamera, C. (n.d.). *Management function of organizing: Overviews of methods.* Retrieved November 28, 2017, from <http://managementhelp.org/orgnzing/orgnzing.htm>

95. B

Defining employees' roles. Organizing is the management function of setting up the way the business's work will be done. Organizing involves assigning responsibility and tasks to human resources, which defines each employee's role in the business. The planning function of management involves deciding what will be done and how it will be accomplished. The planning function involves developing a blueprint for the organization's activities. Controlling is the management function that monitors the work effort, which includes evaluating productivity or performance against established standards. The production process involves creating or making outputs.

SOURCE: SM:064

SOURCE: Management Study Guide. (n.d.). *Importance of organizing function*. Retrieved November 28, 2017, from http://www.managementstudyguide.com/organizing_importance.htm

96. A

A need for process improvement. Process improvement occurs when a business's managers figure out how to increase efficiency. This often includes making changes to human resources. Process improvement isn't the same as needing new types of skills and experience, experiencing a change in government regulations, or feeling pressure from the competition.

SOURCE: SM:065

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

97. B

Motivating. Directing is the management function of providing guidance to workers and work projects. A directing activity is motivating employees, which is prompting them to continue a certain behavior or to take a certain action. When a manager provides employees with positive verbal feedback for their performance or offers monetary incentives for them to achieve certain goals, the manager is motivating employees. Supervising involves monitoring the work effort. Coordinating involves linking activities to achieve a desired outcome. Producing involves combining inputs to create outputs—making goods or services.

SOURCE: SM:066

SOURCE: Management Study Guide. (n.d.). *Functions of management*. Retrieved November 28, 2017, from http://www.managementstudyguide.com/management_functions.htm

98. B

Feedforward. Control is the management function of monitoring the work effort. Managers monitor the work effort in many ways. Feedforward control involves taking preventative measures and occurs before a business activity is performed. Feedforward control often involves establishing standards (e.g., quality of materials used in production) and procedures for carrying out the activity. Concurrent control involves monitoring the work while the employee performs it. This allows the manager to determine if the employee is performing the work correctly and efficiently. Feedback controls occur after a business activity has been completed. A standard is a control tool and a measure for determining the level of excellence of something.

SOURCE: SM:004

SOURCE: Daft, R.L., & Marcic, D. (2009). *Understanding management: Instructor's edition* (6th ed.) [pp. 561-564]. Mason, OH: South-Western Cengage Learning.

99. D

Explain to all employees why the change is needed and how it will help. The company should communicate to all employees what the change is and why it is occurring. If employees understand why the change is important and how it will help them, they will have an easier time adjusting to the change. The company should not execute the change without telling employees or only let the employees know about the change after it has occurred. All employees should be involved, not just high-ranking employees.

SOURCE: SM:095

SOURCE: Gilbert, J. (2009, April 14). *The change management life cycle; involve your people to ensure success*. Retrieved November 28, 2017, from <http://www.batimes.com/articles/the-change-management-life-cycle-involve-your-people-to-ensure-success.html>

100. B

Companies do not properly execute the change-management lifecycle. Many organizational changes fail because the changes are not implemented properly. Big changes may be difficult to execute throughout entire companies, but it can be done by using the change-management lifecycle. Most people are resistant to change, but executing a change correctly can help them accept the change. Employees may need a large amount of time to adjust to changes.

SOURCE: SM:096

SOURCE: Gilbert, J. (2009, April 14). *The change management life cycle; involve your people to ensure success*. Retrieved November 28, 2017, from <https://www.batimes.com/articles/the-change-management-life-cycle-involve-your-people-to-ensure-success.html>