

KEY

Test Number 1024

Business Management and Administration Cluster Exam

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1. B
Rights of business. Many governmental agencies are responsible for enforcing rules and regulations that are intended to protect the rights of businesses. Some of these agencies help to keep the marketplace competitive and protect businesses' trade secrets and formulas from being stolen. The agencies often develop a strong relationship with businesses in the process of protecting their rights. Governmental agencies do not protect the barriers to trade, the target market, or the monetary policy.
SOURCE: BL:072
SOURCE: O'Sullivan, A., & Sheffrin, S.M. (2003). *Economics: Principles in action* (pp. 54-55). Upper Saddle River, NJ: Prentice Hall.

2. A
Multi-level marketing. Multi-level marketing refers to a business, usually well known, that pays commissions on sales earned to people at two or more levels. The sales representatives usually work independently of the company. A product trade-name franchise is a franchise arrangement based on an independent sales relationship between a franchisor and franchisee to stock and sell a specific line of goods. It is also known as a dealership or exclusive distributorship. Licensing is a business arrangement that requires the authorization or permission from an owner to another entity to use trademarked, copyrighted (e.g., logo, name), or patented material for a specific activity, during a specific time period, for the profit of both parties. Strategic partnering is not a term that is recognized as a method of business ownership.
SOURCE: BL:003
SOURCE: BA LAP 7—Own It Your Way

3. C
Past experiences. People often think they know what someone is going to say before they say it and as a result do not listen well. People's past experiences may influence how well they listen because they think they already know the answer or understand the explanation. Effective listeners try to block out past experiences and focus on what the speaker is saying. Age differences, attention span, and language skills are other factors that may affect how well people listen.
SOURCE: CO:119
SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [pp. 18-22]. Mason, OH: Thomson South-Western.

4. B
Giving honest responses. The three main reasons for active listening are gathering information, forming an opinion, and connecting with and helping people. Giving an honest response is a good thing to do, but it is not one of the reasons for active listening.
SOURCE: CO:017
SOURCE: QS LAP 1—Listen Up

5. B
Having a pleasant voice. Verbal communication has a much more positive effect on listeners when the speaker has a pleasant voice. Listeners are more likely to concentrate on the speaker's message than they would if the speaker's voice is harsh, unpleasant, or irritating. Enunciating, or pronouncing clearly, is important but should not necessarily be done rapidly. Mannerisms are part of body language, the way you express yourself through posture, facial expression, etc., and these are not forms of verbal communication.
SOURCE: CO:147
SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [p. 32]. Mason, OH: Thomson South-Western.

6. A

Their names. Answering a business phone requires a more formal procedure than answering a personal phone. People who phone a business expect to be greeted with the name of the company and the name of the person who answered. Customers feel more comfortable dealing with individuals who have identified themselves. It is not necessary for the employee answering the telephone to automatically recite the address of the company, explain its purpose, or give the time of day to the caller unless specifically asked.

SOURCE: CO:114

SOURCE: Odgers, P. (2004). *The world of customer service* (pp. 128-129). Mason, OH: South-Western.

7. C

Many opinions increase the chances of developing useful recommendations. Many businesses encourage employees to participate in group discussions to analyze problems and find solutions. The advantage is that when employees share many different opinions, there is an increase in the chance of developing useful recommendations. However, the group leader needs to encourage participation, and make all members feel comfortable so they will express their ideas and opinions. A disadvantage of group discussions is that participants often tend to start thinking the same. Also, they may not want to share controversial suggestions. Participants may be too willing to conform rather than express different opinions.

SOURCE: CO:053

SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [p. 132]. Mason, OH: Thomson South-Western.

8. C

Attractive visuals. The use of attractive visuals often enhances an oral presentation because visuals make the information easier to understand. Also, visuals attract attention and help to keep the audience focused on the message. Having charts, graphs, photographs, or slides helps to make the presentation more interesting to the audience. Employees do not include written notes, detailed instructions, or coffee breaks to make oral presentations more interesting to the audience.

SOURCE: CO:025

SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [pp. 194-195]. Mason, OH: Thomson South-Western.

9. B

Progress. A progress report is usually prepared to let management know whether a project is on schedule. A credit report concerns the credit standing of a credit applicant. An analytical report is a longer report that not only presents data but analyzes the data and presents the results. A message report is a memo containing a message for an employee.

SOURCE: CO:094

SOURCE: Leskiar, R.V., & Flatley, M.E. (2005). *Basic business communication: Skills for empowering the Internet generation* (10th ed.) [pp. 318, 322]. Boston: McGraw-Hill/Irwin.

10. C

Feasibility study. An analytical report provides evaluative information. A feasibility study is a type of analytical report that explores the positive and negative consequences or the implications associated with taking a certain course of action, such as changing vendors. A troubleshooting guide is a document that provides guidance for solving problems with a product or process. An opportunity assessment presents favorable circumstances that potentially benefit the business and is an element of a SWOT analysis, which evaluates a business's strengths, weaknesses, opportunities, and threats.

SOURCE: CO:185

SOURCE: Bovée, C. L., & Thill, J. V. (2008). *Business communication today* (9th ed.) [pp. 407-413]. Upper Saddle River, NJ: Pearson Prentice Hall.

11. B
Recommendations. A research report is a written document that summarizes an investigation related to a particular issue or problem. The recommendations section is the proposed course of action, and it is the last component presented in the report. The purpose of the study, which appears at the beginning of the report, describes why the research is needed. The background or historical information is presented at the beginning of the report and usually appears after the purpose of the study. The methodology section of the report appears in the middle of the report and discusses the types of research tools used and why they were selected.
SOURCE: CO:186
SOURCE: Walonick, D. (2005). *Elements of a research proposal and report*. Retrieved September 21, 2009, from <http://www.statpac.com/research-papers/research-proposal.htm>
12. A
An office memorandum. An office memorandum, or memo, is the most commonly used method of in-house communication in many businesses. It may be handwritten, typed, or sent by e-mail. A letter of transmittal is a letter that accompanies a long report or proposal. A business letter would be used to communicate with another business. It is inappropriate to write a personal letter to a supervisor.
SOURCE: CO:014
SOURCE: Bovée, C. L., & Thill, J. V. (2008). *Business communication today* (9th ed.) [p. 98]. Upper Saddle River, NJ: Pearson Prentice Hall.
13. D
Result in customer satisfaction. Making customers feel important is a goal of demonstrating a customer-service mindset. Customers should feel welcome and that their satisfaction is important to everyone concerned. By focusing on the customers' needs, employees can increase sales and benefit the business. The customer-service mindset should be practiced by all employees regardless of whether employees have direct contact with customers.
SOURCE: CR:004
SOURCE: Odgers, P. (2004). *The world of customer service* (p. 6). Mason, OH: South-Western.
14. B
Suspicious. Suspicious customers may become regular customers if the salesperson can gain their confidence and trust. Disagreeable customers are often surprised and calmed by salespeople who are composed, courteous, and efficient. Domineering/Superior customers should be made to feel important and in charge, which will help them to convince or sell themselves. Slow/Methodical customers may need more action on the salesperson's part in order to close within a reasonable period of time.
SOURCE: CR:009
SOURCE: EI LAP 1—Making Mad Glad (Handling Difficult Customers)
15. D
Thank the customer for identifying the problem. Letting the customer know that you appreciate hearing about the problem helps to calm irate customers. It's difficult for those customers to remain angry when you're letting them know how much you appreciate their information. Asking the irate customer why s/he thinks there is a problem or telling the customer his/her complaint is not justified would be likely to increase the customer's anger. Explaining company policy may help the situation but would be a later step in handling the complaint.
SOURCE: CR:010
SOURCE: Odgers, P. (2004). *The world of customer service* (pp. 54-55). Mason, OH: South-Western.
16. B
Who buys and uses the product. Industrial products are purchased by producers for resale, to use in making other goods and services, or for use in their operations. Consumer goods and services are purchased and used by the ultimate consumer. Price, origin, and producer have no bearing on whether a product is a consumer or an industrial item.
SOURCE: EC:002
SOURCE: EC LAP 10—Get the Goods on Goods and Services (Economic Goods and Services)

17. B

Concert tickets. Elastic demand is a form of demand for products in which changes in price affect changes in demand. Products that are not considered essential have elastic demand. The demand for them will go down as prices increase. So, while concerts may be popular, if the price of tickets goes up, consumers will find other activities.

SOURCE: EC:005

SOURCE: EC LAP 11—It's the Law (Supply and Demand)

18. A

They produce products that are the most profitable. Producers will sell goods and services at the highest prices the market will bear at the lowest cost possible. They are driven by incentives, or profits, and they want the most profit possible. They need information to decide whether to buy, what to buy, and how much to buy.

SOURCE: EC:006

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 526-527). Woodland Hills, CA: Glencoe/McGraw-Hill.

19. C

Create new and better products. Businesses have the responsibility to consumers of producing and/or selling safe, quality products. They can provide these products by conducting research to determine consumer desires, developing desired products, and testing their quality and safety. A business's research and development activities may create jobs or put it in a favorable position for a government grant, but those are not socially responsible goals of such activities. Balancing the budget is part of financial management.

SOURCE: EC:070

SOURCE: EC LAP 20—Business Connections (Business and Society)

20. B

Cost of goods. The cost of goods is the amount of money a business pays for the products it sells or the money a business pays for the raw materials from which it produces goods to sell. Expenditures necessary to keep the business running are called operating expenses. Advertising, utilities, and supplies are all operating expenses.

SOURCE: EC:010

SOURCE: EC LAP 2—Risk Rewarded

21. A

Sherman Antitrust Act. This legislation, passed in 1890, was our government's first attempt to protect competition. The Celler-Kefauver Antimerger Act protects competitors from takeovers if the acquisition would hinder competition. The Robinson-Patman Act prohibits discriminatory price concessions, while the Clayton Act prevents business actions, such as price discrimination, that might restrict competition.

SOURCE: EC:012

SOURCE: EC LAP 8—Ready, Set, Compete! (Competition)

22. D

Specialization. When labor is specialized, there are many advantages to the company and the employee. Among these advantages are simplified worker training, increased production rates, and increased employee interest. Job scope refers to the frequency that a job task is performed. Job depth refers to the amount of control a worker has over his/her job tasks. Mass production refers to the rapid production of a large quantity of goods and may not always be associated with the advantages that accompany job specialization.

SOURCE: EC:014

SOURCE: Clayton, G.E. (2005). *Economics: Principles & practices* (p. 16). New York: Glencoe/McGraw-Hill.

23. B

The government gives Mr. Jones \$50 in food stamps. This transaction is not included in GDP because it is a transfer payment. Transfer payments are payments made by the government for which no goods or services are received in exchange. A city's purchase of a police car, a state's construction of a new highway, and the government's purchase of a copying machine would all be included in the calculation of GDP.

SOURCE: EC:017

SOURCE: McConnell, C.R., & Brue, S.L. (2005). *Economics: Principles, problems, and policies* (16th ed.) [pp. 112-116]. Boston: McGraw-Hill/Irwin.

24. C

Spatial differences. Cultures view space differently. In some countries (e.g., U.S.), it is acceptable for people to maintain distance from others during conversation. In other cultures (e.g., Mexico), people feel it is unfriendly to maintain distance and prefer to stand or sit closely when conversing. Clothing, makeup, and hygiene are issues that relate to appearance. Punctuality relates to the concept of time. Language variations are differences in language.

SOURCE: EC:130

SOURCE: InternationalBusinessCenter.org. (1998-2008). *Mexico: Behavior*. Retrieved September 21, 2009, from <http://www.cyborlink.com/besite/mexico.htm>

25. A

Dress conservatively. It is important for U.S. businesspeople to understand different customs and practices to avoid offending businesspeople from different countries and culture. When doing business in France, it is important to dress conservatively by wearing a dark or neutral-colored business suit. French people consider it rude to speak loudly and to arrive somewhere unannounced. Gift-giving practices depend on the specific business's policies.

SOURCE: EC:131

SOURCE: InternationalBusinessCenter.org. (1998-2008). *France*. Retrieved September 21, 2009, from <http://www.cyborlink.com/besite/france.htm>

26. D

It is important to arrive at meetings on time. It is important for a businessperson to understand a foreigner's business customs and practices so that s/he does not exhibit behavior that offends the foreign businessperson. Conducting research and learning about a country's customs will help the businessperson exhibit acceptable behavior. For example, punctuality is important to Chilean businesspeople, so it is important to arrive to meetings on time. Exhibiting proper table manners and maintaining direct eye contact are also important behaviors when conducting business with Chileans. Children and family are good conversational topics. Politics and human rights are conversational topics to avoid.

SOURCE: EC:132

SOURCE: InternationalBusinessCenter.org. (1998-2008). *Chile*. Retrieved September 21, 2009, from <http://www.cyborlink.com/besite/chile.htm>

27. A

Patient. A patient person has the ability to endure life's aggravations and difficulties calmly. Exhibiting patience is important when doing business with foreigners because their customs and practices often differ from our own. In some countries, businesspeople make their decisions quickly, while businesspeople in other countries (e.g., China) take more time to make business decisions. If a foreign businessperson does not exhibit patience and behaves in an aggressive, conceited, or intolerant way, s/he may offend the Chinese businessperson and lose an important business deal.

SOURCE: EC:133

SOURCE: InternationalBusinessCenter.org. (1998-2008). *China: Behavior*. Retrieved September 21, 2009, from <http://www.cyborlink.com/besite/china.htm>

28. B

Nonverbal behavior. It is important for foreigners to monitor their nonverbal behavior or body language, so they do not offend Indian businesspeople. Gestures that might not be offensive in some cultures are offensive in others, such as putting your hands on your hips. Oral tradition is associated with verbal communication or language. Social status refers to a person's social class, which is often influenced by education, money, surname, title, occupation, and geographic location. Wearing the appropriate clothing is a consideration that relates to appearance.

SOURCE: EC:135

SOURCE: InternationalBusinessCenter.org. (1998-2008). *India: Behavior*. Retrieved September 21, 2009, from <http://www.cyborlink.com/besite/india.htm>

29. A

Solving problems. In this example, Penny did not communicate her needs, persuade others, or display flexibility. She used her emotional intelligence to solve problems—acknowledging and separating negative feelings from the positive action you can take to find a solution.

SOURCE: EI:001

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

30. B

Self-control. By not saying anything to Anna and concentrating on his duties, Alex is demonstrating self control. He is restraining his feelings, words, and actions toward Anna's complaining. Assertiveness is the ability to express yourself; communicate your point of view; and stand up for your rights, principles, and beliefs, while respecting authority and being tactful. Interest and enthusiasm is showing interest in those around you, the goods/services that you market, and in your business in general. Adaptability is flexibility, the ability to adjust to changing conditions.

SOURCE: EI:018

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

31. B

Tone of voice can be used to express emotions and thoughts. This means that people can show their interest and enthusiasm by what they say and by the way they say it. Although body language conveys intent, people can communicate how they feel through their choice of words. The words that people use often express their interest and enthusiasm. A key element of verbal communication is listening.

SOURCE: EI:020

SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [pp. 35, 155]. Mason, OH: Thomson South-Western.

32. A

Failing to accept responsibility for his actions. When you take responsibility for your actions, you accept the consequences (good and bad) of your behavior, which is based on the decisions you make. Taking responsibility for your actions often involves admitting and learning from your mistakes and trying to do better in the future. In the example, Ned became defensive about a mistake that he made and blamed another employee. By blaming another employee, Ned is failing to accept responsibility for his actions, which were pulling and packing an incorrect item. Ned is not offering to correct the customer's order, nor is he acknowledging that he made a costly mistake.

SOURCE: EI:075

SOURCE: Payne, S. (n.d.). *Accepting responsibility for your own work*. Retrieved September 17, 2009, from <http://www.helium.com/items/1587239-accepting-responsibility-for-your-own-work>

33. D
Schedule enough time to complete activities. It is important for employees to allow sufficient time to complete a work activity. For example, if an employee must present a report at a 2:00 p.m. meeting, and it takes two hours to prepare the report, the employee should not begin preparing the report at 1:00 p.m. that day. Employees do not always have authority to delegate their work to coworkers or to reorganize their work goals. Focusing on the least important tasks will not always help employees to effectively manage their work commitments.
SOURCE: EI:077
SOURCE: Time Management. (n.d.). *Manage your scheduling commitments—six effective guidelines to get things done (part 1)*. Retrieved September 21, 2009
<http://www.timemanagment.info/111/manage-your-time-scheduling-commitments-six-effective-guidelines-to-get-things-done/>
34. D
Evaluate your own behavior. Self-control is the ability to manage your feelings, words, and actions. In order to develop self-control, you need to evaluate your own behavior to determine how much self-control you have or need. Reading, attending lectures, and asking the advice of friends can provide ideas and insight; but you must take personal action in order to reach a goal.
SOURCE: EI:025
SOURCE: EI LAP 14—Control Yourself! (Self-Control)
35. B
Constructive. Constructive criticism is evaluative information designed to help employees improve themselves. Destructive criticism serves only to hurt or discredit an employee. Negative criticism identifies shortcomings. Internal criticism is self-evaluation.
SOURCE: EI:003
SOURCE: EI LAP 15—Grin and Bear It (Using Feedback for Personal Growth)
36. D
"Christine, your situation sounds like a problem I had with my manager." Empathetic behavior is characterized by intellectual identification with the thoughts, feelings, values, attitudes, and/or actions of another person. "I think it should be this way, but I guess we can do it your way," represents passive behavior. Passive behavior is characterized by failure to exercise personal rights and a lack of respect for personal needs. The remaining alternatives represent apathetic behavior, which is characterized by indifference or lack of interest.
SOURCE: EI:030
SOURCE: EI LAP 12—Have a Heart (Empathy)
37. D
Observing feedback from the receiver. The way in which listeners react to what they hear is a form of feedback. Feedback can be expressed through words or gestures. For example, a puzzled expression may indicate lack of understanding, while a nod of the head or a positive comment such as "Yes, I see" would indicate the receiver feels s/he understands what the speaker is saying. In some cases, repeating the message may be necessary but does not tell the speaker whether the message was understood. Organizing the message and using appropriate gestures are good communication techniques.
SOURCE: EI:007
SOURCE: Miculka, J. (2007). *Speaking for success* (2nd ed.) [pp. 8-9]. Mason, OH: Thomson South-Western.
38. B
Being flexible. By keeping his team focused on the vision even when outsiders are negative and circumstances are in flux, Paul is demonstrating flexibility. Flexibility is important when working toward a vision because it is a long-term project that will encounter many struggles along the way. In this situation, Paul is not demonstrating listening skills, establishing relationships, or being an example.
SOURCE: EI:060
SOURCE: EI LAP 13—Vision Quest (Enlisting Others in Vision)

39. A
Democratic. Democratic-style managers seek input from employees and discuss work-related problems with them. Authoritarian managers emphasize assigning specific job duties and responsibilities with little employee involvement. Laissez-faire is an open style in which managers provide little or no employee direction.
SOURCE: EI:037
SOURCE: EI LAP 5—Can You Relate?
40. C
Revolving. The form of credit that the Gibsons applied for with Dellmart Superstore is known as revolving credit. This type of credit account limits the total amount of money that may be owed and charges interest on outstanding balances. A regular credit account is a credit account which allows credit users to buy at any time during a set time period, usually 30 days. It is also called an open account. A budget account is a form of short-term credit often set up for 60- or 90-day periods with a payment due every 30 days. An installment credit account is a type of credit account set up to handle one total amount of credit which is to be paid in regular installments.
SOURCE: FI:002
SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 685-686). Woodland Hills, CA: Glencoe/McGraw-Hill.
41. D
Return. Investors are willing to take a risk for the potential of return (reward or benefit they might receive). The return is what the investment can potentially earn for the investor. Prizes are awarded to players in sweepstakes contests. Bonuses are added to employees' paychecks. And, recognition is positive attention for extraordinary achievements. Prizes, bonuses, and recognition do not provide the motivation for investing.
SOURCE: FI:077
SOURCE: QS LAP 32—Risky Business?
42. D
Developing a financial plan. The development of a financial plan is the most critical step in reducing business risk. The goal of the financial plan is to reduce the need for capital to the lowest possible level and still produce the desired profit. Managers need to become familiar with financial terms and with the five financial tools that are used to make the necessary estimates in order to alter their marketing strategy to reflect financial realities. Organizing an inventory system, installing a telephone code, and preparing an employment policy are not steps in reducing business risk.
SOURCE: FI:084
SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (pp. 13-14). South-Western Cengage Learning.
43. B
\$42,315. The assets of a business include cash, accounts receivable, inventory, and property or equipment. In order to determine the assets, add those four figures ($\$6,500 + \$3,725 + \$7,240 + \$24,850 = \$42,315$). Short-term debt is a liability because the business owes that money. Short-term debt ($\$5,300$) is not included in assets.
SOURCE: FI:085
SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)
44. C
\$8,970. Cash receipts are the specific sources of money flowing into the business from such things as interest income and the sale of goods and assets. Only collected money, not monies owed to the business from credit sales, is recorded under cash receipts. In this example, add the sale of assets, interest, and cash sales to determine cash receipts ($\$5,100 + \$245 + \$3,625 = \$8,970$).
SOURCE: FI:091
SOURCE: FI LAP 6—Count the Cash (Cash Flow)

45. C
Revenue. Revenue is the money received by resource owners and by producers for supplying goods and services to consumers. Revenue is an important component of an income statement because it indicates the total amount of money a business earns from all sources such as sales, interest, and dividends. A business's revenue should exceed its expenses in order for the business to make a profit. Taxes are calculated on the net income determined by the income statement. Assets are anything of value that a business owns. Liabilities are debts that a business owes.
SOURCE: FI:094
SOURCE: FI LAP 4—Watch Your Bottom Line (Income Statements)
46. B
Monetary returns and risks. The finance function obtains, monitors, and controls funds so the business can achieve its objectives. Finance involves monitoring monetary returns (e.g., sales revenues, investment profits) and analyzing risks (possibilities of loss) associated with expenses and investments. The financial function does not directly monitor or control the business's product-development process, supply channel members, and selling efforts.
SOURCE: FI:354
SOURCE: Gaspar, J., Bierman, L., Kolari, J., Hise, R., Smith, L., & Arreola-Risa, A. (2006). *Introduction to business* (p. 443). Boston, Houghton Mifflin.
47. A
Credit. Credit is often associated with finance, the process of obtaining funds and using them to achieve the goals of the business. Many businesses use credit to obtain funds from lenders, and offer credit to customers to increase sales. The way businesses use credit might be a legal consideration, particularly if the business misrepresents its net worth to obtain credit, or misrepresents the cost of credit to customers. Therefore, it is important for businesses to make sure they understand and follow the law with regard to the use of credit. Legal considerations for finance usually do not involve a business's use of equipment, resources, or profit.
SOURCE: FI:356
SOURCE: Everard, K.E., & Burrow, J.L. (2001). *Business principles and management* (11th ed.) [pp. 487-489]. Cincinnati: South-Western.
48. A
They control all other company resources. Human resources are a company's most important resource because they control all other company resources. That's why it's so vital to have appropriate human resources in place at all times. Human resources are not necessarily a company's most expensive or least expensive resource.
SOURCE: HR:410
SOURCE: HR LAP 35—People Pusher (Nature of Human Resources Management)
49. A
Personal gain. Robert possesses certain knowledge that may help other employees perform their jobs more efficiently, which might improve the group's cohesiveness and teamwork. Because Robert is purposely withholding this information, he is more concerned with his personal career advancement than he is with helping the company improve its performance. Inevitable disclosure is a concept that suggests that workers are likely to intentionally or unintentionally share their current employers' trade secrets with future employers. Inevitable disclosure and privacy are not reasons why Robert is unwilling to share his knowledge with coworkers.
SOURCE: KM:002
SOURCE: Wang, Chi-Chien. (2004, September 19). The influence of ethical and self-interest concerns on knowledge sharing intentions among managers: An empirical study. *International Journal of Management*, Vol. 21, Issue 3, pp. 370-380.

50. A
Intranet. An intranet is a private, internal network that links a company's computers. Intranet capabilities allow one or more employees to access and share the same information. The Internet is a worldwide (external) network of computers that enables users to access information and communicate with others. A web blog is an online diary or journal. An interstitial is a type of online advertisement.
SOURCE: KM:003
SOURCE: Soloman, M. R., Marshall, G. W., & Stuart, E. W. (2008). *Marketing: Real people, real choices* (5th ed.) [pp. 107-109]. Upper Saddle River, NJ: Pearson Prentice Hall.
51. C
After examining the chemical makeup of an existing product on the market, a researcher recreates and sells a similar product. Independent discovery of a trade secret is legal. Because the researcher recreated the formula by examining an existing product (reverse engineering), s/he was not breaking trade-secret laws. Breaching a nondisclosure agreement, hacking into another business's computer system, and selling information to a third party for personal gain are illegal actions.
SOURCE: KM:004
SOURCE: Nolo. (n.d.). *Trade secret basics faq: What every business owner should know about trade secret law*. Retrieved September 15, 2009, from <http://www.nolo.com/article.cfm/pg/5/objectId/90781CA8-0ECE-4E38-BF9E29F7A6DA5830/catId/1FBE2D95-203C-4D38-90A2A9A60C6FD618/310/119/FAQ/>
52. B
Observation. Observation involves obtaining information by watching others perform a task or activity. A business can obtain knowledge about work-task processes by observing employees performing their jobs. The manager is not rationalizing or imitating the employee's behavior. There is not sufficient information provided to determine if the manager is asking questions or interrogating the employee.
SOURCE: KM:005
SOURCE: Milton, N. (2003, November 20). *Knowledge acquisition*. Retrieved September 22, 2009, from <http://www.epistemics.co.uk/Notes/63-0-0.htm>
53. B
Customers may feel they are losing their human touch. Technological advances can help companies provide more customer service with fewer employees, but companies must be careful because customers may feel they are losing their human touch if they can only reach an automated telephone service or get online to receive help. Computers and telephones may break down, but not necessarily on a regular basis. Current employees may not be happy if their jobs are replaced with technology, but they will not necessarily go on strike. Technology *can* provide 24-7 service, which is one of its benefits.
SOURCE: MK:019
SOURCE: MK LAP 3—Just Do It...Right (Company Actions and Results)
54. C
Audit. A risk involved with information management is being unprepared for a government audit, in which the company would have to present accounting records for auditors to “look at the books.” Tax breaks, elections, and loans don't necessary pose risks for businesses as far as preparedness.
SOURCE: NF:110
SOURCE: NF LAP 3—In the Know (Nature of Information Management)
55. A
Forward. By clicking the “forward” button, the message recipient can send the message to another person. The reply key allows the recipient to respond to the sender's message. The edit function allows changes to be made to an e-mail message. The new key allows the sender to create an e-mail message.
SOURCE: NF:004
SOURCE: About.com. (n.d.). *How to forward e-mails*. Retrieved September 23, 2009, from http://email.about.com/od/howtoforwardemails/How_to_Forward_Emails.htm

56. C

Minus sign. Placing the minus sign (-) before a word entered in the query field will exclude the word from the search. For example, if an individual wanted to conduct a search for information about cars but doesn't want information about Ford cars, s/he enters the query [cars -Ford]. To search for an exact phrase, the Web user should place quotation marks around the phrase (e.g., "AMC cars"). Exclamation points (!) and the number sign (#) are not symbols that exclude a word from a Web search.

SOURCE: NF:006

SOURCE: Google (2009). *Google search basics: More search help*. Retrieved September 23, 2009, from <http://www.google.com/support/websearch/bin/answer.py?hl=en&answer=136861>

57. D

Highlight the main points of the discussion. Presentation software is used to support an oral presentation. The visuals serve as an outline to the speaker's discussion, which can reduce or eliminate the speaker's need for additional notes. Too much text or detail on each visual or slide might overwhelm or confuse the audience. Graphic elements should support the text or presentation message. The audience is a key consideration when developing an effective presentation. For example, content presented to a board of directors might differ from information presented to a potential customer. Therefore, general content is not necessarily included just because it is needed for other presentations.

SOURCE: NF:008

SOURCE: Locker, K.O. (2000). *Business and administrative communication* (5th ed.) [pp. 489-490]. Boston: Irwin/McGraw-Hill.

58. C

The same criteria. The query is the mechanism used to obtain the desired information from the database. The desired information involves pulling records that have the same or matching criteria. For example, a business that wants to obtain its customers' credit transactions from the state of Wisconsin for July 1, 2009 would set the query using the appropriate values for the credit, state, and date fields to pull all of the records with the desired information. Some of the other information in various database fields may differ, such as the name and address of each customer. A query pulls specified information rather than random, meaningless statistics. After the query is set and the data or records are retrieved, businesspeople can evaluate the data and organize them into useful information.

SOURCE: NF:009

SOURCE: Chapple, M. (2009). *What is a database?* Retrieved September 14, 2009, from <http://databases.about.com/od/specificproducts/a/whatisadatabase.htm>

59. C

Groupware computer. Groupware computer software allows employees to share and access the same information from a variety of locations. The ability to access the same information allows each employee to have the necessary data to complete his/her portion of the project in a timely manner. Using groupware computer applications can increase productivity and efficiency. Businesspeople use presentation software to develop computer-operated visual aids that support an oral presentation. Spreadsheet software programs are designed to organize, calculate, and analyze mathematical or numerical information. Data mining is the process of searching computer databases to look for patterns and relationships among information.

SOURCE: NF:011

SOURCE: Whitehead, B. (2005, November 1). *The benefits of using groupware for project management*. Retrieved September 23, 2009, from <http://www.web-conferencing-zone.com/4038-groupware.htm>

60. B

Integrated. Project-management software helps project managers automate, schedule, and track the various project components by computer. An integrated project-management software program performs many types of basic functions, such as database, spreadsheets, graphics, and word-processing. Stand-alone project-management software performs one function. Presentation software is used to create visual aids to support oral presentations. Abstract is not a type of project-management software.

SOURCE: NF:130

SOURCE: Portny, S., Mantel, S. J., Meredith, J. R., Shafer, S. M., & Sutton, M. M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 47-51). Hoboken, NJ: John Wiley & Sons.

61. C

Use a system. By committing to a workable structure for record keeping, Jackson will be following the good-record-keeping tip of "use a system." He may or may not choose to use a computer, and he may or may not avoid hazards as he proceeds—although he should! Preventing natural disasters is outside of Jackson's control.

SOURCE: NF:001

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

62. D

Following local fire ordinances. Operations management is the process of planning, controlling, and monitoring the day-to-day activities required for continued business functioning. An important aspect of operations management is complying with safety laws, such local fire ordinances. Many jurisdictions require businesses to have a certain number of fire extinguishers and exits and may require businesses to post escape routes throughout the building. The finance function is responsible for determining how company resources will be invested. Advertising and pricing laws are related to the marketing function of business.

SOURCE: OP:339

SOURCE: Beatty, J. F., & Samuelson, S. S. (2008). *Essentials of business law* (3rd ed.) [p. 661]. Mason, OH: Thomson/South-Western.

63. B

Poor housekeeping can cause safety hazards. Cluttered areas of the workplace can create safety hazards. For example, people can trip over items lying on the floor, slip on liquids that have been spilled, or be injured when poorly-stacked containers fall over. Safety hazards differ according to the kind of business. Equipment that needs repair may have loose parts or malfunction in a way that would injure workers. Safety hazards are not obvious to most people unless they have been taught to recognize them.

SOURCE: OP:007

SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2006). *Marketing dynamics* (pp. 406-410). Tinley Park, IL: Goodheart-Willcox.

64. C

Determine the severity of the injury. The action that is needed depends upon how severe the injury is. The customer should not be moved until qualified medical personnel have examined the customer to determine the proper course of action. While it might be best for employees not to discuss the accident with outsiders, they should report it to an appropriate supervisor or manager. Most businesses keep records of all accidents occurring on the premises in order to protect the company in case of a lawsuit.

SOURCE: OP:009

SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2006). *Marketing dynamics* (pp. 406-410). Tinley Park, IL: Goodheart-Willcox.

65. A
Effective security devices. Internal theft is any kind of theft by employees of the business. The majority of businesses find that internal theft is an even greater problem than shoplifting. Businesses that do not have security devices to monitor employees' activities are more likely to experience internal theft. Outside lighting systems are helpful in deterring robberies. Electronic cash registers and personal computers do not prevent internal theft.
SOURCE: OP:013
SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [pp. 383-385]. Upper Saddle River, NJ: Prentice Hall.
66. D
Develop a to-do list. A to-do list contains every activity that the employee needs to accomplish in a period of time. After developing the to-do list, the employee can rank each activity's importance (prioritize) in relation to the time it takes to complete the activity and the activity's deadline. Multi-tasking involves working on several activities at one time. Employees may not have the authority to change work deadlines. Working overtime may help the employee complete the work on time, but this action will not help the employee to prioritize the work.
SOURCE: OP:228
SOURCE: eHow.com. (n.d.). *How to prioritize at work*. Retrieved September 16, 2009, from http://www.ehow.com/how_2293060_prioritize-work.html
67. D
Concurrent. Concurrent activities are done simultaneously. Depending on the nature of the project and the types of activities required, some activities can be done at the same time, rather than in a sequential or chronological order. There is not enough information provided to determine if the activities are independent or if they overlap with each other.
SOURCE: OP:230
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 110, 112]. New York: Penguin Group.
68. C
Leadership. One of the most important skills is the ability to guide or direct the actions of others in a desired manner. One of the main roles of a project manager is to lead the group to achieve the project's goal. Members follow an effective leader because the leader motivates them and includes them in making decisions. Education is not a skill. Integrity is a personal quality rather than a skill. Strength is a physical attribute.
SOURCE: OP:002
SOURCE: QS LAP 18—Make It Happen
69. C
Share relevant information. To maintain favorable relationships with its vendors, a business should share relevant information. Open, frequent, and honest communication can build trust and respect, which facilitate long-term business relationships. A competitive orientation may help the business achieve short-term goals, but may damage long-term vendor relationships. Automating ordering processes and requesting volume discounts will not always help the business maintain long-term relationships with its vendors.
SOURCE: OP:241
SOURCE: Krajewski, L.J., Ritzman, L.P., & Malhotra, M.K. (2007). *Operations management: Processes and value chains* (8th ed.) [pp. 389-391]. Upper Saddle River, NJ: Pearson Education.

70. A

Open. An open order is an order for staple goods that is placed with one of several available vendors who can meet the business's immediate requirements (e.g., time, price, quantity). Because Sheets Paper Company was best able to meet the retail chain's requirements, it was the vendor selected to fulfill the order. An advance order is a regular order that is placed now with delivery requested at a future time (e.g., weeks, months). A special order is an order for customized products. A standing order is an order that involves sending specific products at set intervals.

SOURCE: OP:250

SOURCE: Cash, R. P., Thomas, C., Wingate, J. W., & Friedlander, J. S. (2006). *Management of retail buying* (p. 208). Hoboken, NJ: John Wiley & Sons.

71. D

Wood. Manufacturers keep inventory of items that they need to produce their goods. Wood is an example of a raw material that a manufacturer might keep in inventory to produce items such as furniture, shelves, wall paneling, musical instruments, etc. Toothpaste, staplers, and chairs are examples of finished goods.

SOURCE: OP:336

SOURCE: eNotes. (2009). *Inventory types*. Retrieved September 16, 2009, from <http://www.enotes.com/management-encyclopedia/inventory-types>

72. A

Deadline driven. Establishing and stating deadlines is one tactic that businesses often use when negotiating with vendors. By providing the vendor with specific deadlines (e.g., shipping orders within 24 hours of order placement), the business is making sure that its requests are met. Limited authority is a negotiation strategy in which one party claims that s/he does not have the authority to meet certain requests. Bargaining involves "give-and-take" tactics by both parties to reach an agreement. Silence involves not speaking and is a good negotiating tactic to use when the discussion becomes heated or when the other party does not like what is being said.

SOURCE: OP:337

SOURCE: Moore, D. (September 6, 2004). *Use deadlines for powerful negotiations*. Retrieved September 21, 2009, from <http://hbswk.hbs.edu/archive/4354.html>

73. B

Increase net profit. Net profit is the money remaining after operating expenses are subtracted from gross profit. Operating expenses consist of fixed costs and variable costs. Fixed costs are expenses that do not change with sales volume, while variable costs fluctuate with changes in sales volume. Therefore, if sales increase without much increase in variable costs, and fixed costs remain the same, a larger net profit should result. The cost of goods sold is independent of the relationship between fixed/variable costs and sales. Break-even point is the level of sales at which revenues equal total costs.

SOURCE: OP:024

SOURCE: Dlabay, L.R., & Burrow, J.L. (2008). *Business finance* (pp. 82, 128-129, 151-152). South-Western Cengage Learning.

74. D

Jan uses the company stationery for personal correspondence. Jan is not only not helping to control expenses but is actually increasing them by increasing the cost of supplies. By keeping a service record for a van and counting shipments before signing for them, Ken and Harris contribute to expense control. Employees who are late and ask others to clock in for them are increasing expenses by stealing time from the company. Tasha is helping the company by refusing to punch in for other workers.

SOURCE: OP:025

SOURCE: BizMove.com. (n.d.). *How to reduce costs*. Retrieved September 23 2009, from <http://www.bizmove.com/finance/m3k.htm>

75. C
Replacing burned-out bulbs. Dusting light fixtures and replacing burned-out light bulbs is part of general housekeeping. Special display lights would be the responsibility of the display department. Designing new fixtures would be done by an engineer or other expert. Ordering new fixtures would be done by the purchasing department.
SOURCE: OP:032
SOURCE: Stutts, A. T., & Wortman, J. F. (2006). *Hotel and lodging management: An introduction* (2nd ed.) [pp. 88, 99-101]. Hoboken, NJ: John Wiley & Sons.
76. C
Financial. Business analysis is the process of investigating and evaluating a business issue, problem, process, or approach. Analysis helps a business determine if it is achieving its goals or if it needs to take corrective action, so it can achieve its goals. Financial analysis involves evaluating the business's financial health. Because the business needs to make a reasonable profit so it can thrive in marketplace, it is important to continuously analyze the business's financial status. The operations business function involves the day-to-day activities that the business performs—activities that are required for continued business functioning. Information management is the process of coordinating the resources pertaining to business knowledge, facts, or data. Marketing is the process of creating, communicating, and delivering value to customers and managing customer relationships in ways that benefit the organization and its stakeholders.
SOURCE: OP:327
SOURCE: B2T Training. (2009). *Essential skills for business analysis*. Retrieved September 16, 2009, from <http://www.b2ttraining.com/curriculum/training-program/Business-Analyst-Skills/>
77. D
No, you should not try to do it all at once. If you have a messy work area, it probably didn't get that way overnight. Don't try to clean up the whole area at one time. You'll get discouraged, and you may not finish. Don't wait for your supervisor to tell you it's time to get organized. The job will go better if it's your own idea.
SOURCE: PD:009
SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2006). *Marketing dynamics* (pp. 722-723). Tinley Park, IL: Goodheart-Willcox.
78. A
Achieve. Goals are objectives that people plan to achieve. They are definite ideas about something that people want in order to satisfy a particular need. Most people's goals are based on their wants and needs. In order to achieve their goals, people first identify, define, and establish them.
SOURCE: PD:018
SOURCE: PD LAP 16—Go For the Goal (Goal Setting)
79. B
Communicating effectively. The manager communicated effectively by discussing with the employee the work s/he was expected to do as well as providing written information about the company. Effective communication saves time in the workplace because employees have less need to ask questions before they can do a job. Combining tasks is accomplished when you complete more than one thing at a time. Avoiding procrastination involves not putting off tasks until another time. Building in planning time is setting aside time to plan what you will do tomorrow.
SOURCE: PD:019
SOURCE: OP LAP 1—About Time (Time Management in Business)
80. D
Activities Preference Inventory. This is a professionally prepared test created to help you identify your areas of greatest interest by asking you about activities that appeal to you. The General Aptitude Test Battery tests your aptitude in several different categories. The Scholastic Aptitude Test and a Standard Proficiency Test are used to determine levels of academic achievement.
SOURCE: PD:013
SOURCE: Kimbrell, G., & Vineyard, B.S. (2006). *Succeeding in the world of work* (pp. 36-40, 258-260). New York: Glencoe/McGraw-Hill.

81. D

Professional development. Learning new job skills or updating your current job skills is known as professional development or continuing education. You might go back for your graduate degree or participate in workshops or seminars specific to your career. Licensing is something specific to a career—a requirement necessary to perform the job, such as a stock broker's license. An internship is training in which schools and businesses cooperate to provide on-the-job practice for learners; learners receive classroom instruction and on-the-job experience. A bachelor's degree is something you earn before starting your business career.

SOURCE: PD:025

SOURCE: PD LAP 15—Go For It! (Careers in Business)

82. A

Up-to-date information. Professional organizations disseminate valuable research data about trends in the profession/industry. Some professional organizations also conduct workshops and provide manuals, bulletins, and advisory services for their members. Fringe benefits are extra employee benefits such as paid vacations. Supplementary incentive plans are special compensation plans which supplement the regular salary of an employee. Quota plans are a combination of salary and commissions often used as incentive for salespersons.

SOURCE: PD:036

SOURCE: Farese, L. S., Kimbrell, G., & Woloszyk, C. A. (2009). *Marketing essentials* (pp. 789-790). Woodland Hills, CA: Glencoe/McGraw-Hill.

83. A

Reprimand Dora. An employer expects her/his employees to follow the business's rules of conduct, which are the business's policies and expectations of appropriate workplace behavior. If an employee violates the business's rules of conduct, the business may take disciplinary action. Disciplinary action might include a verbal reprimand or warning for less serious infractions, such as arriving late to work. Other disciplinary actions might include counseling, revoking privileges, and implementing unpaid suspensions. Serious offenses may result in dismissal. The business is unlikely to promote Dora, assign her additional responsibilities, or excuse her tardiness.

SOURCE: PD:251

SOURCE: Mathis, R.L., & Jackson, J.H. (2003). *Human resource management* (10th ed.) [pp. 529-530, 533-534]. Cincinnati: Thomson/South-Western.

84. B

Vice president of finance. The chain of command defines the level of authority and the specific individual who supervises particular employees. A hierarchical chain of command provides structure and organization for the business. Large companies often set up their chain of command by department. For example, all of the vice presidents of various departments (e.g., finance, operations, marketing, etc.) report directly to the CEO. A regional marketing manager generally reports to the vice president of marketing. The production coordinator reports to the production manager. The board of directors consists of individuals who are selected by the shareholders (owners) to manage the corporation. The CEO reports to the board of directors.

SOURCE: PD:252

SOURCE: DuBrin, A. (2009). *Essentials of management: Instructor's edition* (8th ed.) [pp. 261-262]. Mason, OH: South-Western Cengage Learning.

85. D

Organizational goals. Organizational goals are the overall objectives or desired outcomes that the business wants to achieve. After the business determines its goals, it plans, executes, and controls the strategies, policies, and procedures to do the work necessary to achieve the organizational goals. A product objective is one type of organizational goal that the business sets. The business may also consider profit margins in relation to pricing goals.

SOURCE: PD:254

SOURCE: Associated Content. (2008, October 3). *The nature of organizational goals*. Retrieved September 21, 2009, from http://www.associatedcontent.com/article/1059363/the_nature_of_organizational_goals.html

86. D
Interdependent. Employees perform tasks that are based on individual goals that management sets for each employee. To be successful in achieving the business's overall objectives, the employees must perform their jobs to the best of their abilities. To achieve the business's overall objectives, the employees' work is often performed interdependently. When employees are interdependent, they rely on each other to accomplish something, such as performing their jobs. The example does not indicate that the employees' jobs are incongruent, symmetrical, or flexible.
SOURCE: PD:255
SOURCE: Success Factors. (n.d.). *Goal management*. Retrieved September 18, 2009, from <http://www.successfactors.com/goal-management/small/>
87. A
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: Portny, S., Mantel, S. J., Meredith, J. R., Shafer, S. M., & Sutton, M. M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 42-45). Hoboken, NJ: John Wiley & Sons.
88. B
Work assignment, task, and subtask. Work breakdown structure (WBS) is the process of dividing project tasks into meaningful components to complete the project. Dividing the entire project into smaller components helps the project manager effectively schedule, assign, and monitor complex project activities. When dividing the work, the project manager first divides the entire project into work assignments. Then, each work assignment is broken down by the tasks that the assignment requires for completion. In some situations, each task has subtasks that need to be completed before moving on to the next task.
SOURCE: PJ:006
SOURCE: Portny, S., Mantel, S. J., Meredith, J. R., Shafer, S. M., & Sutton, M. M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 86-87). Hoboken, NJ: John Wiley & Sons.
89. A
Help resolve the conflict. Conflict resolution is the process of resolving or ending a conflict. Project managers may need to help resolve conflicts if the team members cannot reach resolution by themselves. When team members disagree, the project manager would not negotiate with external sources, evaluate the reward system, or change the project scope.
SOURCE: PJ:007
SOURCE: Portny, S., Mantel, S. J., Meredith, J. R., Shafer, S. M., & Sutton, M. M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 296-297). Hoboken, NJ: John Wiley & Sons.
90. B
Successes, failures, and suggestions for improvement. During the project's closing phase, the project manager, team, and stakeholders provide feedback for a "lessons-learned" document. The "lessons-learned" document summarizes the project's successes and failures. The document also includes suggestions for improvement for similar projects in the future. Costs may be an issue addressed in the successes, failures, or suggestions for improvement areas of the document. Project managers develop the project charter and the statement of work during the initiation or beginning phase of the project.
SOURCE: PJ:008
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 334-336]. New York: Penguin Group.

91. B

Product safety. Quality management is the coordination of resources to ensure the degree of excellence of a process, good, or service. A product recall is the removal from the marketplace of a product that is defective or hazardous to consumers. Defective brake pads can cause automobile accidents and serious injuries. Therefore, the manufacturer needs to fix or replace the cars to reduce the risk of accidents and injuries. Customization is the process of producing a product with special specifications. Customer preferences are a customer's specific wants. Adaptability is the ability to adjust to changing conditions. The example is not a quality-management issue related to customization, customer preferences, or adaptability.

SOURCE: QM:001

SOURCE: Marsh, Inc. (n.d.). *Do you know the impact a product recall can have on your company?* Retrieved September 18, 2009, from http://www.marshriskconsulting.com/st/PSEV_C_361_SC_291086_NR_302.htm

92. A

Improving, and controlling. Six Sigma is a quality improvement framework that involves continuously setting higher goals of perfection. It builds upon previous goals to set higher goals that continuously improve the quality of the business's goods, services, or processes. DMAIC is an acronym for the Six Sigma method of improving existing processes. The steps include defining goals, measuring performance, analyzing problem areas, improving the problem areas by eliminating defects, and controlling future performance and processes.

SOURCE: QM:002

SOURCE: iSixSigma. (n.d.). *Six sigma: What is six sigma?* Retrieved September 21, 2009, from http://www.isixsigma.com/sixsigma/six_sigma.asp

93. A

Objective data. Continuous improvement is the ongoing process of looking for ways to increase the levels of excellence in relation to a process, good, or service. Objective data help the business determine which components of the process are working and where problems exist. By isolating the problems, the business can take action to correct and improve product quality. Positional authority is the authority and responsibility officially assigned to an individual who holds a position and/or a title on an organizational chart. Positional authority, inconclusive or questionable information, and biased feedback do not facilitate the quality-improvement process.

SOURCE: QM:003

SOURCE: Iowa State University. (2009). *Continuous quality improvement (cqi)*. Retrieved September 21, 2009, from <http://www.fpm.iastate.edu/worldclass/cqi.asp>

94. C

A company executive provides a tax auditor with incomplete information. If an employee deliberately withholds or provides incomplete information from an auditor, s/he is acting in an unethical manner. Using software to detect inconsistent data, researching compliance issues, and reviewing information accuracy are ethical actions.

SOURCE: RM:041

SOURCE: Head, G. (2005, February). *Why link risk management and ethics?* Retrieved September 22, 2009 from <http://www.irmi.com/expert/articles/2005/head02.aspx>

95. A

Encryption techniques. Risk management is a business activity that involves implementing activities to limit business losses. One way that businesses control security risks is by using encryption to prevent unauthorized individuals (e.g., hackers) from obtaining confidential financial data. Encryption is the process of transforming information into a code so that only the recipient can read it. A pixel is the smallest unit of a digital image. A bot is a program that scans the Web looking for information changes. An image map is an online graphic that directs users to different web pages by clicking on hotspots located on the graphic.

SOURCE: RM:042

SOURCE: Miles, J.E., & Dolce, C. (2006). *E-Commerce* (pp. 125-126). New York: Glencoe/McGraw-Hill.

96. A

Contract. A contract is an agreement between two or more parties stating that one party is to do something in return for something provided by the other party. By putting the terms of an agreement or business arrangement in a written contract that both parties sign, the business reduces the risk of misunderstanding about what is expected and what will be provided. When agreements are not documented and a problem occurs, legal action may be required, which can be costly to the business. An invoice is a bill. A premium is a fee for an insurance policy. A warrant is a legal document issued by authorities that requires an individual or business to take a certain action.

SOURCE: RM:043

SOURCE: Beatty, J. F., & Samuelson, S. S. (2008). *Essentials of business law* (3rd ed.) [p. 214]. Mason, OH: Thomson/South-Western.

97. A

Use a systematic approach to establish objectives. Planning is the management function of deciding what will be done and how it will be accomplished. Deciding what will be done involves establishing objectives or desired outcomes. Using a systematic and organized approach helps the business set SMART objectives—objectives that are specific, measurable, attainable, relevant, and time bound. The business develops strategies and procedures for implementation, establishes criteria to evaluate the strategies, and evaluates the quality of the strategies after it sets the objectives.

SOURCE: SM:063

SOURCE: Management Study Guide. (1998-2009). *Planning function of management*. Retrieved August 4, 2009, from http://www.managementstudyguide.com/planning_function.htm

98. C

Organizing. Organizing is the management function of setting up the way the business's work will be done. Determining how to structure the business is an organizing activity. Directing is the management function of providing guidance to workers and work projects. Controlling is the management function that monitors the work effort. Staffing is the management function of finding workers for the business.

SOURCE: SM:064

SOURCE: Erven, B. (n.d.). *The five functions of management*. Retrieved September 17, 2009, from <http://extension.osu.edu/~mgtexcel/Function.html>

99. D

Directing. Directing is the management function of providing guidance to workers and work projects. Because the supervisor is providing a new line worker with information or instructions about how to perform a task, s/he is engaged in the directing function of management. Staffing is the management function of finding workers for the business. Planning is the management function of deciding what will be done and how it will be accomplished. Reporting is an activity that is related to the controlling function of management. The controlling function of management involves monitoring the work effort.

SOURCE: SM:066

SOURCE: Erven, B. (n.d.). *The five functions of management*. Retrieved September 18, 2009, from <http://extension.osu.edu/~mgtexcel/Function.html>

100. D

To maintain appropriate control. Control is the management function that involves comparing what was planned with the actual results. To be able to make comparisons, managers need to develop standards to measure the productivity of specific business activities. If activities do not meet the standards, managers can make changes to increase productivity. Organize is the management function that determines what work needs to be done and who is to do each job. Plan is the management function that includes gathering information, making decisions, and setting goals. Direct is the management function responsible for seeing that workers perform their tasks correctly and on time.

SOURCE: SM:004

SOURCE: Kleindl, B.A. (2001). *Strategic electronic marketing: Managing e-business* (pp. 626-627). Cincinnati: South-Western College Publishing.