

 **DECA**
BUSINESS
ADMINISTRATION
CORE

2018 PRACTICE EXAM BOOKLET



100 QUESTIONS AND ANSWERS

AS USED AT DECA'S 2018 ASSOCIATION CAREER DEVELOPMENT CONFERENCES



PRACTICE EXAM BOOKLET

BUSINESS ADMINISTRATION CORE

THE BUSINESS ADMINISTRATION CORE EXAM IS USED IN THE FOLLOWING EVENTS:

PRINCIPLES OF BUSINESS MANAGEMENT AND ADMINISTRATION **PBM**

PRINCIPLES OF FINANCE **PFN**

PRINCIPLES OF HOSPITALITY AND TOURISM **PHT**

PRINCIPLES OF MARKETING **PMK**



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UNDERSTANDING THE DECA EXAMS

DECA currently uses seven industry-validated exams. Exams are developed based on National Curriculum Standards, available for download at <https://www.mbaresearch.org/index.php/curriculum-teaching/business-admin-standards>.

Each exam item corresponds to a performance indicator within an instructional area and is assigned a curriculum planning level. Items are prorated across all eligible performance indicators so that each instructional area (e.g., promotion) is represented in proportion to the total of all performance indicators. Each year, DECA provides an exam blueprint that details the number of questions per instructional area that will appear on each level of exam.

USING THE KEY

For each exam item, the key provides the correct answer and rationale, as well as an explanation as to why each of the three alternatives were incorrect. In addition, the key provides two sources. The first source is helpful in determining the instructional area, performance indicator and curriculum-planning level used for that item. The letters represent the instructional area and the number represents the specific performance indicator. Once the performance indicator is found in the National Curriculum Standards, you can then identify the curriculum-planning level. The second source provides the specific information used to create the exam item.

INSTRUCTIONAL AREAS

Business Administration Core

Used across all cluster exams.

Business Law (BL)
Communications (CO)
Customer Relations (CR)
Economics (EC)
Emotional Intelligence (EI)
Entrepreneurship (EN)
Financial Analysis (FI)
Human Resources Management (HR)
Information Management (NF)
Marketing (MK)
Operations (OP)
Professional Development (PD)
Strategic Management (SM)

Business Management and Administration

Knowledge Management (KM)
Project Management (PJ)
Quality Management (QM)
Risk Management (RM)

Finance

Financial-Information Management (FM)
Risk Management (RM)

Marketing

Channel Management (CM)
Marketing-Information Management (IM)
Market Planning (MP)
Pricing (PI)
Product/Service Management (PM)
Promotion (PR)
Selling (SE)

Hospitality and Tourism

Channel Management (CM)
Distribution (DS)
Marketing-Information Management (IM)
Marketing Planning (MP)
Pricing (PI)
Product/Service Management (PM)
Promotion (PR)
Selling (SE)

Not all instructional areas are used on all exams.

CURRICULUM-PLANNING LEVELS

Most exam items are assigned to the prerequisite, career sustaining and specialist levels.

- **Prerequisite (PQ):** Content develops employability and job-survival skills and concepts, including work ethics, personal appearance, and general business behavior.
- **Career Sustaining (CS):** Content develops skills and knowledge needed for continued employment in or study of business based on the application of basic academics and business skills.
- **Specialist (SP):** Content provides in-depth, solid understanding and skill development in all business functions.

The additional levels are **Supervisor (SU)**, **Manager (MN)** and **Owner (ON)**.

DEFINITIONS

Performance Indicators

Specific knowledge and skills students are expected to address and perform during their competition. Performance indicators are National Curriculum Standards which are taught in the classroom.

Instructional Areas

Broad areas of content knowledge (i.e., promotion, pricing, emotional intelligence, business law) that are comprised of many performance indicators.

Curriculum-Planning Areas

Curriculum-planning levels represent a continuum of instruction ranging from simple to complex. The levels can serve as building blocks for curriculum development in that students should know and be able to perform the performance indicators at one level before tackling more complex skills and knowledge at the next level. The levels can also be used as the basis for developing an unduplicated sequence of instruction for articulation between high school and postsecondary business courses.

Business Administration Core

The Business Administration Core is the foundation for all of DECA's competitive events. Performance indicators in the Business Administration Core are common to all career areas and competitive events.

Career Clusters

There are sixteen career clusters, each representing a distinct grouping of careers and industries based on the knowledge and skills they require. DECA supports four career clusters:

- Marketing
- Business Management and Administration
- Finance
- Hospitality and Tourism

1. John is a recent college graduate with very little experience in operating a business, but he wants to own a business that has a well-known trade name. If he has sufficient capital to invest, what type of business ownership should he consider?
 - A. Business-format franchise
 - B. Sole proprietorship
 - C. Limited liability company
 - D. General partnership

2. Paula asks herself questions such as “What do I want to get out of this article?” and “What are the main points of this article?” whenever she reads an article while conducting research. Paula is using _____ techniques.
 - A. prospecting
 - B. active reading
 - C. summary close
 - D. professional editing

3. What type of information should employees be able to locate in their company's employee handbook?
 - A. The company's list of current job openings
 - B. The company's policy on using company property
 - C. The company's annual report
 - D. The number of vacation days that an employee has taken

4. Which of the following would contribute to effective verbal communication:
 - A. Having a high-pitched voice
 - B. Speaking in a monotone voice
 - C. Pronouncing each word correctly
 - D. Talking rapidly

5. “What is the capital of the United States?” is what type of question?
 - A. Factual
 - B. Leading
 - C. Provocative
 - D. Open-ended

6. What is an important consideration when giving employees verbal directions for completing a task?
 - A. It is unnecessary to use demonstrations to support verbal content.
 - B. It is best to present information in reverse order.
 - C. Employees usually ask questions when they are confused.
 - D. Employees process information differently.

7. Cynthia, Larry, and Penny work in the technology department for Porter Manufacturing. When they work together to solve technical problems, they often use specialized language that most of the other employees in the company do not understand. The coworkers are
 - A. communicating nonverbally.
 - B. using jargon.
 - C. modifying their behavior.
 - D. voicing their opinions.

8. You think you have the best solution for a problem at work, but your colleagues don't believe that your idea will work. What should you do?
 - A. Remain patient.
 - B. Become defensive.
 - C. Accept defeat.
 - D. Reject feedback.

9. Which of the following is the primary reason that employees who answer a business's telephone should try to connect each call correctly:
- To keep from putting callers on hold
 - To provide good customer service
 - To handle the minimum number of calls
 - To demonstrate their telephone skills
10. Zeke's manager asked him to conduct research on social media promotional strategies and write a report detailing his recommendations for incorporating these strategies into the company's overall promotional plan. Based on his manager's instructions, Zeke should organize the contents of his report in _____ order.
- value
 - chronological
 - geographical
 - deductive
11. One difference between a memo and a letter is that a memo is usually _____, while a letter is usually _____.
- formal; structured
 - external; internal
 - internal; external
 - structured; formal
12. Which of the following is appropriate behavior when writing and sending a professional email:
- Proofreading your email before sending it
 - Leaving the subject line blank
 - Taking a long time to respond to an email
 - Attaching several unnecessary files
13. When writing informational messages, business employees should explain the situation and include sufficient data for the recipient to be able to
- agree with the content.
 - read the message.
 - contact the business.
 - make a decision.
14. To make a request of a business associate or customer is one of the reasons why businesspeople write
- sales letters.
 - persuasive messages.
 - letters of inquiry.
 - corporate memorandums.
15. Which of the following would be an effective way to communicate a job-related suggestion to your supervisor:
- An executive summary
 - A letter of transmittal
 - An office memorandum
 - A personal letter

16. Megan's company holds a monthly staff meeting. As a new employee, she is very excited to hear her coworkers report on their projects during the meetings. Hearing about the projects often causes Megan to think of new projects that the company could work on. How should Megan communicate these new ideas?
- Write down the new idea and pass the note to her coworker so that the idea is shared without interrupting the meeting.
 - Wait until her coworker has finished speaking and then propose her new idea.
 - Send the manager a signal to indicate that she would like to share her idea immediately.
 - Write down the idea. After the meeting, ask her manager if it can be added to the agenda of a future staff meeting.
17. When Brian got a new job, he made sure he knew how to use the cash register, became familiar with all the products and prices, and kept his work station very organized. In which way did Brian demonstrate the customer service mindset?
- Being accurate
 - Following through
 - Following up
 - Being efficient
18. A customer has telephoned the business with a question that the employee receiving the call cannot answer. Which of the following is the most appropriate response for the employee to make:
- "That's a good question, and I'll get the answer for you."
 - "If you'll hold on, I'll see if anyone can answer that."
 - "I don't know, but you can call back when my boss is here."
 - "There isn't anyone here now who can answer that question."
19. What type of business policy is most likely to attract customers to the business?
- Return
 - Credit
 - Product
 - Delivery
20. Which of the following skills is essential for dealing with difficult customers effectively:
- Selling
 - Marketing
 - Listening
 - Goal setting
21. The benefit that a brand promises to its target customers must be
- tangible.
 - important to them.
 - of monetary value.
 - approved by the government.
22. Goods purchased by producers and used to produce other goods and services are referred to as _____ goods.
- industrial
 - shopping
 - consumer
 - production
23. Cotton is an example of a _____ resource.
- labor
 - natural
 - land
 - capital

24. Although the Calvert Automobile Company produces 1,500 Model ZX sports cars annually, over 500,000 people want to purchase the car each year. The 1,500 individuals who are willing and able to pay the high price to obtain the cars have
- absolute advantage.
 - buying power.
 - market position.
 - unit control.
25. Because the Engel Company takes raw materials and makes products that are useful for consumers, it is an example of a
- manufacturer.
 - trade industry.
 - wholesaler.
 - retailer.
26. One of the ways businesses try to increase profits is by making the best use of scarce resources in order to increase
- cost of merchandise.
 - worker efficiency.
 - risk.
 - expenses.
27. Which of the following is an example of direct government intervention in business:
- Minimum wage laws
 - Price supports to farmers
 - Product testing requirements
 - Tax incentives for conservation efforts
28. When a business's workers increase their productivity, one of the results should be
- increased overtime pay.
 - shoddy products.
 - business failure.
 - increased profits.
29. If an individual is willing to help others, s/he is exhibiting a characteristic of emotional intelligence that relates to
- social awareness.
 - self-awareness.
 - self-management.
 - relationship management.
30. Refusing to do things you really don't want to do is _____ your self-esteem.
- good for
 - harmful to
 - of no help to
 - not good for
31. What is a possible effect of behaving in a way that does not align with your values?
- Internal conflict
 - Strong professional relationships
 - A satisfying career
 - Fair treatment from others

32. Jim was recently hired to manage sport events because his previous employer said that "Jim tried to improve his performance with each new challenge and set the standard for his coworkers to achieve." Jim demonstrates the trait of
- A. time management.
 - B. aggressive behavior.
 - C. negotiation.
 - D. competition.
33. Why does showing interest and enthusiasm motivate others?
- A. It is distracting.
 - B. It is contagious.
 - C. It helps to set priorities.
 - D. It helps to determine which projects to do.
34. When Juan has no customers, he will straighten racks, do housekeeping, and rearrange displays. Juan's behavior is an example of what personal trait?
- A. Body language
 - B. Interpersonal relationships
 - C. Patience
 - D. Initiative
35. A characteristic of individuals who have integrity is that they
- A. avoid change whenever possible.
 - B. dispute accepted facts.
 - C. adhere to a code of personal ethics.
 - D. understand others' feelings.
36. Which of the following is an example of a situation that an ethical employee might report to management:
- A. A coworker paying the business to ship a personal package
 - B. A coworker calling a friend during a lunch break
 - C. A coworker explaining company discounts to a customer
 - D. A coworker "borrowing" money from the petty cash fund
37. When Joseph's manager reprimanded him for missing a deadline, Joseph said, "I didn't have all the supplies that I needed, and there wasn't enough time to do the work correctly." To avoid taking responsibility for his actions, Joseph is
- A. blaming others.
 - B. making excuses.
 - C. being deceptive.
 - D. acting indifferent.
38. Which of the following is a way to show others that you're dependable:
- A. Relate to the feelings of others.
 - B. Blame others for your mistakes.
 - C. Do what you say you'll do.
 - D. Speak up about your feelings.
39. You know that stealing is wrong, but your friends don't think it's a big deal to steal small items when shopping. You wonder if you should agree with them. You're dealing with an ethical dilemma caused by
- A. a lack of consequences.
 - B. conflicting values.
 - C. greed.
 - D. the desire to prove yourself.

40. Theo is deciding whether to allocate money toward a radio ad or a social media ad for his new business. He knows that he cannot truly know which ad will be more successful, but he thinks about the possible consequences of each option. Theo is
- learning from the past.
 - asking questions.
 - listening actively.
 - assessing risk.
41. Devin is a cashier at the local pizza palace. When ringing up a customer's bill, Devin accidentally charged the customer \$169.90 for a large pizza instead of \$16.99. Which would be a good way for Devin to maintain his self-control:
- Say that it's the cash register's fault.
 - Accuse the manager of insufficient training.
 - Apologize and laugh about the mistake.
 - Pretend like nothing is wrong.
42. To calm a customer whose child has disappeared, you relate how quickly security found your little brother when he wandered away. You are demonstrating _____ behavior.
- respectful
 - indifferent
 - empathetic
 - enthusiastic
43. To emphasize the value of diversity in the workplace, employees should
- discourage stereotypes.
 - embrace ethnocentrism.
 - base most of their opinions on feelings.
 - ignore language differences.
44. People are most likely to think you're dishonest, nervous, embarrassed, or bored if you
- talk a lot.
 - don't make eye contact.
 - use concise communication.
 - don't use body language.
45. Which of the following is a character trait that effective leaders usually possess:
- Self-interest
 - Emotional intelligence
 - Domineering personality
 - Lifestyle
46. Which of the following is the most ideal location for writing a personal vision statement:
- In a crowded airport gate
 - In a café or restaurant
 - In a quiet and secluded room
 - In a bus on the way to school
47. Which of the following is a sign of high achievement orientation:
- Impatience
 - An entrepreneurial spirit
 - A lack of competitiveness
 - Poor-quality work

48. Kim is having lunch with one of her organization's important customers, and she plans on sharing the team's vision with him. Which guideline of sharing a vision does this illustrate?
- Being flexible
 - Being enthusiastic
 - Establishing good working relationships
 - Being an example
49. When Raquel gives Emily feedback, she's sure to focus on what will help Emily improve. Although she tells Emily what she's doing wrong, she also explains how to correct the behavior and perform better the next time. Raquel is using
- nonverbal communication.
 - constructive criticism.
 - negative feedback.
 - open-ended questioning.
50. A manager believes employees work better together and become more motivated when they are included in the decision-making process. This manager prefers a(n) _____ management style.
- democratic
 - socialist
 - laissez-faire
 - authoritarian
51. Coins and paper money are types of
- currency.
 - contracts.
 - bonds.
 - dividends.
52. Which of the following is an example of a transfer payment:
- Unemployment compensation
 - Weekly paycheck
 - Investment dividend
 - Corporate bond
53. Whenever a business extends credit to customers, it allows them to obtain goods and services immediately with
- no interest charges for 90 days.
 - no identification required.
 - payment to be made at a future date.
 - payment spread over a 12-month period.
54. Lyla is applying for a loan to buy a house for the first time. Which of the following should she be certain to do when applying for the loan:
- Read all paperwork carefully
 - Overstate her assets
 - Sign blank documents
 - Inaccurately report her debts
55. Carmen has eight percent of her weekly paycheck placed in an employer-sponsored fund that she can access later in her life, when she is no longer working. Carmen is planning for her
- children's college education.
 - retirement.
 - business venture.
 - estate's distribution.

56. A good way to prioritize your financial goals is to
- rank goals according to what needs to be done first.
 - assign each goal to a general category.
 - rank every goal in numerical order.
 - recognize that all the goals are equally important.
57. Which of the following is a variable expense that Jake must consider when developing his personal budget:
- Anticipated salary increases
 - Unexpected car repairs
 - Fixed car-loan payments
 - Homeowner insurance premiums
58. When Jane received her first paycheck from her part-time job, she was surprised to see the amount was much less than her \$8.00 per hour pay rate multiplied by the number of hours she worked. Jane had not planned on _____ tax being taken out of her paycheck.
- sales
 - property
 - income
 - excise
59. If you want to correctly write a check, it's important that you
- sign your name in the "Pay to the Order of" space.
 - have at least the amount of the check in your checking account.
 - use a different signature every time you write a check.
 - write the amount of your payment in the "Memo" space.
60. Each month, Maggie checks her bank statement against her own record of her deposits and withdrawals. Maggie is _____ her bank statement.
- reconciling
 - challenging
 - disputing
 - creating
61. It is important to review your credit report on a regular basis to
- set your credit limit.
 - change your credit score.
 - identify discriminatory practices.
 - verify its accuracy.
62. Which of the following financial services providers is most likely to provide a small, local coffee shop with business loans, checking and savings accounts, and overdraft protection:
- Eastern Region Investment Bank
 - Marley and Winston Commercial Bank
 - Walker, Steinbrenner, and Houghton, CPA Firm
 - Allen and Mellon Brokerage Firm
63. The ownership investment with the greatest risk of personal loss is
- entrepreneurship.
 - a mutual fund.
 - a savings account.
 - a bond.

64. When Samantha reviewed her company's financial information, she noticed that the sales for the Java6 coffee maker decreased for three consecutive months. In this situation, the financial information helped Samantha
- identify a trend.
 - calculate liquidity ratios.
 - make a pricing decision.
 - negotiate a contract.
65. Business managers use accounting information to help them to
- reduce insurance premiums.
 - allocate their funds.
 - calculate excise taxes.
 - pay labor union dues.
66. Determining which projects a business should invest in is known as
- return on capital.
 - capital budgeting.
 - the cash conversion cycle.
 - capital structuring.
67. Introducing new employees to their coworkers is an important step in the _____ process.
- application
 - orientation
 - promotion
 - selection
68. For both the customer and the seller, striking the right pricing balance makes the exchange
- manageable.
 - painful.
 - beneficial.
 - disappointing.
69. Businesses assess their information needs to determine the type of information that will help them deal with
- specific problems.
 - job applicants.
 - personal relationships.
 - ethical issues.
70. How can you search for a specific phrase in a search engine?
- Capitalize each word of the phrase.
 - Put the plus symbol (+) between each word of the phrase.
 - Put the phrase within quotation marks.
 - Use auto-completion features.
71. Which of the following sources is most likely to contain timely information:
- A second edition history textbook that contains a 2002 copyright date
 - A journal article about a medical breakthrough that was published a decade ago
 - A stock table that appeared in a national newspaper on January 14, 2012
 - A technical-trends report that was written on February 5, 2017
72. Due to obsolescence, the format in which a business stores its information must often be
- archived.
 - updated.
 - processed.
 - summarized.

73. What is an advantage to a company that effectively manages its business information?
- A. Saves time and money
 - B. Eliminates customer dissatisfaction
 - C. Increases information overload
 - D. Reduces the need for compliance
74. Monique, an office manager, used to organize hard copies of important documents in filing cabinets that took up an entire room. Now, she stores documents on her office computer, where they're easy to access and organize. Monique now uses
- A. Internet telephony.
 - B. a database.
 - C. an expert system.
 - D. computer automation.
75. Which of the following is the primary computer-system tool used to input data:
- A. Hardware
 - B. Printer
 - C. Software
 - D. Keyboard
76. A website that ends in .gov would most likely have _____ information than a website that ends in .com.
- A. less trustworthy
 - B. more trustworthy
 - C. more recent
 - D. less recent
77. Jamal needs to obtain a report from a vendor six months from now. He uses the calendar function in his email program to write a note that will automatically remind him to request the report on a specific date in the future. What is Jamal doing?
- A. Using cloud applications to store important work documents
 - B. Managing his productivity by using scheduling applications
 - C. Acquiring information by reviewing Internet articles and papers
 - D. Using project management software to track personal activities
78. To create an effective presentation slideshow, you should use
- A. as many slides as possible.
 - B. bullet points and short sentences.
 - C. narrow fonts or fonts with fancy edges.
 - D. an eye-catching background and theme.
79. When posting a new page to an existing website, the new page should be linked to the
- A. online catalog.
 - B. pop-up ads.
 - C. personal computer.
 - D. home page.
80. Which of the following is an operations activity in business:
- A. Selecting media
 - B. Contacting customers
 - C. Obtaining resources
 - D. Analyzing investments

81. One way that an advertising agency can keep information secure from unauthorized personnel is by using
- A. spam filters.
 - B. data mining.
 - C. encryption technology.
 - D. updated equipment.
82. Steve recently purchased a used laptop computer for work, but it didn't come with a user's manual. Where is Steve most likely to find a copy of the manual?
- A. The Internet
 - B. A public library
 - C. A used-book store
 - D. An office-supply store
83. You are a new employee at a manufacturing plant, and one of your jobs is to move and stack boxes that weigh 20 pounds each. What do you need to know in order to perform this task safely?
- A. Proper lifting techniques
 - B. Positive personal habits
 - C. Good housekeeping skills
 - D. Effective writing abilities
84. Employees who witness noninjury accidents should _____ them.
- A. discuss
 - B. report
 - C. treat
 - D. ignore
85. Why do some businesses install electronic video monitor systems for surveillance of the premises?
- A. For communication
 - B. For security
 - C. For management
 - D. For maintenance
86. Because Kevin worked late Tuesday evening to complete a report, he was the last employee to leave the building. What procedure does Kevin need to perform to protect the building from unlawful entry?
- A. Turn off the lights
 - B. Log off the computer
 - C. Lock the filing cabinet drawers
 - D. Set the security alarm
87. Why might a business obtain a trademark for its intellectual property?
- A. To prevent the publication of the business's written work
 - B. To protect the integrity of the business's logo
 - C. To keep competitors from using the business's manufacturing processes
 - D. To stop the unauthorized use of the business's inventions
88. Which of the following is a component that is necessary for the production of goods and services:
- A. Tangible items
 - B. Natural resources
 - C. Purchasing plans
 - D. Research facilities
89. Which of the following activities is part of a supply chain:
- A. Creating advertisements
 - B. Product development
 - C. Communicating with customers
 - D. Setting prices

90. Mark is unsure how to dress appropriately for his job interview. Which of the following is a guideline that might help him select the proper attire:
- A. Articles of clothing should have several points of focus.
 - B. Clothing types should follow current trends.
 - C. Patterns and textures of clothing should be contrasting.
 - D. Business clothing usually should be conservative.
91. What can an employee do on a regular basis to maintain an organized workspace?
- A. Shred documents that are over one year old
 - B. Make copies of all computer documents
 - C. Place all paperwork in storage boxes
 - D. Discard outdated files and papers
92. People who figure out what they need to do to obtain what they want are often able to
- A. act independently.
 - B. reach their goals.
 - C. compete with others.
 - D. achieve financial success.
93. Lately, you're feeling like you don't fit in. You've been spending a lot of time by yourself. Then you decide to start thinking positively, and you start going to more school functions and meeting new people. You are using the _____ method of problem solving.
- A. mind-mapping
 - B. brainstorming
 - C. intuitive
 - D. appreciative inquiry
94. Maria's teacher says she has an aptitude for science. Which of the following may explain why Maria has an aptitude for science:
- A. She and her friends attend lectures at the science center each month.
 - B. Maria's father is a microbiologist.
 - C. She received a microscope for a gift last year.
 - D. Maria believes that it is important to protect the environment.
95. What is the difference between skills and traits?
- A. Skills are repeated behaviors that become a part of the personality, and traits are abilities that are practiced.
 - B. Skills are learned through training, and traits are repeated behaviors that become a part of the personality.
 - C. Skills are not learned with training, and traits are behaviors that are constantly changing.
 - D. Skills are usually easy to learn, and personality traits cannot be changed or altered.
96. What question is often asked in the work experience section of an employment application?
- A. When are you available to begin work?
 - B. Are you eligible to work in this country?
 - C. What course of study have you completed?
 - D. Why did you leave your previous job?
97. Which of the following guidelines should a job applicant follow to communicate effectively during an interview:
- A. Use one-word responses whenever possible to keep from taking up too much time
 - B. Think ahead while the interviewer is talking
 - C. Stare at the interviewer to show that you are maintaining good eye contact
 - D. Answer each question briefly and completely

98. The reason to write a letter of application to submit with your résumé is to
- A. list former employers who are willing to serve as references.
 - B. summarize why you are a good candidate for the job.
 - C. include critical information that was left out of the résumé.
 - D. indicate what days and times are available for an interview.
99. Wesley is a junior majoring in marketing. His college helps him gain on-the-job practice by setting up a work experience for him at a local marketing firm. He's able to receive class credit for working. Wesley is taking part in a(n)
- A. job shadowing day.
 - B. internship.
 - C. volunteer experience.
 - D. interview.
100. A primary reason that businesses expect employees to follow their rules of conduct is to
- A. influence opinions.
 - B. standardize behavior.
 - C. eliminate conflict.
 - D. assess responses.

1. A

Business-format franchise. A business-format franchise is a franchise arrangement in which the franchisee must operate under the trade name of the parent company which provides continuous assistance in setting up and operating the business. It is a popular type of franchise arrangement that is usually available to most anyone who has the capital to invest. A general partnership is an agreement in which all partners are liable for a business's losses. A sole proprietorship is a business owned by one person. A limited liability company is a form of business ownership in which members of a corporation experience limited liability.

SOURCE: BL:003

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

2. B

Active reading. To successfully identify and extract relevant information from written materials, you should use active reading techniques. These techniques include determining what information you are looking for prior to reading the text, asking questions of and examining the text, and summarizing the central themes of the text. Prior to reading any article, for instance, Paula specifies the information that she needs to gather or get out of the written material. Then, she looks for that specific information as she scans the document. While reading the article, she also summarizes its main points—either mentally or in writing—to better comprehend the information presented in the article. After asking herself questions and summarizing the article's main points, Paula is more likely to locate and extract relevant, helpful information that she can use. Paula is not prospecting, using a summary close, or professionally editing the article.

SOURCE: CO:055

SOURCE: The Open University. (2013, May 20). *Active reading*. Retrieved October 10, 2017, from <http://www2.open.ac.uk/students/skillsforstudy/active-reading.php>

3. B

The company's policy on using company property. Businesses often develop employee handbooks, which provide information about their general policies and procedures. Employee handbooks are usually given to new employees when they are hired. Employee handbooks usually provide information about overtime and vacation policies, disciplinary and grievance procedures, pay schedules, dress codes, and behavioral expectations in its employee handbook. Many employee handbooks include information about employees and their personal use of company property. Company-property issues that the handbook might address include making personal long-distance phone calls on the company phone and using the office copy machine or laser printer for non-business purposes. Lists of the company's current job openings and personal information about vacation days are usually available through the human resources department, and are not included in the employee handbook. Additionally, the company's annual report is not usually included in the employee handbook. Often, corporations post their annual reports on the company's website.

SOURCE: CO:057

SOURCE: Inc. (2017, April 7). *What to include in an employee handbook*. Retrieved October 10, 2017, from <https://www.inc.com/guides/2010/06/what-to-include-in-employee-handbook.html>

4. C

Pronouncing each word correctly. Customers, fellow employees, and employers form impressions of you based on your ability to communicate. Pronouncing words correctly enhances your chances of communicating effectively and easily with others. The alternatives would tend to hamper your ability to be understood.

SOURCE: CO:147

SOURCE: Sengupta, S. (2016, September 30). *Learn to express yourself with good verbal communication skills*. Retrieved October 10, 2017, from <https://www.buzzle.com/articles/verbal-communication-skills.html>

5. A
Factual. Factual questions are straightforward and based on facts. They are easily determined to be right or wrong. Leading questions are meant to make a person answer in a certain way. Provocative questions are difficult to answer and are meant to challenge. Open-ended questions require more than a simple one- or two-word answer.
SOURCE: CO:058
SOURCE: Wilson, L. (2017). *Five basic types of questions*. Retrieved October 10, 2017, from <http://thesecondprinciple.com/teaching-essentials/five-basic-types-questions/>
6. D
Employees process information differently. Because there are different ways that people process information, it is important to consider those differences when providing employees with verbal directions. For example, audio learners are more comfortable with sound and dialog, so when giving directions, it is beneficial to speak clearly and use terminology that the listeners can relate to. Sometimes this involves using a metaphor or simile to make a point. Diagrams and pictures are often useful when providing directions to visual learners. For learners who are motion-oriented, demonstrating the activity often reinforces the verbal explanation and makes it easier for employees to understand. This might include an actual demonstration or a video of a demonstration. It's always a good idea to ask the employees if they understand the directions because they may be too embarrassed to ask questions—even if they are confused. Presenting the directions in reverse order may confuse the employees.
SOURCE: CO:083
SOURCE: Dartnell, A. (2014, October 16). *7 tips on how to give clear, understandable instructions to staff*. Retrieved October 10, 2017, from <http://www.lifehack.org/articles/work/7-tips-how-give-clear-understandable-instructions-staff.html>
7. B
Using jargon. Jargon is a specialized language known only to a certain group of people. Industries and companies often use jargon that is meaningful to their businesses and may not be easily understood by people outside their industries or companies. Coworkers are more likely to use jargon because they are familiar with the terms and their meanings or applications. A gesture is a movement of the body or limbs that expresses or emphasizes an idea, sentiment, or attitude. There is not enough information provided to determine if Cynthia, Larry, and Penny are communicating nonverbally, modifying their behavior, or voicing their opinions while they are using their specialized language.
SOURCE: CO:084
SOURCE: Gezalova, L. (2016, October 28). *Communication in the workplace: Why you should avoid vague business jargon*. Retrieved October 10, 2017, from <https://www.insperity.com/blog/communication-workplace-avoid-vague-business-jargon/>
8. A
Remain patient. It may take some time and work to convince your coworkers that your idea is the best option, so it's important to remain patient. Becoming defensive and rejecting feedback will not help you be objective. Even though you don't want to become defensive, you also shouldn't go to the other extreme and accept defeat when people disagree with you.
SOURCE: CO:061
SOURCE: Baldoni, J. (2010, 22 April). *Defend your idea without being defensive*. Retrieved October 10, 2017, from <https://hbr.org/2010/04/defend-yourself-without-being>
9. B
To provide good customer service. Customers who call businesses often become irritated if they are not connected to the correct person or office the first time. Being transferred several times in order to do business with the company may cause customers to hang up and not contact the business again. In some situations, it is necessary to put callers on hold before they can be connected to the appropriate individual or department. Demonstrating telephone skills and keeping the number of calls handled to a minimum are not valid reasons for connecting calls correctly.
SOURCE: CO:114
SOURCE: Jensen, A. (2010, September 27). *Winning customers through effective telephone etiquette*. Retrieved October 10, 2017, from <http://www.andrewjensen.net/winning-customers-through-effective-telephone-etiquette/>

10. D

Deductive. Information can be organized and ordered in many different ways, including deductively, chronologically, geographically, and by value. However, in the business world, most information is organized in deductive order. The deductive approach is also sometimes called the direct approach because it involves presenting the main ideas, recommendations, and most important information first. Less significant information such as examples and reasons are presented later in the report. Zeke would be wise to provide his recommendations for incorporating social media promotional strategies first and follow his recommendations with specific examples of how these strategies could be used by the company. Chronological order puts information in sequence according to time. Geographical order puts information in order based on the geographic location of items. When organizing information by value, a writer presents topics in order of numerical value or size.

SOURCE: CO:086

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

11. C

Internal, external. Memos are usually internal communications between members of the same workplace. Business letters are generally sent to someone external to the workplace. Memos and letters can both be structured and formal, although letters tend to be more structured and formal than memos.

SOURCE: CO:088

SOURCE: Ashe-Edmunds, S. (2012, November 7). *The difference between a business memo & a business letter*. Retrieved October 10, 2017, from <http://smallbusiness.chron.com/difference-between-business-memo-business-letter-57723.html>

12. A

Proofreading your email before sending it. It's important to read through your email before sending it to check for spelling and grammar mistakes. It may even be a good idea to have someone else proofread your email. You should use a clear, concise subject line that explains the topic of your email to your reader. Responding quickly to an email is more professional than taking a long time to respond. Many people do not like to receive large or multiple attachments in their emails, especially if the attachments are unnecessary.

SOURCE: CO:090

SOURCE: Whitmore, J. (2016, March 25). *The do's and don'ts of email etiquette*. Retrieved October 10, 2017, from <https://www.entrepreneur.com/article/272780>

13. D

Make a decision. Informational messages are intended to inform and provide data to the recipients. In many cases, the purpose of an informational message is to help the recipient make a decision. For this to happen, the business employee should explain the situation and include sufficient data. If recipients clearly understand the who, what, where, when, why, and how of the situation, they usually have sufficient information to make a decision. Clear and concise writing enables a recipient to read the message. The letterhead usually includes the business's name, address, and phone number so recipients are able to contact the business. Explaining the situation and including sufficient data does not guarantee that the recipient will agree with the content.

SOURCE: CO:039

SOURCE: DirecTutor.com. (2010). *Effective writing for different message types*. Retrieved October 10, 2017, from <http://www.directutor.com/content/effective-writing-different-message-types>

14. C

Letters of inquiry. The function of a letter of inquiry usually is to make a request. Businesspeople often write letters of inquiry to request an appointment with a current customer, a potential customer, or a business associate, particularly if those people are located out of town. For example, a businessperson might write several letters requesting appointments with various customers before arranging a sales trip. Persuasive messages are intended to encourage others to take action rather than to make a request. Sales letters are a type of persuasive message. Corporate memorandums are internal forms of communication.

SOURCE: CO:040

SOURCE: Beare, K. (2017, June 29). *Writing an inquiry business letter*. Retrieved October 10, 2017, from <https://www.thoughtco.com/inquiry-letters-1210169>

15. C

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. An executive summary is an overview of a business plan or other complex report. It is inappropriate to write a personal letter to a supervisor.

SOURCE: CO:014

SOURCE: Windermere, A. (2012, September 15). *What is the purpose of issuing a memo?* Retrieved October 10, 2017, from <http://work.chron.com/purpose-issuing-memo-9962.html>

16. D

Write down the idea. After the meeting, ask her manager if it can be added to the agenda of a future staff meeting. Participants in a staff meeting should stick to the agenda. Since Megan's idea is new, it needs to be saved for another discussion. Speaking up during this meeting, passing notes, or whispering will all be distracting and force the staff off task during the meeting.

SOURCE: CO:063

SOURCE: Cox, T. (2012, September 16). *How to participate in a meeting*. Retrieved October 10, 2017, from <https://tomonleadership.com/2012/09/16/how-to-participate-in-a-meeting/>

17. D

Being efficient. Being efficient demonstrates the customer service mindset. Specifically, this means knowing how to operate equipment and software, becoming familiar with all the products the business offers, and keeping workspaces organized for action. Being accurate is demonstrated through double-checking work for accuracy. Following through means always doing what you say you're going to do. Following up with customers suggests to customers that you care about their continued satisfaction.

SOURCE: CR:004

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

18. A

"That's a good question, and I'll get the answer for you." Customers often call businesses with inquiries that the employee answering the telephone cannot answer. The employee should, however, not say "I don't know," as that may be the only part of the response that the customer hears. Instead, a comment on the validity of the question and an offer to obtain the answer are better responses. Asking the customer to hold while the employee tries to find the answer or to call later are unsatisfactory ways of handling customer inquiries. Telling the customer there is no one on hand who can answer the question is not a satisfactory way to handle a customer inquiry because it does not help the customer.

SOURCE: CR:006

SOURCE: wikiHow. (2016). *How to answer customer service questions*. Retrieved October 10, 2017, from <https://www.wikihow.com/Answer-Customer-Service-Questions>

19. C

Product. The product policy determines which products the business will offer. These products act as "drawing cards" that attract customers. Credit policies control the use of payment plans that allow customers to purchase now and pay later. Service policies provide special features to encourage customers to select one business over another. Return and delivery are types of service policies.

SOURCE: CR:007

SOURCE: Chand, S. (2014, March 5). *Product policy: 6 essential components of a sound product policy*. Retrieved October 10, 2017, from <http://www.yourarticlelibrary.com/policies/product-policy-6-essential-components-of-a-sound-product-policy-economics/29034/>

20. C

Listening. Listening is an essential skill for dealing with difficult customers effectively. It's important to really understand what the customer is trying to communicate to you. Goal setting, marketing, and selling are important business skills but are not necessarily essential to dealing with difficult customers.

SOURCE: CR:009

SOURCE: LAP-CR-009—Making Mad Glad (Handling Difficult Customers)

21. B

Important to them. The benefit that a brand promises to its target customers must be important to those specific customers. Otherwise, they will have no incentive to do business with the company. This benefit does not need to be tangible, valued monetarily, or approved by the government.

SOURCE: CR:001

SOURCE: LAP-CR-006—Share the Promise (Identifying Brand Promise)

22. A

Industrial. Industrial goods are goods purchased by producers for resale, for use in the production of other products, and/or to use in business operations. Consumer goods are goods purchased and used by consumers. Bread and clothes would be examples. Shopping goods are consumer goods purchased by consumers after comparing goods and stores in order to get the best quality, price, and/or service. Production is the process or activity of producing goods and services.

SOURCE: EC:002

SOURCE: LAP-EC-010—Get the Goods on Goods and Services (Economic Goods and Services)

23. B

Natural. Natural resources include things that are provided to us by nature, such as land, coal, and petroleum. Capital is the assets of a business. Labor resources include all the people in the workforce.

SOURCE: EC:003

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

24. B

Buying power. The Calvert Automobile Company situation is an example of rationing. Rationing is a function of relative prices that determines who gets the goods produced or how scarce resources will be distributed. In this situation, the 1,500 out of 500,000 individuals who are willing and able to pay a very high price to obtain the sports car have buying power—the ability (financial resources) to purchase the scarce item. Absolute advantage is the advantage achieved when a nation can produce a good or service for less than another nation. Market position is the rank of a particular business in a specific market. Unit control is a way of keeping track of inventory according to the number of units in stock.

SOURCE: EC:006

SOURCE: LAP-EC-012—When More Is Less (Functions of Prices)

25. A

Manufacturer. A manufacturer is a type of producer that changes the shapes or forms of materials so that they will be useful to consumers. For example, a manufacturer that purchases cotton from a farmer makes fabric. The manufacturer then sells the fabric to apparel manufacturers to make clothes or to other businesses that sell fabrics to consumers. A trade industry is a business that buys and sells goods to others, such as retailers who sell to consumers and wholesalers who sell to retailers.

SOURCE: EC:070

SOURCE: LAP-EC-070—Business Connections (Business and Society)

26. B
Worker efficiency. Scarce resources include such things as time and supplies. When workers are efficient, they are able to produce more, which usually results in more profit. Making the best use of scarce resources will decrease expenses and have no effect on cost of merchandise. Better use of resources would not automatically result in increased risk.
SOURCE: EC:010
SOURCE: LAP-EC-002—Risk Rewarded (Factors Affecting Profit)
27. B
Price supports to farmers. A direct form of government intervention in business occurs when government provides price support for certain items. Food prices sometimes fall because of overproduction by farmers. When this happens, government buys products to keep prices at a level that will give farmers a profit. Minimum wage laws and product testing requirements are examples of government regulation, or control, according to an established set of rules. Tax incentives provide businesses with tax savings if they choose to take certain actions.
SOURCE: EC:008
SOURCE: LAP-EC-016—Regulate and Protect (Government and Business)
28. D
Increased profits. When workers increase their productivity without being paid higher wages, the business should have more profits. This is because more goods and services are being sold, but expenses for labor have not increased. The fact that workers produce more does not necessarily mean the products they make are shoddy, or inferior. When workers produce more during regular working hours, the business should be able to reduce overtime pay. The business should do well under these conditions, not fail.
SOURCE: EC:013
SOURCE: LAP-EC-018—Make the Most of It (Productivity)
29. A
Social awareness. Emotional intelligence is the ability to recognize and manage emotions in ourselves and in others. Based on Daniel Goleman's model of emotional intelligence, the concept of emotional intelligence can be divided into four categories. Social awareness involves the ability to know and understand the emotions of others. Characteristics of individuals with a high level of social awareness include the ability to express empathy and the willingness to help or be of service to others. Also, these individuals tend to have organizational awareness, which means that they have the ability to see the larger picture in the organization. Self-awareness involves recognizing and knowing your own emotions. Self-management involves the ability to manage your emotions. Relationship management is the ability to manage the emotions of others.
SOURCE: EI:001
SOURCE: LAP-EI-001—EQ and You (Emotional Intelligence)
30. A
Good for. Not doing things you don't want to do is one way of being responsible to yourself. It is as good for your self-esteem as doing the things that make you feel good about yourself.
SOURCE: EI:016
SOURCE: More-Selfesteem.com. (n.d.). *Saying no*. Retrieved October 10, 2017, from http://www.more-selfesteem.com/saying_no.htm
31. A
Internal conflict. When your behavior is not in line with your values, you may experience internal conflict or a lack of satisfaction. In these cases, you may be acting on your feelings rather than your values. You will not necessarily experience strong professional relationships, a satisfying career, or fair treatment from others.
SOURCE: EI:126
SOURCE: LAP-EI-126—Assess Yourself (Assessing Your Personal Behavior and Values)

32. D
Competition. Jim's behavior illustrates his competitive spirit and recognition that one of the competitors he faces is himself. He competes not only with his coworkers but with himself to improve his performance. Negotiation involves reaching an agreement. Aggressive behavior is actions that ignore the rights of others or exploit them to achieve personal goals. Time management shows good utilization of one's time.
SOURCE: EI:018
SOURCE: LAP-EI-009—You've Got Personality (Personality Traits in Business)
33. B
It is contagious. When a person is interested and enthusiastic about something, others often follow that person's lead. Having interest and enthusiasm can help you to persuade others to help you, to work with you, or to cooperate with you in many different kinds of circumstances. Other factors should determine which projects to do and what priorities should be set. Interest and enthusiasm should help to focus attention on the situation at hand rather than to distract from it.
SOURCE: EI:020
SOURCE: Russell, J.E.A. (2013, July 14). *Career coach: Enthusiasm is contagious*. Retrieved October 10, 2017, from https://www.washingtonpost.com/business/capitalbusiness/career-coach-enthusiasm-is-contagious/2013/07/12/c9911d5e-e9a6-11e2-aa9f-c03a72e2d342_story.html?utm_term=.28fa8f8ea460
34. D
Initiative. Initiative is the willingness to act without having to be told to do so. Juan is demonstrating initiative by working without being told. Body language is nonverbal communication. Patience is the ability to endure life's aggravations and difficulties calmly. Interpersonal relationships are the ways in which we get along with others.
SOURCE: EI:024
SOURCE: LAP-EI-002—Hustle! (Taking Initiative at Work)
35. C
Adhere to a code of personal ethics. People with integrity live their lives according to a code of personal ethics, which gives them a sense of right and wrong. They may or may not dispute accepted facts, avoid change, or understand the feelings of others.
SOURCE: EI:022
SOURCE: LAP-EI-138—Sincerely Yours (Demonstrating Honesty and Integrity)
36. D
A coworker "borrowing" money from the petty cash fund. Some situations at work are unethical even though they are not serious. An example is a coworker "borrowing" money from the petty cash fund. If the coworker does not replace the money, the coworker is stealing from the business. This is a situation that an ethical employee should report to management. It is not unethical for coworkers to call friends during the lunch break, explain company discounts to customers, or pay the business to ship a personal package.
SOURCE: EI:004
SOURCE: LAP-EI-004—Work Right (Demonstrating Ethical Work Habits)
37. B
Making excuses. Joseph is shifting responsibility to the circumstances—the lack of supplies and time—to justify missing a deadline. In other words, he is making excuses for not getting the work done. Blaming others involves shifting responsibility to another person. Being deceptive involves not being truthful. When a person lacks interest or concern, s/he is indifferent.
SOURCE: EI:075
SOURCE: LAP-EI-075—It's Up to You (Taking Responsibility for Decisions and Actions)

38. C
Do what you say you'll do. Dependability involves doing what you say you'll do and being accountable for your actions. This means not blaming others for your mistakes. Relating to the feelings of others is part of empathy. Transparency involves speaking up about your feelings.
SOURCE: EI:128
SOURCE: LAP-EI-128—Trust in Me (Building Trust in Relationships)
39. B
Conflicting values. Not everyone has the same ethical beliefs. If you think something is wrong but your friends don't, you're dealing with conflicting values. This is not an example of an ethical dilemma caused by greed, a lack of consequences, or the desire to prove yourself.
SOURCE: EI:124
SOURCE: LAP-EI-124—What's the Situation? (Reasons for Ethical Dilemmas)
40. D
Assessing risk. Assessing risk means considering the consequences of all possible outcomes. Theo is assessing the risks of both of his options to help his decision-making in an ambiguous situation. Theo is not asking questions, listening actively, or learning from the past.
SOURCE: EI:092
SOURCE: LAP-EI-092—Embrace the Unknown (Developing a Tolerance for Ambiguity)
41. C
Apologize and laugh about the mistake. The best way for Devin to maintain his self-control would be to apologize to the customer and laugh about his mistake. Blaming either the manager or the cash register would not be smart things to do, because Devin needs to take responsibility for his error. Pretending like nothing is wrong would also upset the customer, since Devin overcharged the person by more than \$150.
SOURCE: EI:025
SOURCE: LAP-EI-014—Control Yourself! (Demonstrating Self-Control)
42. C
Empathetic. Empathetic behavior is actions and/or words that show that you can put yourself in the other person's place. Indifferent behavior is showing no interest in people or events. Respectful behavior reflects one's regard for another person. Enthusiastic behavior demonstrates very positive feelings or excitement.
SOURCE: EI:030
SOURCE: LAP-EI-030—Have a Heart (Showing Empathy for Others)
43. A
Discourage stereotypes. Stereotypes are set images or assumptions about others and often influence the ways in which businesspeople think about people from other cultures. Stereotyping should be discouraged because it often prevents businesspeople from developing cultural sensitivity. Businesspeople need to be open-minded rather than assume that all people in one culture behave in a certain manner. Ethnocentrism, which is the belief that your own culture is naturally better than other cultures, hinders the ability to value diversity in the workplace. Basing opinions on feelings can lead to stereotyping others and developing ethnocentric attitudes. Businesspeople cannot ignore language differences.
SOURCE: EI:033
SOURCE: LA-EI-011—Getting to Know You (Cultural Sensitivity)
44. B
Don't make eye contact. Lack of eye contact usually indicates dishonesty, nervousness, embarrassment, or boredom. Eye contact is an important element of body language. Making eye contact with others lets them know that you are listening when they are talking. And when you make eye contact while you're the one doing the talking, you give off a sense of confidence and honesty. Dishonesty, nervousness, embarrassment, and boredom are not indicated by using concise communication, by talking a lot, or by the absence of body language.
SOURCE: EI:007
SOURCE: LAP-EI-140—More Than Just Talk (Effective Communication)

45. B
Emotional intelligence. This is the ability to recognize and manage emotions in ourselves and in others. It's about being aware of our own emotions, responding to them appropriately, and then doing the same with the emotions of other people. The trait of emotional intelligence enables leaders to act in ways that are consistent with leadership activities. Self-interest is concern for what interests or profits oneself. A domineering personality involves individuals thinking they know more and are better than the average person. Lifestyle is not a character trait but the way in which people lead their daily lives.
SOURCE: EI:009
SOURCE: LAP-EI-016—Lead the Way (Concept of Leadership)
46. C
In a quiet and secluded room. Determining your personal vision is a serious activity—one that requires deep contemplation about your life. You should head to a quiet place where you know that you will not be disturbed for at least 30 minutes. A café or restaurant, a crowded airport gate, and a bus would not be ideal locations for serious thought—you would likely be disturbed by loud noises or interrupted by the people around you.
SOURCE: EI:063
SOURCE: LAP-EI-063—Picture This! (Determining Personal Vision)
47. B
An entrepreneurial spirit. An entrepreneurial spirit is a sign of high achievement orientation. This is because achievement-oriented people enjoy challenges and trying new things. Achievement-oriented people are patient and persistent, competitive, and produce high-quality work.
SOURCE: EI:027
SOURCE: LAP-EI-010—High Hopes (Developing an Achievement Orientation)
48. C
Establishing good working relationships. By getting to know an important customer and sharing the team vision with him, Kim is establishing a good working relationship. His cooperation and support can make a big difference. In this situation, Kim is not demonstrating enthusiasm, flexibility, or being an example.
SOURCE: EI:060
SOURCE: LAP-EI-060—Vision Quest (Enlisting Others in Vision)
49. B
Constructive criticism. Constructive criticism is information that is designed to help the coachee improve. When Raquel gives constructive criticism, she tells Emily what she's doing wrong, but she also explains how to correct the behavior and perform better the next time. Nonverbal communication uses body language to replace or support words. Open-ended questions require more than a simple "yes" or "no" answer. Raquel should not use negative feedback.
SOURCE: EI:041
SOURCE: LAP-EI-041—Bring Out the Best (Coaching Others)
50. 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. There is no such thing as a socialist management style.
SOURCE: EI:037
SOURCE: LAP-EI-037—Can You Relate? (Fostering Positive Working Relationships)

51. A

Currency. Currency is the money that a country uses to buy and sell goods and services. There are several types of currency. For example, coins and paper money are types of currency because they can be used to buy products. Coins and paper money generally are used by individuals to purchase the products they need. Bonds are interest-bearing certificates issued by the government that promise to pay bond owners a certain sum at a specified time. A dividend is a sum of money paid to an investor or stockholder as earnings on an investment. Dividends are often sent to the investor in the form of a check. A contract is a legal agreement between two or more businesses stating that one party is to do something in return for something provided by another party.

SOURCE: FI:059

SOURCE: Investopedia. (2015, November 2). *Currency*. Retrieved October 10, 2017, from <http://www.investopedia.com/terms/c/currency.asp>

52. A

Unemployment compensation. Transfer payments are monies paid by the government in which no goods or services are received in exchange. Examples of transfer payments include disaster aid, veterans' benefits, and unemployment compensation. People who qualify for unemployment compensation receive government funds for a limited amount of time when they lose their jobs through no fault of their own. Employers issue paychecks to employees for the work they have performed. Dividends are earnings on investments. A corporate bond is a piece of paper (real or virtual) that says a corporation will borrow an investor's money at a particular interest rate for a particular period of time. Weekly paychecks, investment dividends, and corporate bonds are not examples of transfer payments.

SOURCE: FI:061

SOURCE: Investopedia. (2015, June 29). *Transfer payment*. Retrieved October 10, 2017, from <http://www.investopedia.com/terms/t/transferpayment.asp>

53. C

Payment to be made at a future date. A benefit of credit to customers is that they can make purchases and take possession of the goods or services without having to make payment at the time of purchase. Sometimes, credit is offered with deferred interest charges or a scheduled payment plan, but this is not always the case. A credit customer may be asked for identification, especially if s/he is not carrying the appropriate credit card or credit identification.

SOURCE: FI:002

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

54. A

Read all paperwork carefully. Lyla should make sure she has read and understood all of the paperwork associated with the loan before signing it. She should be up front about her financial situation, so she should not inaccurately report her debts or overstate her assets. She should never sign a blank document, as doing so can lead to fraud.

SOURCE: FI:063

SOURCE: Mortgage Calculator. (2007-2017). *Mortgage application tips*. Retrieved October 10, 2017, from <https://www.mortgagecalculator.org/helpful-advice/ups-and-downs-with-mortgages.php>

55. B

Retirement. People save for retirement to have money to cover their expenses when they reach retirement age and are no longer working. Carmen might be able to borrow money from her retirement fund to help cover educational expenses or to start a business, which depends on the type of fund and government regulations. Borrowing from a retirement account might involve fees and high interest rates, so it is often better to set up a fund specifically for education or to borrow money from a financial institution or angel investor to start a business. A will is a legal document that designates the ways in which an individual's estate is to be distributed upon his/her death.

SOURCE: FI:064

SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2009). *Personal finance* (9th ed.) [pp. 568-569]. New York: McGraw-Hill Irwin.

56. B

Assign each goal to a general category. A good way to prioritize your financial goals is to assign each goal to a general category, such as "must do," "important but not critical," or "not so important." Ranking according to what needs to be done first and ranking every goal in numerical order are two common pitfalls. Another pitfall is ranking everything as very important or thinking that all the goals are equally important.

SOURCE: FI:065

SOURCE: Money Management International. (2016). *How to: Set and keep personal financial goals*. Retrieved October 10, 2017, from <http://www.moneymanagement.org/Budgeting-Tools/Credit-Articles/Money-and-Budgeting/How-To-Set-and-Keep-Personal-Financial-Goals.aspx>

57. B

Unexpected car repairs. A budget is an estimate of income and expense for a specific period of time. Individuals develop personal budgets so they can manage their money. An expense is money that the person pays for something. A variable expense is a cost that is unexpected or may change, such as unexpected car repairs. It is a good idea to budget a certain amount of money to an emergency fund to cover unexpected, variable expenses. A salary increase is a source of income rather than an expense. Fixed expenses, such as car loans and homeowner insurance premiums, are payments that are not expected to change.

SOURCE: FI:066

SOURCE: Pant, P. (2017, June 3). *What's the difference between fixed & variable expenses?* Retrieved October 10, 2017, from <https://www.thebalance.com/what-s-the-difference-between-fixed-and-variable-expenses-453774>

58. C

Income. Income tax is a tax rate on all income a person earns. A percentage of Jane's pay is taken out to pay for this tax. Property tax is tax on property, such as a home. Consumers pay a sales tax when they purchase many types of goods. Since Jane is receiving her pay, not buying a good, sales tax does not apply. Excise taxes are taxes paid when purchases are made on a specific good, such as gasoline. Excise taxes are often included in the price of the product.

SOURCE: FI:067

SOURCE: AmosWEB. (2000-2017). *Taxes*. Retrieved October 10, 2017, from http://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=taxes

59. B

Have at least the amount of the check in your checking account. It's important to be sure that you have enough money in your checking account to cover the amount of your check. Otherwise, your check will bounce, which can end up costing you money. You write the check's recipient in the "Pay to the Order of" space. The amount of your payment should be written on the line marked "Dollars" and in the box on the right side of the check, not in the "Memo" space. You should use the same signature every time you write a check.

SOURCE: FI:560

SOURCE: Pritchard, J. (2016, September 18). *How to write a check*. Retrieved October 10, 2017, from <https://www.thebalance.com/how-to-write-a-check-4019395#step-heading>

60. A

Reconciling. When Maggie checks her bank statement against her own record, she is reconciling the bank statement. Maggie is checking to make sure that no mistakes have been made and that she has recorded all of her information correctly. She is not challenging or disputing her bank statement, although she may choose to do so if she suspects her bank has made a mistake. The bank, not Maggie, creates the statement.

SOURCE: FI:070

SOURCE: Burnette, M. (2016, September 8). *What is a bank statement?* Retrieved October 10, 2017, from <https://www.nerdwallet.com/blog/banking/banking-basics/understanding-bank-statement/>

61. D

Verify its accuracy. A credit report is a record of your credit history. Businesses and individuals can obtain their credit reports from authorized credit bureaus. The advantage to reviewing your credit report on a regular basis is that you can verify that the information is correct. Incorrect information can affect your ability to obtain credit or a loan, so it is important to check for and correct any inaccurate information that you find in your credit report. Businesses and individuals can improve their credit scores by using credit wisely and by taking action to correct inaccurate information; however, they cannot change credit scores—only authorized credit bureaus can do so. Credit card issuers set credit limits and often review your credit report to determine the amount of credit they are willing to extend to you. Credit reports do not identify discriminatory practices.

SOURCE: FI:072

SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2009). *Personal finance* (9th ed.) [pp. 182-183, 191-192]. New York: McGraw-Hill Irwin.

62. B

Marley and Winston Commercial Bank. Commercial banks provide a variety of financial services for businesses and individuals, such as checking and savings accounts, loans, credit cards, and overdraft protection. Investment banks primarily work with corporations by underwriting securities, aiding in mergers and acquisitions, etc. CPA (Certified Public Accountant) firms provide accounting services. A brokerage firm buys and sells securities on behalf of investors.

SOURCE: FI:075

SOURCE: Pritchard, J. (2017, July 2). *Get up to speed on the most common types of banks*. Retrieved October 10, 2017, from <https://www.thebalance.com/types-of-banks-315214>

63. A

Entrepreneurship. The ownership investment with the greatest risk of personal loss is entrepreneurship, or business ownership. When a business fails, the owner loses not just money, but also time, effort, pride, etc. A mutual fund does not carry this risk of personal loss, nor do the lending investments of savings accounts and bonds.

SOURCE: FI:077

SOURCE: LAP-FI-077—Invest for Success (Types of Investments)

64. A

Identify a trend. One reason that businesses analyze financial information is to identify trends. In the example, the company's sales for a certain product have decreased over time, which indicates a problem. With this information, the company can take steps to determine the reason for the sales decline so it can take corrective action. For example, the business might survey customers and ask them about their experiences with the product. If the customers say that the product is inferior or defective, the business might decide to drop the item from its product line. The financial information did not help Samantha calculate liquidity ratios, make a pricing decision, or negotiate a contract.

SOURCE: FI:579

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

65. B

Allocate their funds. Managers use the accounting information that tells them the amount of funds available in order to develop operating budgets. These budgets specify how much money may be spent for such expenses as rent, salaries, insurance, etc. Insurance premiums are the monies paid to cover a contractual agreement in which one party will pay for specified losses incurred by the other party. Excise taxes are determined by government. They apply to certain items, such as gasoline, and are paid by the buyer. Labor union dues are paid by the union members.

SOURCE: FI:085

SOURCE: LAP-FI-085—Show Me the Money (Nature of Accounting)

66. B
Capital budgeting. Determining which projects a business should invest in is known as capital budgeting. It is one of the capital investment decisions. Return on capital is a component of working capital management that refers to how well a business is generating cash flow in relation to its invested capital. The cash conversion cycle is a component of working capital management that refers to how long a business's money is "tied up" between purchasing raw materials and receiving cash from sales. Capital structuring refers to determining the optimal mix of financing—it is also one of the capital investment decisions.
SOURCE: FI:354
SOURCE: LAP-FI-007—Money Matters (Role of Finance)
67. B
Orientation. Orientation is job preparation or induction training in which new employees are acquainted with their surroundings, receive general information about the company and its policies, and are given specific information about their jobs. Introducing new employees to their coworkers is an important step in this process because it helps to make the new employees feel comfortable and part of the work group. Application and selection are steps in the recruiting and hiring processes. Promotion occurs after employees have been on the job for a period of time and have received favorable evaluations.
SOURCE: HR:360
SOURCE: Noe, R.A., Hollenbeck, J.R., Gerhart, B., & Wright, P.M. (2010). *Human resource management: Gaining a competitive advantage* (7th ed.) [pp. 333-335]. New York: McGraw-Hill Irwin.
68. C
Beneficial. For both the customer and the seller, striking the *right* pricing balance makes the exchange beneficial. Of course, striking the right balance is not going to make the exchange painful or disappointing. "Manageable" implies that the exchange would be controllable or convenient—which may or may not be true.
SOURCE: MK:001
SOURCE: LAP-MK-004—Have It Your Way! (Nature of Marketing)
69. A
Specific problems. Businesses need a variety of information to be able to make decisions and solve problems. The type of information they need depends on the business and the specific problem. For example, a retail business might need information about different suppliers because the current supplier is not performing adequately and the business wants to find a replacement. Businesses do not assess their information needs to deal with job applicants, personal relationships, or ethical issues.
SOURCE: NF:077
SOURCE: Richards, L. (2010, July 18). *What types of information resources does a business usually need?* Retrieved October 10, 2017, from <http://smallbusiness.chron.com/types-information-resources-business-usually-need-4753.html>
70. C
Put the phrase within quotation marks. Searching for a phrase using quotation marks will return results that include only those words in that order. The plus symbol (+) is used in place of the word "and" because search engines generally ignore words such as "and" or "the." The plus symbol used with the word "and" indicates that the word "and" should be used in the results. Capitalization is generally ignored by search engines. Finally, auto-completion features help to generate search terms and save time by providing suggestions.
SOURCE: NF:078
SOURCE: Norton, A. (2011, April 27). *10 tips for smarter, more efficient Internet searching*. Retrieved October 10, 2017, from <http://www.techrepublic.com/blog/10-things/10-tips-for-smarter-more-efficient-internet-searching/>

71. D

A technical-trends report that was written on February 5, 2017. An important factor to consider when evaluating information is its timeliness. If an article or report was published a long time ago, the information may not be relevant or accurate anymore, particularly if the topic involves technology. Because the technical-trends report was written recently, the information is likely to be up to date. Due to technology, the world is constantly experiencing medical breakthroughs and changes; therefore, a journal article that was published a decade (10 years) ago is less likely to contain up-to-date information. Stock values change rapidly, so a stock table that appeared in a newspaper on January 14, 2012 would not contain the most current information about stock values. Because the world's history has dramatically changed since 2000, the history textbook is outdated.

SOURCE: NF:079

SOURCE: Southern Illinois University: School of Law Library. (n.d.). *Evaluating websites and other information resources*. Retrieved October 10, 2017, from <http://www.law.siu.edu/lawlib/guides/eval.htm>

72. B

Updated. Obsolescence occurs when something is outdated. Technology is always evolving, so computer systems and applications are always subject to obsolescence. Businesses must update the ways in which they store or archive their information because the format may not be usable in the future. For example, modern computers do not have outlets that read floppy disks, which were popular external storage devices several years ago. The way people summarize or process information is not related to the state of obsolescence.

SOURCE: NF:081

SOURCE: Fiddes, R. (2010, February 5). *Dangers of outdated backup solutions*. Retrieved October 10, 2017, from <http://www.backupreview.info/2010/02/05/backup-technology-online-backup-expert-tips-dangers-of-outdated-backup-solutions/>

73. A

Saves time and money. For a business to run efficiently, information must be organized so it can be found quickly whenever it is needed. When information is found quickly, employees are not only saving time, but the employees are saving money (payroll expenses) because they can move onto their next tasks more efficiently. Information overload occurs when information comes too fast to process at one time. Effectively managing information helps reduce information overload. Effective information management practices can help the company's employees to better serve the company's customers, which may increase customer satisfaction levels; however, effective information management cannot always eliminate customer dissatisfaction. Compliance with the law is necessary, regardless of how well the company manages its business information.

SOURCE: NF:110

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

74. B

A database. Because of advances in technology, records that used to take up row upon row of filing cabinets can now be kept on computers for quick and easy access, organization, and editing. These databases are great advantages for businesses. Internet telephony refers to communications that take place over the Web rather than over traditional public networks. This includes services like Vonage and Skype, which are known as Voice Over Internet Protocol. Expert systems are a special kind of computer software designed to mimic the knowledge of a human expert. Automotive mechanics often use expert systems to diagnose trouble in a car's engine. Computer automation is typically used in the manufacturing industry to help companies plan and test products more efficiently or produce products in more cost-effective ways.

SOURCE: NF:003

SOURCE: LAP-NF-004—TECH-tastic (Technology's Impact on Business)

75. D

Keyboard. Computer keyboards are used to type or place text, numbers, and graphics into the computer. A keyboard is an essential item for inputting data into a computer system. Printers allow the user to print (or copy or scan) documents and graphics from the computer. The hardware consists of the central processing unit, hard drive, and modem. Software programs are installed in the computer and instruct the computer to perform certain operations.

SOURCE: NF:084

SOURCE: Webopedia.com. (2017). *Operating system*. Retrieved October 10, 2017, from http://www.webopedia.com/TERM/O/operating_system.html

76. B

More trustworthy. If a website ends in .gov, it is more likely to have trustworthy, researched information. Websites that end in .gov can only be owned and operated by the government, while websites that end in .com can be owned and operated by anyone. Sites that end in .gov are not necessarily more or less recent than sites ending in .com.

SOURCE: NF:086

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [p. 194]. Tinley Park, IL: The Goodheart-Willcox Co.

77. B

Managing his productivity by using scheduling applications. Calendar functions in email programs such as Outlook help employees manage their work, which increases their productivity. The employee can make notes in the calendar about meeting times, due dates for reports and projects, and other work related tasks. When the employee opens her/his email application, a reminder will appear on the date that the activity occurs or the project is due. The calendar function is not used to store documents via cloud-computing applications or to review Internet-based articles and papers. Jamal is not using project-management software to track personal activities.

SOURCE: NF:005

SOURCE: Microsoft. (2017). *View and customize calendars*. Retrieved October 10, 2017, from <https://support.office.com/en-us/article/Video-View-and-customize-calendars-946d27fa-7463-4cbb-8bef-ad4cbcc7a671?ui=en-US&rs=en-US&ad=US>

78. B

Bullet points and short sentences. When it comes to presentations, you need to be sure everything is simple for your viewers. You want them to listen to you, not just read your screen, so try to keep the words on the screen to a minimum by using bullet points and short sentences. You should also try to use a minimum number of slides; viewers will get bored and pay less attention if you use too many. Narrow fonts or fonts with fancy edges are hard for viewers to read—you should use a font that your audience can read from far away, like Arial or Helvetica. You don't want your background or theme to take attention away from your presentation, so use something that isn't overly eye-catching.

SOURCE: NF:008

SOURCE: Microsoft Office. (2017). *Tips for creating and delivering an effective presentation*. Retrieved October 10, 2017, from <https://support.office.com/en-us/article/Tips-for-creating-and-delivering-an-effective-presentation-f43156b0-20d2-4c51-8345-0c337cefb88b?CorrelationId=e062dd40-c9f4-4d59-9853-174f3cb5fc88&ui=en-US&rs=en-US&ad=US&ocmsassetID=HA010207864>

79. D

Home page. Most business websites are designed using a hierarchical system. The home page is at the top of the hierarchy—it is the starting point from which all other pages on the website are connected and accessed. Therefore, it is important that the new page be linked to the home page so web surfers can navigate to the new page using their personal computers. Pop-up ads are promotional messages that appear in a separate browser window. The new page does not need to be linked to a pop-up ad. A business may or may not include an online catalog on its website. If the new page is related to the online catalog, it should be linked to the catalog, which should be linked to the home page in the navigation scheme.

SOURCE: NF:042

SOURCE: Romano, L. & Bailey, H. (2017, September 23). *What is a home page?* Retrieved October 10, 2017, from <http://www.wisegeek.com/what-is-a-home-page.htm>

80. C

Obtaining resources. Resources refer to any person or item that the business uses to accomplish an objective. Operations management is the process of planning, controlling, and monitoring the day-to-day activities required for the company to function. This includes obtaining and allocating the appropriate type and amount of resources to do the work, such as employees, equipment, and supplies. Contacting customers is a sales activity. Selecting media is a promotional activity. Analyzing investments is a financial activity.

SOURCE: OP:189

SOURCE: LAP-OP-189—Smooth Operations (Nature of Operations)

81. C

Encryption technology. Encryption is the process of transforming information into a secret code so that only the designated person or recipient can read it. Encryption is a tool (a computer chip) that an advertising agency can use to protect confidential information and keep unauthorized personnel from accessing it. Data mining is a searching mechanism that locates information from large databases. Spam filters are computer programs that keep unsolicited junk mail from reaching an e-mail destination (address). Updated equipment does not necessarily help the advertising agency protect its clients' information.

SOURCE: OP:064

SOURCE: Tyson, J. (2017). *How encryption works*. Retrieved October 10, 2017, from <http://computer.howstuffworks.com/encryption.htm>

82. A

The Internet. Regardless of your line of work, you must follow instructions for some type of equipment, tool, and/or machinery. Even Steve, who recently purchased a used laptop for work, must follow the manufacturer's instructions—usually found in a user's manual—for the computer. Since Steve doesn't currently have the laptop user's manual, he can't be sure that he is using it properly. He is most likely to find a copy of the manual on the Internet because most manufacturers (of computers, kitchen appliances, automobiles, etc.) post all of their owner's manuals on their websites for users to download for free. He is much less likely to find a copy of the manual at the library, a used-book store, or even an office-supply store. Although many office-supply stores sell computers, they may not sell that particular model. If they do not, they are unlikely to have the manual on hand.

SOURCE: OP:006

SOURCE: OwnerIQ. (2015). *Manuals online*. Retrieved October 10, 2017, from <http://www.manualsonline.com/>

83. A

Proper lifting techniques. Many people do not learn proper lifting techniques and lift loads which are too heavy for them or lift using their back and arms. Failing to use proper lifting techniques can cause injury to back muscles, which may take days or weeks to heal or even permanent disability. Good housekeeping skills will help to keep the work area clean and safe. Employees need positive personal habits in order to work productively. Effective writing abilities may not be required of an employee who is responsible for moving and stacking boxes.

SOURCE: OP:007

SOURCE: Occupational Safety and Health Administration. (2013, February 5). *Materials handling: Heavy lifting*. Retrieved October 10, 2017, from <https://www.osha.gov/SLTC/etools/electricalcontractors/materials/heavy.html>

84. B

Report. Employees should report not only injurious accidents to their supervisors but also accidents that do not result in injuries. Employees must report non-injury accidents because the same accident may happen again, and the next time it may cause an injury. As a general safety precaution, hazardous conditions and hazardous acts should also be reported. Employees should not ignore non-injury accidents. Employees may discuss non-injury accidents after they report them. Employees do not treat non-injury accidents because no one was injured.

SOURCE: OP:009

SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2010). *Marketing dynamics: Teacher's edition* (2nd ed.) [pp. 407-410]. Tinley Park, IL: Goodheart-Willcox Company, Inc.

85. B

For security. Some businesses use electronic video monitor systems to watch the interior and exterior of the property in order to make sure these areas are secure for customers and employees. These systems record on videotape any breakdowns in security and can be used to identify suspects in the event of theft. Communication involves the exchange of information between individuals or groups. Maintenance involves the upkeep and repair of equipment and facilities. Management involves overseeing the operation of a business or a certain aspect of a business.

SOURCE: OP:013

SOURCE: Cyprus, S. & Bailey, H. (2017, September 6). *What are the different aspects of business security?* Retrieved October 10, 2017, from <http://www.wisegeek.com/what-are-the-different-aspects-of-business-security.htm>

86. D

Set the security alarm. To reduce the risk of theft, businesses develop procedures for their employees to follow when closing a facility at the end of a work shift. The two most important actions that employees must follow are setting the security alarm and locking the doors. Logging off the computer, locking filing cabinet drawers, and turning off the lights will not protect the building from thieves and burglars.

SOURCE: OP:152

SOURCE: University of Florida Police Department. (2012, May 11). *Robbery prevention for businesses*. Retrieved October 11, 2017, from <http://www.police.ufl.edu/community-services/robbery-prevention-for-businesses/>

87. B

To protect the integrity of the business's logo. Trademarks protect unique symbols, designs (e.g., logo), or words that businesses use to identify their brands. A business can legally protect its logo from unauthorized use by registering the logo with the appropriate government agency. If an unauthorized entity compromises or uses the logo in harmful, embarrassing, or negative ways, trademark protection provides the business with legal recourse. Copyrights provide legal protection for written, musical, and artistic works. Patents are obtained to legally protect inventions and certain types of processes (e.g., unique manufacturing processes) for a limited amount of time.

SOURCE: OP:153

SOURCE: Allen, S. (2016, November 9). *Intellectual property 101: Patents and trademarks*. Retrieved October 11, 2017, from <https://www.thebalance.com/intellectual-property-patents-trademarks-1201095>

88. B

Natural resources. In order to produce goods and services, businesses need a variety of resources. One type of resource is natural resources, which includes the materials from which to make products. Without the necessary raw materials and natural resources, businesses would be unable to produce goods and services. Tangible items are outputs produced by the production process. Purchasing plans are the procedures for buying needed materials. Research facilities are used to develop new products.

SOURCE: OP:017

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

89. B

Product development. Early stages in the supply chain involve procuring raw materials and developing them into a valuable product. Creating advertisements, communicating with customers, and setting prices are all aspects of marketing, rather than of supply chain management.

SOURCE: OP:443

SOURCE: Aveta Business Institute. (2012, January 14). *Parts of supply chain management*. Retrieved October 11, 2017, from <https://www.sixsigmaonline.org/six-sigma-training-certification-information/parts-of-supply-chain-management/>

90. D

Business clothing usually should be conservative. Mark should try to create a positive first impression of himself by following certain guidelines for proper dress. Dressing conservatively, especially for an interview, is one of these guidelines. Mark does not want his appearance to distract the interviewer; he wants the interviewer to focus the discussion about Mark's qualifications for the job. Other guidelines include wearing an outfit that has one focal point, wearing styles that are fashionable rather than faddish, and choosing coordinating patterns and textures.

SOURCE: PD:002

SOURCE: LAP-PD-005—Brand ME! (Personal Appearance)

91. D

Discard outdated files and papers. Throwing away papers that you no longer need helps reduce clutter and keeps your workspace organized. And when your workspace is organized, it is easier to find the things that you need to perform your work efficiently. Making copies of all computer documents—especially of items that you do not need—tends to increase clutter. Depending on the type of work that you do, you may need to keep hard copies on hand; therefore, you probably will not want to place all of your paperwork in storage boxes or shred documents that are over one year old. Also, businesses are required to keep certain types of records (e.g., financial) for several years.

SOURCE: PD:009

SOURCE: Spiro, J. (2010, June 22). *How to organize your workspace*. Retrieved October 11, 2017, from <http://www.inc.com/guides/2010/06/organize-your-workspace.html>

92. B

Reach their goals. An important step in reaching a goal is identifying the goal and figuring out what needs to be done in order to reach it. Acting independently, achieving financial success, and competing with others are examples of goals that people might set for themselves.

SOURCE: PD:018

SOURCE: LAP-PD-016—Go for the Goal (Goal Setting)

93. D

Appreciative inquiry. According to the appreciative inquiry problem-solving approach, if you think something is a problem, it is one. In other words, problems are often the result of the way you look at an issue. The best thing to do is to frame the problem in a more positive way and stop thinking of it as a problem. In this case, you stopped thinking of your loneliness as a problem and started thinking of it as a motivation to get out and make some new friends. Mind-mapping is a problem-solving method that involves drawing out your problem on a large sheet of paper. Brainstorming is a problem-solving method in which a group throws out possible solutions to the problem. The intuitive problem-solving approach requires you to wait for the solution to flash into your mind. None of these three methods is described in this situation.

SOURCE: PD:077

SOURCE: LAP-PD-077—No Problem (Demonstrating Problem-Solving Skills)

94. B

Maria's father is a microbiologist. Aptitudes are innate and may be inherited. Interests are influenced by outside forces, such as friends, classes, or tools such as the microscope. A person's ethics influence his/her beliefs, interests, and choices.

SOURCE: PD:023

SOURCE: Johnson O'Connor Research Foundation. (n.d.). *Interests vs. aptitudes*. Retrieved on October 11, 2017, from <http://www.jocrf.org/aptitudes/interests-vs-aptitudes>

95. B

Skills are learned through training, and traits are repeated behaviors that become a part of the personality. Skills are defined as abilities that a person acquires through education, training, and practice. Traits are repeated behaviors that become a part of the person over time. Skill levels and the degree of difficulty to obtain the skill vary by individual. Personality traits (behaviors) and skills can be improved, changed, or enhanced. Since personality traits are repeated behaviors, the behaviors are not constantly changing.

SOURCE: PD:066

SOURCE: LAP-PD-066—Own Your Own (Career Opportunities in Entrepreneurship)

96. D

Reason for leaving previous job. Most employment applications ask why you left previous jobs. The answer should be positive and not in any way critical of a former employer. Common reasons for leaving previous jobs include accepting a better position, returning to school, or because the job was a seasonal position that ended. The question about eligibility to work in this country usually appears in the personal information section. Questions about course of study completed are contained in the education section. The question about availability to begin work is usually in a general section about the type of job desired.

SOURCE: PD:027

SOURCE: GFCLearnFree. (1998-2016). *Job applications: Completing a job application*. Retrieved October 11, 2017, from <https://www.gcflearnfree.org/jobapplications/completing-a-job-application/1/>

97. D

Answer each question briefly and completely. The interview is an opportunity for a potential employer to learn as much about a job applicant as possible. This can be accomplished if the applicant provides complete, but brief, responses to questions. By responding with one-word responses, applicants deny the employer the chance to learn about them and create negative impressions. While the interviewer is talking, the job applicant should be listening rather than thinking ahead. Although applicants should maintain good eye contact with interviewers, they should not make them feel uncomfortable by staring.

SOURCE: PD:028

SOURCE: CVTips.com. (1999-2016). *Job interview general tips*. Retrieved October 11, 2017, from <http://www.cvtips.com/interview/job-interview.html>



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For each exam item, the key provides the correct answer and rationale, as well as an explanation as to why each of the three alternatives were incorrect. In addition, the key provides two sources. The first source is helpful in determining the instructional area, performance indicator and curriculum-planning level used for that item. The letters represent the instructional area and the number represents the specific performance indicator. Once the performance indicator is found in the National Curriculum Standards, you can then identify the curriculum-planning level. The second source provides the specific information used to create the exam item.

INSTRUCTIONAL AREAS

Business Administration Core

Used across all cluster exams.

- Business Law (BL)
- Communications (CO)
- Customer Relations (CR)
- Economics (EC)
- Emotional Intelligence (EI)
- Entrepreneurship (EN)
- Financial Analysis (FI)
- Human Resources Management (HR)
- Information Management (NF)
- Marketing (MK)
- Operations (OP)
- Professional Development (PD)
- Strategic Management (SM)

Business Management and Administration

- Knowledge Management (KM)
- Project Management (PJ)
- Quality Management (QM)
- Risk Management (RM)

Finance

- Financial-Information Management (FM)
- Risk Management (RM)

Marketing

- Channel Management (CM)
- Marketing-Information Management (IM)
- Market Planning (MP)
- Pricing (PI)
- Product/Service Management (PM)
- Promotion (PR)
- Selling (SE)

Hospitality and Tourism

- Channel Management (CM)
- Distribution (DS)
- Marketing-Information Management (IM)
- Marketing Planning (MP)
- Pricing (PI)
- Product/Service Management (PM)
- Promotion (PR)
- Selling (SE)

Not all instructional areas are used on all exams.

CURRICULUM-PLANNING LEVELS

Most exam items are assigned to the prerequisite, career sustaining and specialist levels.

- **Prerequisite (PQ):** Content develops employability and job-survival skills and concepts, including work ethics, personal appearance, and general business behavior.
- **Career Sustaining (CS):** Content develops skills and knowledge needed for continued employment in or study of business based on the application of basic academics and business skills.
- **Specialist (SP):** Content provides in-depth, solid understanding and skill development in all business functions.

The additional levels are **Supervisor (SU)**, **Manager (MN)** and **Owner (ON)**.

DEFINITIONS

Performance Indicators

Specific knowledge and skills students are expected to address and perform during their competition. Performance indicators are National Curriculum Standards which are taught in the classroom.

Instructional Areas

Broad areas of content knowledge (i.e., promotion, pricing, emotional intelligence, business law) that are comprised of many performance indicators.

Curriculum-Planning Areas

Curriculum-planning levels represent a continuum of instruction ranging from simple to complex. The levels can serve as building blocks for curriculum development in that students should know and be able to perform the performance indicators at one level before tackling more complex skills and knowledge at the next level. The levels can also be used as the basis for developing an unduplicated sequence of instruction for articulation between high school and postsecondary business courses.

Business Administration Core

The Business Administration Core is the foundation for all of DECA's competitive events. Performance indicators in the Business Administration Core are common to all career areas and competitive events.

Career Clusters

There are sixteen career clusters, each representing a distinct grouping of careers and industries based on the knowledge and skills they require. DECA supports four career clusters:

- Marketing
- Business Management and Administration
- Finance
- Hospitality and Tourism

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

2. 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.

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

4. 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.

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

6. 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.

7. 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.

8. Ethan is writing an outline for an oral presentation he will give in his business class. He knows that if he wants his speech to be effective, he needs to start with a single, complete statement of his main idea, also known as a
 - A. thesis.
 - B. conclusion.
 - C. visual aid.
 - D. transition.

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 creates 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. Rosa is writing a business letter to Alex Smith, whom she has never met. Which of the following salutations should Rosa use:
- A. Dear Alex Smith:
 - B. Dear Mr. Smith:
 - C. To Whom It May Concern:
 - D. Dear Alex:
11. 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.
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. The primary purpose of a research report is to
- A. support business decisions.
 - B. organize a problem.
 - C. summarize gathered information.
 - D. establish objectives.
14. 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.
15. 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.

16. Kara orders a dress for her school dance on Saturday. If the dress doesn't arrive until the next Monday, it has no _____ utility.
- time
 - form
 - possession
 - place
17. 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?
- Technological
 - Sociocultural
 - Economic
 - Governmental
18. Which of the following is an advantage of private enterprise:
- The freedom to use private property to make a profit
 - Periods of unemployment
 - The equal distribution of property and income
 - The elimination of poverty
19. 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
- offering rebates.
 - clearance sales.
 - price fixing.
 - nonprice competition.
20. What is most likely to happen when interest rates rise?
- The demand for credit increases.
 - Investment activity decreases.
 - Business profitability increases.
 - The value of the dollar decreases.
21. A society in which group ties are very loose is known as a(n)
- individualist society.
 - "feminine" society.
 - collectivist society.
 - uncertainty-avoiding society.
22. 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
- failing to acknowledge his talents.
 - making false generalizations.
 - comparing himself to others.
 - obtaining input from others.
23. When you have problems on the job, the recommended approach to take is to
- communicate with your supervisor.
 - talk things over with your friends.
 - bring it up in a meeting with a client.
 - wait for someone to fix the problems.

24. Which of the following depicts a situation in which you should stick up for others who are being treated unfairly:
- A. Your sister is grounded for failing a math test.
 - B. Your teacher gives your friend detention for talking in class.
 - C. A new coworker is asking others to do his work for him.
 - D. A classmate is given simpler assignments than everyone else.
25. When a coworker asks for feedback, Elliot is truthful but still tactful. Which characteristic is he displaying?
- A. Dependability
 - B. Honesty
 - C. Loyalty
 - D. Consistency
26. 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.
27. 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.
28. 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
29. 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
30. Which of the following is a typical behavior for a person with a high achievement orientation:
- A. Ruthlessness
 - B. Impatience
 - C. Persistence
 - D. Irresponsibility
31. 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

32. 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
33. 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.
34. Which of the following is an example of a liability:
- A. Cash
 - B. Stocks and bonds
 - C. Copyrights
 - D. Accounts payable
35. 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.
36. 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.
37. 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
38. 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
39. 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
- A. innovation.
 - B. information overload.
 - C. globalization.
 - D. turnover.

40. 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.
41. 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
42. 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.
43. 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
44. 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?
- Convenience
 - Brand insistence
 - Price
 - Product dependability
45. Failing to manage information properly is most likely to cause a business to
- fail.
 - be unprepared for a disaster.
 - be shut down by the government.
 - save money on technology costs.
46. Which of the following statements is true of spreadsheets:
- A column is horizontal, while a row is vertical.
 - "Row" and "column" are interchangeable terms.
 - A cell is where a column and row intersect.
 - A row is where a column and cell intersect.
47. Stella has just finished designing the web page for her new business. Next, she needs to select a _____ and register the website's _____.
- hyperlink, modem
 - web host, domain name
 - media permit, server
 - file link, ethernet

48. What is the advantage to using project-management computer software that allows several team members to access project information at the same time?
- Ensures data accuracy
 - Reduces the need to secure data
 - Enhances collaboration efforts
 - Eliminates the need to analyze variances
49. Daniela is in charge of moving company data into a new software system. Which of the following is a step she should take:
- Schedule the change to occur during a project deadline.
 - Avoid telling employees about the change until it is completed.
 - Delete the old software system before installing the new one.
 - Make sure all the data are saved in a backup location.
50. Records that help businesses keep track of their furniture, equipment, land, and buildings are _____ records.
- promotional
 - payroll
 - personnel
 - asset
51. A main reason that environmental scanning is important is so that businesses can be aware of
- foreign markets.
 - new products and services.
 - competitors' internal environments.
 - potential threats.
52. 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.
53. 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.
54. Which of the following is a way that employees can help to prevent accidents in the workplace:
- Practicing general safety procedures
 - Using back muscles to lift objects
 - Being an offensive driver
 - Taking shortcuts on the job
55. 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

56. 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
57. 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.
58. How can a manager encourage employees to be open and honest when reporting on the status of their work?
- Having employees report as often as possible
 - Listening to employees' conversations
 - Communicating informally with employees
 - Being objective and supportive
59. What is the first step you should take when streamlining work processes?
- Ask employees for input.
 - Divide the work process into steps.
 - Define an individual work process.
 - Implement the improvements.
60. 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?
- Weighted-point
 - Cost-based
 - Applied-tabulation
 - Cycle-oriented
61. Which of the following actions will help a business maintain positive, long-term relationships with its vendors:
- Negotiating aggressively
 - Limiting communication
 - Solving problems together
 - Withholding information
62. Which of the following is an example of a reorder:
- Sims Steakhouse received six out of eight cases of glassware on Monday because the vendor ran out of stock.
 - The Powell Company did not order enough paper towels for the month, so it ordered an additional four cases.
 - Mr. and Mrs. Travis ordered a dining-room set in a wood finish that the furniture store doesn't normally carry.
 - Henry's Hardware Store ordered 35 model-N1 hammers and 2 cases of ¼" stainless steel bolts from Franklin Tool Manufacturers.

63. 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.
64. "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
- A. more technical support.
 - B. better lead time.
 - C. additional discounts.
 - D. an extended warranty.
65. Which of the following is a benefit to the business of automating the production process:
- A. Less consumer demand
 - B. Increased capital investment
 - C. Increased efficiency
 - D. Reduced computerization
66. "Big Q" focuses on
- A. improving factory conditions.
 - B. exceeding customer expectations.
 - C. conforming to specifications.
 - D. designing and developing products.
67. Which of the following quality control methods is proactive:
- A. Creating a quality assurance checklist
 - B. Filling out a corrective action report
 - C. Inspecting finished products
 - D. Processing customer returns
68. Which of the following is an activity that falls under supply chain management:
- A. Hiring new employees
 - B. Creating advertising campaigns
 - C. Forecasting sales
 - D. Building relationships with vendors
69. A business often compares its similar financial information from different time periods to
- A. detect trends.
 - B. control markets.
 - C. evaluate competitors.
 - D. influence buying behavior.
70. How does process thinking help organizations?
- A. Helps them avoid documenting workflow
 - B. Enables them to find out who to blame for issues
 - C. Lets them know why they succeeded or failed
 - D. Assists them in separating work between departments
71. How does supply chain management increase customer satisfaction?
- A. Enhances data quality
 - B. Integrates information throughout an organization
 - C. Improves cash flow
 - D. Reduces the time it takes for goods to reach consumers

72. 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.
73. Supply chain network design improves service and reduces cost by aligning purchasing, production, warehousing, inventory, and
- marketing.
 - transportation.
 - the sales force.
 - promotion.
74. Longer supply lines, due to globalization, will most likely increase _____ for suppliers.
- risk
 - speed
 - product quality
 - visibility
75. 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
- order of information importance.
 - how the information is accessed.
 - costs associated with the information.
 - how the information will be used.
76. Which of the following is a good strategy for protecting digital customer data:
- Use the same password for all accounts
 - Limit installation of outside software programs
 - Avoid backing up your work
 - Give employees equal access to customer information
77. Ina is starting a new job, and she wants to be sure she makes a good first impression. Her new employer is likely to expect her to
- avoid using soft skills.
 - show up no more than 20 minutes late.
 - do her work without asking questions.
 - be respectful to all coworkers.
78. Kara has natural artistic talent and thinks that she might want to work as an interior designer. Kara's artistic ability is an example of a(n)
- vision.
 - hobby.
 - mindset.
 - aptitude.
79. Dara is in charge of quality control at her company. Which type of business management and administration career does she have?
- Business analytics
 - Operations management
 - Office management
 - Human resources management

80. When writing a follow-up letter after a job interview, you should
- use the salutation "Dear Sir or Madam."
 - describe your salary requirements in detail.
 - explain how you meet the business's needs.
 - include your references' contact information.
81. In comparing trade associations with professional organizations, trade associations are typically more _____-oriented.
- performance
 - academic
 - profit
 - research
82. So that a business can achieve its organizational goals, the business's employees must have
- comprehensive analytical skills.
 - adequate training.
 - detailed reports.
 - unlimited resources.
83. 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
84. Reviewing activity status reports helps a project manager to
- control the project.
 - create barriers.
 - determine project scope.
 - develop specifications.
85. 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.
86. 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
87. 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?

88. A water filtering company made some changes to its processes that resulted in better tasting water. This is an example of
- A. quality improvement.
 - B. quality control.
 - C. opportunity cost.
 - D. market development.
89. The focus of the Six Sigma framework involves maximizing overall quality and
- A. expanding product lines.
 - B. hiring qualified employees.
 - C. preventing problems.
 - D. emphasizing innovation.
90. 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
91. 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.
92. 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.
93. 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
94. The core activity of managerial planning involves
- A. determining objectives.
 - B. modifying behavior.
 - C. implementing procedures.
 - D. identifying gains.
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 need for process improvement.
 - a need for new types of skills and experience.
 - a change in government regulations.
 - competitive pressures.
97. What directing activity involves rewarding employees with positive feedback and monetary incentives?
- Supervising
 - Motivating
 - Coordinating
 - Producing
98. Inspecting raw materials before using them to produce finished goods is an example of _____ control.
- concurrent
 - feedforward
 - feedback
 - 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?
- Let the employees know why the change is important after it has occurred.
 - Execute the change without telling employees to avoid confusing them.
 - Involve only high-ranking employees; lower level employees do not need to be aware of the change.
 - Explain to all employees why the change is needed and how it will help.
100. Many organizational changes fail because
- big changes cannot be executed throughout entire companies.
 - companies do not properly execute the change-management lifecycle.
 - most people are resistant to change.
 - managers give their employees too much time to adjust to changes.

1. A
Child labor laws. Child labor laws are important to students because if they were to get a job as a minor, they should know the laws that affect their employment. 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)
2. 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/>
3. 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>
4. 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/>
5. 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>

6. 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>

7. 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>

8. A

Thesis. It's important to begin every outline by writing a single, complete statement of the main idea, also known as the thesis. A good thesis relates the topic to audience members and helps them see its impact. A conclusion summarizes the material in a presentation and makes it memorable. Visual aids include maps, lists, tables, charts, diagrams, and graphs. Transitions are the words or sentences that connect or identify the presentation's parts.

SOURCE: CO:025

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

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. A

Dear Alex Smith:. Since Rosa hasn't met the person she's writing the letter to, she doesn't know if Alex Smith is male or female. For this reason, it's important for her to use the full name. If Alex Smith is a woman, she might be offended if Rosa uses "Dear Mr. Smith." "To Whom It May Concern" shouldn't ever be used. It's important to find out to whom to address the letter, even if it's just to a title, such as "Vice President." In Rosa's case, she knows the name of the recipient, so she should use that. "Dear Alex" is too informal for a business letter. It may be appropriate for a friend, but Rosa has never met Alex Smith.

SOURCE: CO:133

SOURCE: Purdue Online Writing Lab. (1995-2017). *Writing the basic business letter*. Retrieved November 28, 2017, from <http://owl.english.purdue.edu/owl/resource/653/01>

11. 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>

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

Summarize gathered information. A research report summarizes information gathered from an investigation. Information is often obtained from several sources inside and outside the business. Businesses often request and use research reports to identify problems and opportunities. Information provided in research reports is often used to make important decisions about the business, which may involve setting new objectives for the business.

SOURCE: CO:186

SOURCE: Roberts, S.J. (2012). *Fundamentals of business communication* (1st ed.) [pp. 410, 418-426]. Tinley Park, IL: The Goodheart-Willcox Company, Inc.

14. 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.

15. 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/>

16. 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)

17. 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)

18. 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)

19. 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)

20. 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>

21. 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)

22. 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)

23. A

Communicate with your supervisor. Responsible employees bring problems and concerns to the attention of supervisors so that appropriate action can be taken. They do not waste time discussing problems with friends or waiting for someone to fix the problem. It is inappropriate to discuss work-related problems with clients.

SOURCE: EI:021

SOURCE: LAP-EI-021—Make the Honor Role (Acting Responsibly)

24. C

A new coworker is asking others to do his work for him. If a coworker is taking advantage of others and trying to get out of doing his fair share of work, he is not treating others fairly. In this situation, you should stick up for those who are being treated unfairly by saying something to the new coworker or taking the issue to upper management if necessary. There is no indication that the teacher giving your friend detention was acting in an unfair manner. There is also no indication that your sister who was grounded for failing a math test is being treated unfairly. If a classmate is given simpler assignments than everyone else, there may be a reason that the student needs simpler assignments, and you should not necessarily intervene.

SOURCE: EI:127

SOURCE: LAP-EI-127—Fair or Foul? (Demonstrating Fairness)

25. B

Honesty. Honesty, or being truthful, is one of the most obvious qualities that all trustworthy people have in common. But this doesn't mean that all trustworthy people say everything they're thinking. A big part of earning trust is knowing when you should share important information and how to share difficult information with tact and kindness. Elliot is being truthful, but he still needs to be kind. Loyalty, consistency, and dependability are important qualities that trustworthy people possess, but Elliot does not demonstrate them in this example.

SOURCE: EI:128

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

26. 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)
27. 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)
28. 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)
29. 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)
30. C
Persistence. Accomplishing goals is never easy—that's why it's important for achievement-oriented people to be persistent. They don't give up when the going gets tough. Instead, they work even harder to achieve their goals. People with a high achievement orientation are not impatient, ruthless, or irresponsible.
SOURCE: EI:027
SOURCE: LAP-EI-010—High Hopes (Developing an Achievement Orientation)
31. 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>

32. 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)

33. 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)

34. 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)

35. 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)

36. 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)

37. 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>

38. 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)

39. 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)

40. 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>

41. 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>

42. 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 breading recipe (11 herbs and spices), the company mixes small increments of the breading 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>

43. 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>

44. 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)

45. 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)

46. 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>

47. 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>

48. 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>

49. 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>

50. 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)

51. 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)

52. 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>

53. 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>

54. 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.

55. 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/>

56. 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>

57. 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

58. 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>

59. C

Define an individual work process. When streamlining work processes, the first thing you need to do is define an individual work process. You can't streamline your work if you don't know what you're streamlining. Dividing the work process into steps, asking employees 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>

60. 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.

61. 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.

62. 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.

63. 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.

64. 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.

65. 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)

66. 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)

67. 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>

68. 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>

69. 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>

70. 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>

71. 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/>

72. 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>

73. 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>

74. 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

75. 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>

76. 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>

77. D

Be respectful to all coworkers. Employers expect their employees to treat everyone—supervisors, coworkers, and customers—with respect. Ina should show up on time, not up to 20 minutes late. If she has questions about her work, she should ask. Employers expect their employees to have soft skills.

SOURCE: PD:020

SOURCE: Lockhart, K. (2013, June). *Employer expectations: Just what do they want?* Retrieved November 28, 2017, from <http://www.letsgettoworkwi.org/wp-content/uploads/2013/05/Employer-Expectations-by-Kristi-Lockhart.pdf>

78. D

Aptitude. When exploring career options, individuals should consider their aptitudes. An aptitude is a natural talent or a skill that a person masters quickly or easily such as drawing, painting, science, math, etc. A hobby is an enjoyable activity that a person does in his/her leisure time. The attitudes and ways in which a person approaches a situation are his/her mindset. A vision is the future you desire to create. People apply their aptitudes to work toward their visions.

SOURCE: PD:023

SOURCE: McKay, D.R. (2016, September 2016). *What is aptitude?* Retrieved November 28, 2017, from <https://www.thebalance.com/what-is-aptitude-526175>

79. 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

80. C

Explain how you meet the business's needs. After interviewing for a job, you should send a follow-up letter to the interviewer to thank him/her for the interview and to remind him/her of your interest in the job. In the letter, you should also explain how you meet the business's needs and address any pertinent questions that you feel that you did not sufficiently answer during the interview. Salary requirements and references' contact information are not typically included in a thank-you letter. Rather than using the generic salutation "Dear Sir or Madam," you should personalize the letter by using the interviewer's name in the salutation.

SOURCE: PD:029

SOURCE: Schneider, L. (2016, September 14). *Thank you letters: Guide lines for writing thank you letters*. Retrieved November 28, 2017, from <https://www.thebalance.com/thank-you-letters-2071832>

81. 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/>

82. 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

83. 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/>

84. 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>

85. 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

86. 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>

87. 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/>

88. 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)

89. 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.

90. 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>

91. 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>

92. 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)

93. 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/>

94. 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>

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>



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ENTREPRENEURSHIP

**THE ENTREPRENEURSHIP EXAM IS USED FOR THE
FOLLOWING EVENTS:**

ENTREPRENEURSHIP SERIES **ENT**

ENTREPRENEURSHIP TEAM DECISION MAKING EVENT **ETDM**

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UNDERSTANDING THE DECA ENTREPRENEURSHIP EXAM

DECA currently uses seven industry-validated exams. Exams are developed based on National Curriculum Standards, available for download at www.mbaresearch.org/index.php/curriculum-teaching/business-admin-standards.

Each exam item corresponds to a performance indicator within an instructional area and is assigned a curriculum planning level. Items are prorated across all eligible performance indicators so that each instructional area (e.g., promotion) is represented in proportion to the total of all performance indicators. Each year, DECA provides an exam blueprint that details the number of questions per instructional area that will appear on each level of exam.

USING THE KEY

For each exam item, the key provides the correct answer and rationale, as well as an explanation as to why each of the three alternatives were incorrect. In addition, the key provides two sources. The first source is helpful in determining the instructional area, performance indicator and curriculum-planning level used for that item. The letters represent the instructional area and the number represents the specific performance indicator. Once the performance indicator is found in the National Curriculum Standards, you can then identify the curriculum-planning level. The second source provides the specific information used to create the exam item.

INSTRUCTIONAL AREAS

Business Law (BL)
Channel Management (CM)
Communications (CO)
Customer Relations (CR)
Economics (EC)
Emotional Intelligence (EI)
Entrepreneurship (EN)
Financial Analysis (FI)
Human Resources Management (HR)
Information Management (NF)
Market Planning (MP)
Marketing (MK)
Marketing-Information Management (IM)
Operations (OP)
Pricing (PI)
Product/Service Management (PM)
Professional Development (PD)
Promotion (PR)
Quality Management (QM)
Risk Management (RM)
Selling (SE)
Strategic Management (SM)

CURRICULUM-PLANNING LEVELS

The entrepreneurship exam items are assigned to a curriculum-planning level below:

- **Prerequisite (PQ):** Content develops employability and job-survival skills and concepts, including work ethics, personal appearance, and general business behavior.
- **Career Sustaining (CS):** Content develops skills and knowledge needed for continued employment in or study of business based on the application of basic academics and business skills.
- **Specialist (SP):** Content provides in-depth, solid understanding and skill development in all business functions.
- **Supervisor (SU):** Content provides the same in-depth, solid understanding and skill development in all business functions as in the specialist curriculum, and in addition, incorporates content that addresses the supervision of people.
- **Manager (MN):** Content develops strategic decision-making skills in all business functions needed to manage a business or department within an organization.
- **Owner (ON):** Content develops strategic decision-making skills in all aspects of business that are needed to own and operate a business.

DEFINITIONS

Performance Indicators

Specific knowledge and skills students are expected to address and perform during their competition. Performance indicators are National Curriculum Standards which are taught in the classroom.

Instructional Areas

Broad areas of content knowledge (i.e., promotion, pricing, emotional intelligence, business law) that are comprised of many performance indicators.

Curriculum-Planning Areas

Curriculum-planning levels represent a continuum of instruction ranging from simple to complex. The levels can serve as building blocks for curriculum development in that students should know and be able to perform the performance indicators at one level before tackling more complex skills and knowledge at the next level. The levels can also be used as the basis for developing an unduplicated sequence of instruction for articulation between high school and postsecondary business courses.

Business Administration Core

The Business Administration Core is the foundation for all of DECA's competitive events. Performance indicators in the Business Administration Core are common to all career areas and competitive events.

Career Clusters

There are sixteen career clusters, each representing a distinct grouping of careers and industries based on the knowledge and skills they require. DECA supports four career clusters:

- Marketing
- Business Management and Administration
- Finance
- Hospitality and Tourism

1. Which of the following types of laws protects a business's inventions or written works from the unauthorized use by others:
 - A. Intellectual property
 - B. Income tax
 - C. Consumer protection
 - D. Product liability

2. A restaurant chain claims that a competitor does not follow hygiene standards, but does not have any proof to support the claim. Which type of tort has the restaurant chain committed?
 - A. Criminal
 - B. Negligent
 - C. Strict liability
 - D. Intentional

3. A person with a disability is entitled to service in a restaurant based on the Americans with Disabilities Act (ADA) which focuses on
 - A. age discrimination.
 - B. affirmative action.
 - C. public accommodations and employment.
 - D. immigration and document verification.

4. The best way to reduce the disagreements that often occur when two people go into business together is to develop a(n)
 - A. state charter.
 - B. operating permit.
 - C. partnership agreement.
 - D. DBA document.

5. When is it best for a business to use an exclusive distribution pattern?
 - A. It chooses to eliminate intermediaries.
 - B. It prefers to have its intermediaries promote the product.
 - C. It needs to maintain tight control over a product.
 - D. It wants the product to be available in all possible locations.

6. Channels of distribution are necessary for the sale of goods and services to ultimate
 - A. wholesalers.
 - B. consumers.
 - C. retailers.
 - D. sales agents.

7. Which of the following is a criterion that some businesses might use to evaluate channel members:
 - A. Marketing plan
 - B. Shipping method
 - C. Management style
 - D. Return policy

8. During-the-sale touch points should be designed to
 - A. show the customer what benefits the brand offers.
 - B. reinforce that the customer is making the right buying decision.
 - C. resolve any problems the customer has with the product.
 - D. get the customer's attention.

9. The basic ways of dealing with business risk are to
 - A. prevent or control, transfer, retain, or avoid the risk.
 - B. accept or reject, transfer, decrease, or carry the risk.
 - C. reduce or eliminate, estimate, identify, or reveal the risk.
 - D. eliminate or avoid, transfer, estimate, or plan for the risk.

10. What type of competition is being used when businesses compete on a basis other than price?
 - A. Direct
 - B. Nonprice
 - C. Price
 - D. Indirect

11. Which of the following is a way that government regulates business operations to create a fair marketplace:
 - A. Taxing company profits
 - B. Eliminating competition
 - C. Encouraging monopolies
 - D. Discouraging price-fixing

12. Which of the following characteristics is a primary dimension of diversity:
 - A. Age
 - B. Income
 - C. Language
 - D. Religion

13. An effective way to create a desire for others to agree with your ideas is by
 - A. stating your case.
 - B. explaining benefits.
 - C. identifying concerns.
 - D. gathering information.

14. During a negotiation, Dexter said, "Debra, our companies need to reach agreement on the contract terms by next Tuesday, or we will need to find another supplier. Our project is already three weeks behind." What negotiation tactic is Dexter using?
 - A. Limited authority
 - B. Deadline driven
 - C. Bargaining
 - D. Good cop/Bad cop

15. People need leaders to
 - A. provide them with morals.
 - B. provide them with ideas.
 - C. tell them what to believe.
 - D. give them direction.

16. Which of the following is an example of an employer providing positive recognition for an employee's work efforts:
 - A. Jonah receives a certificate for generating the most sales last month.
 - B. Natasha works through her lunch hour to finish a complex project.
 - C. The shift supervisor places a copy of Tim's performance review in his personnel file.
 - D. Caroline submits an idea for improvement in the company's suggestion box.

17. Gianna is attempting to build a strategic relationship with Nico, who is an influential member of the local business community. What is one technique Gianna could use to build the relationship?
 - A. Focusing on Nico's shortcomings
 - B. Establishing dominance and control
 - C. Seeking a deal as quickly as possible
 - D. Finding a shared vision

18. The entrepreneurial discovery process requires knowledge and the recognition of a(n)
 - A. preventable accident.
 - B. market need.
 - C. economic crisis.
 - D. creative observation.

19. When assessing a venture opportunity, an entrepreneur often considers how the venture can differentiate itself from similar businesses, which is determining the
 - A. economic limitations.
 - B. return on investment.
 - C. competitive advantage.
 - D. growth pattern.

20. What is the disadvantage of brainstorming ideas on your own?
 - A. Absence of criticism from others
 - B. Less flexibility
 - C. Lack of exposure to others' viewpoints
 - D. Insufficient space

21. Regan is deciding if she is willing to give up a secure position with a well-known company so she can start a home-based business. Which of the following risks is Regan assessing:
 - A. Social
 - B. Career
 - C. Physical
 - D. Financial

22. An entrepreneur might discuss the concept for a new business with an industry expert when the entrepreneur
 - A. needs to obtain a commercial bank loan.
 - B. lacks knowledge or experience in the field.
 - C. wants to increase the business's profit margins.
 - D. is ready to plan promotional activities.

23. Which of the following is a primary factor that affects a new venture's human resource needs:
 - A. Insurance risk
 - B. Political structure
 - C. Business type
 - D. Personal flexibility

24. Which of the following questions would Allison ask herself when deciding if she should hire an assistant for her growing business:
 - A. Does this applicant meet my minimal educational requirements?
 - B. How will I recruit applicants for the job?
 - C. Can I trust this person to get the work done on time?
 - D. Does the workload require a full-time or part-time employee?

25. Although hiring a highly skilled employee is an added expense, a business owner benefits because the employee's activities increase the firm's overall productivity based on his/her
 - A. self-control.
 - B. expertise.
 - C. attitude.
 - D. inability.

26. A potential benefit to new business owners of establishing business systems and procedures is
- less reliance on networking.
 - improved utility services.
 - the efficient use of resources.
 - the elimination of employee errors.
27. Which of the following is a factor that tends to reduce employee productivity and has a negative effect on the success of a new business:
- Clear quality standards
 - Narrow product line
 - Poor communication
 - Short-term goals
28. Aaron, a small-business owner, develops an exit strategy so that his company keeps growing and prospering in the marketplace after he leaves. The exit strategy is one aspect of Aaron's
- continuation plan.
 - control system.
 - management style.
 - competitive advantage.
29. Orson, the sole proprietor of a home-based consulting business, wants to purchase and run a restaurant franchise. So he can focus on his new venture, what is Orson likely to do about his consulting business?
- Serve on the business's board of directors.
 - Sell the business for a licensing fee.
 - Form an "S" corporation.
 - Close the business.
30. Which of the following should you do when selling your business:
- Say yes to the first offer that you receive.
 - Begin preparing a few weeks before you plan to sell.
 - Sell the company when business is on the downturn.
 - Keep your business negotiations confidential.
31. Taylor is a managerial accountant, and she is attempting to determine why the costs of production are on the rise. Taylor needs to identify
- buying motivations.
 - direct labor hours.
 - sales revenue.
 - cost drivers.
32. An owner of a small business who needs to obtain funds to produce goods might borrow against the cash value of
- a life insurance policy.
 - a real estate mortgage.
 - installment loans.
 - accounts payable.
33. A business usually negotiates loans with the same bank in which it maintains a checking account because the business has a(n) _____ with that bank.
- investment opportunity
 - established relationship
 - marketing contract
 - legal agreement

34. A business has \$20,000 in cash to pay toward the purchase of a \$175,000 warehouse. If a bank will loan 80% of the purchase price, what additional amount of financing does the business need to obtain?
- A. \$17,750
 - B. \$15,000
 - C. \$20,500
 - D. \$26,250
35. What is one of the risks associated with a business obtaining a fixed interest rate on a long-term loan?
- A. Interest rates decrease
 - B. Processing fees increase
 - C. Interest rates increase
 - D. Processing fees decrease
36. To understand whether producing additional units of a product would be a good idea, businesses need to determine
- A. total revenue.
 - B. marginal revenue.
 - C. total output.
 - D. net profit.
37. Which of the following financial ratios should business owners use to determine how well their investment has performed:
- A. Return on owner's equity
 - B. Return on investment
 - C. Current ratio
 - D. Return on sales
38. Which of the following is a component of a profit-and-loss statement:
- A. Petty cash
 - B. Interest rate
 - C. Gross margin
 - D. Book value
39. Which of the following financial analysis methods involves comparing the same items on a company's financial statements for two or more periods:
- A. Horizontal analysis
 - B. Vertical analysis
 - C. Technical analysis
 - D. Fundamental analysis
40. Businesses often verify the information provided on job applications and résumés by
- A. questioning the applicants.
 - B. conducting background checks.
 - C. interviewing former coworkers.
 - D. hiring private investigators.
41. Which of the following is an example of an acceptable question to ask potential employees during an interview in order to select the best candidate:
- A. What is your age and date of birth?
 - B. Have you ever been issued a parking ticket?
 - C. Are you married and do you have children?
 - D. Do you have previous military experience?

42. Why do businesses often maintain several different personnel files for each employee?
- A. To organize general information
 - B. To make record keeping easier
 - C. To protect employees' privacy
 - D. To be prepared for an emergency
43. What action should a manager take first in response to an employee's complaint that s/he has been scheduled to work on a day s/he had expected to have free?
- A. Tell the employee to work it out with his/her coworkers.
 - B. Tell the employee s/he has to work as scheduled.
 - C. Set a specific time to give the employee a decision.
 - D. Gather additional information about the situation.
44. During a board of directors meeting, the company's CEO said, "Based on last year's sales data and changes in economic conditions, I believe that sales will increase next year." In this situation, the CEO has provided the board members with a(n)
- A. fact.
 - B. prediction.
 - C. estimate.
 - D. recommendation.
45. A business should decide at the beginning of a marketing research project how much it can afford to spend in order to
- A. tell the researcher when to stop the project.
 - B. narrow the focus of the research if necessary.
 - C. cut the project in half if that is all it can afford.
 - D. skip some of the research steps if it needs to save time.
46. Which of the following methods of gathering primary marketing research data involves asking consumers questions to learn their opinions:
- A. Experiment
 - B. Survey
 - C. Observation
 - D. Sampling
47. A local business raises money to help people in the community who were affected by a tornado. This is an example of which of the following positive actions that businesses should take:
- A. Providing excellent customer service
 - B. Providing proper training for employees
 - C. Demonstrating corporate responsibility
 - D. Protecting the business's reputation
48. Heyman's discount store planned to participate in a variety of promotional activities in order to meet its goal of increasing the store's market share. Heyman's promotional plan is a marketing
- A. strategy.
 - B. tactic.
 - C. concept.
 - D. objective.
49. A restaurant that groups its market into people who frequently, seldom, or never visit the restaurant is basing its segmentation on
- A. educational level.
 - B. rate of use.
 - C. life stage.
 - D. occupation.

50. Businesses often segment their target markets into which of the following three primary areas:
- A. Geographic, economic, technological
 - B. Demographic, psychographic, geographic
 - C. Demographic, productive, rational
 - D. Psychographic, sociological, promotional
51. Which of the following is a marketing activity that businesses consider when conducting a competitive analysis:
- A. Promotion
 - B. Risk management
 - C. Purchasing
 - D. Management research
52. To be effective, businesses should set marketing objectives that can be
- A. estimated.
 - B. written.
 - C. measured.
 - D. promoted.
53. Which of the following is a financial consideration when measuring the effectiveness of online advertising based on a click-through rate:
- A. Software expense
 - B. Website design
 - C. Cost versus response
 - D. Access and frequency
54. What are important considerations in establishing hardware/software specifications for a business?
- A. Strategic planning, training, upgrades, and cost
 - B. User needs, mobility, delivery terms, and technical support
 - C. Security, social media policies, performance, and licensing
 - D. Capabilities, compatibility, reliability, and cost
55. What is one way that the trend toward protecting the environment has a negative effect on many businesses?
- A. Increases costs
 - B. Reduces pollution
 - C. Promotes growth
 - D. Decreases prices
56. During the busy tourist season, a coastal surf shop sold 398 beach balls in June, 924 beach balls in July, and 537 beach balls in August. This information reveals that
- A. the demand for beach balls peaked during July.
 - B. more tourists purchased beach balls in July than June and August combined.
 - C. beach-ball production rates increased in August.
 - D. the supply of beach balls declined in June by four percent.
57. The McGregor Company developed a set of procedures that states how employees should exit the building in case of a fire. This is an example of a(n)
- A. safety inspection.
 - B. evacuation plan.
 - C. assessment program.
 - D. insurance risk.

58. Why is it important for businesses to identify potential security issues?
- A. To develop procedures to protect the workplace
 - B. To take steps to avoid all risk
 - C. To provide employees with safety information
 - D. To investigate causes of illness
59. Which of the following is an important purchasing activity in a business:
- A. Developing financial statements
 - B. Setting prices
 - C. Selecting vendors
 - D. Managing employee benefits
60. The sum of the operating and direct expenses required to make a product is its
- A. total cost.
 - B. price markup.
 - C. gross cost.
 - D. break-even point.
61. Why does a business conduct a break-even analysis?
- A. To determine the approximate consumer demand levels
 - B. So it can receive a tax break from the government
 - C. So it can evaluate product sales from the previous year
 - D. To determine a product's possible range of profit
62. When negotiating maintenance contracts, which of the following should businesses consider that often adds to the overall cost:
- A. Training sessions
 - B. Installment requirements
 - C. Optional features
 - D. Additional supplies
63. In which of the following situations might a business lose money from bad debts by failing to monitor information in its budget and making necessary adjustments:
- A. Total cash receipts are higher than usual.
 - B. Large amount of accounts receivable are past due.
 - C. Many customers are paying with personal checks.
 - D. Credit card sales are growing in number.
64. Which of the following is an advantage of a supply chain's ability to adjust internal inventory levels:
- A. It develops better supplier relationships.
 - B. It no longer needs to monitor inventory levels.
 - C. It significantly reduces transportation costs.
 - D. It can respond to changes in the marketplace.
65. Luke is reviewing several internal and external reports to compare his company's sales and market share in relation to other companies in the industry. What type of business analysis is Luke conducting?
- A. Financial
 - B. Promotional
 - C. Competitive
 - D. Productivity
66. Which of the following is an example of business process thinking:
- A. Whenever a customer complains about slow service, servers are fired.
 - B. The marketing department and finance department avoid interacting.
 - C. A company strives to fix its method of internal communications.
 - D. A company prioritizes promotions over product development.

67. A company created a new production process that decreased the cooling time required for heat-treated manufactured parts. This method enabled employees to handle the parts more quickly in the next production step. The new production process was created in response to
- regulations.
 - human factors.
 - technology.
 - product design.
68. A company develops a new production process so employees can create products while seated. This requires the company to schedule overtime hours but complies with a law that prevents employees from standing for more than eight hours. The company has changed its manufacturing process in response to
- costly overtime.
 - employee disabilities.
 - regulations.
 - legal battles.
69. A small brick and mortar bookstore will benefit most from a supply chain that is designed to
- ship books to customers' homes.
 - stock large quantities of best sellers.
 - purchase books to fulfill requested orders.
 - use an electronic commerce center to handle orders.
70. Rechargeable batteries are an example of what type of innovation?
- Paradigm
 - Product
 - Convertible
 - Categorical
71. Which of the following statements regarding corporate governance is true:
- The focus of corporate governance is social rather than financial.
 - Small businesses do not need formal corporate governance.
 - The principles of corporate governance often conflict with sustainability.
 - Corporate governance keeps any one person from having too much control.
72. Which of the following is an external control used to govern companies:
- Segregation of duties
 - Whistleblower policy
 - Health and safety laws
 - Managerial oversight
73. Which of the following business activities is most likely to impact an organization's governance structures:
- Borrowing money from a bank
 - Hiring a new sales representative
 - Developing a marketing strategy
 - Raising prices on consumer goods
74. What is an effect of monitoring your progress while working toward a goal?
- It adds external pressure to accomplish tasks.
 - It increases the likelihood that you will succeed.
 - It encourages communication throughout the process.
 - It makes your goal more challenging and time-consuming.

75. Which of the following is an example of a business being flexible with its pricing:
- A. Offering money-off coupons to reduce prices
 - B. Charging the same price all the time
 - C. Raising prices on high-quality products
 - D. Lowering prices during bad economic times
76. What factor directly affects a business's selling prices?
- A. Disposable income
 - B. Product substitution
 - C. Social trends
 - D. Operating expenses
77. Government regulation is a factor that affects a business's pricing because pricing regulations prohibit
- A. price fixing.
 - B. price advertising.
 - C. unit pricing.
 - D. minimum prices.
78. To determine if a product idea is practical to produce, a business should
- A. assess the marketing plan.
 - B. conduct further research.
 - C. hire an outside consultant.
 - D. establish a production committee.
79. If a company's product lines are closely related in terms of the products' target market, the product mix is said to be
- A. consistent.
 - B. shallow.
 - C. short.
 - D. narrow.
80. Which of the following services that businesses provide customers often increases a business's sales:
- A. Mystery shopping
 - B. Credit-card terminal
 - C. Operating procedures
 - D. Gift registry
81. Customers who prefer to receive less service in return for a lower price
- A. are a waste of the business's time.
 - B. want high-quality goods and services.
 - C. desire customized services.
 - D. are conscientious about money.
82. Which of the following is a benefit of promotion:
- A. Increased customer loyalty
 - B. Increased costs
 - C. Decreased sales
 - D. Decreased employment opportunities
83. Broadcast advertising is an example of _____ media.
- A. out-of-home
 - B. direct
 - C. transit
 - D. promotional

84. What is the primary goal of viral marketing?
- A. Manipulating
 - B. Staging
 - C. Managing
 - D. Sharing
85. Which of the following is a method of direct marketing:
- A. Event planning
 - B. Cold calling
 - C. Merchandising
 - D. Telemarketing
86. Sweepstakes and contests are examples of communications channels often used in
- A. media commercials.
 - B. advertising campaigns.
 - C. publicity programs.
 - D. sales promotions.
87. What is a common communications channel used in public relations?
- A. Billboards
 - B. Trade shows
 - C. Product displays
 - D. Press releases
88. Eagle Airways is hosting a gathering with local broadcasters and newspaper editors to announce the company's merger with Good Morning Airlines. What type of public relations activity does this exemplify?
- A. Social media event
 - B. Public service announcement
 - C. News conference
 - D. Press release
89. An important aspect of Jason's job is developing better, more efficient organizational processes. The aspect of quality management in which Jason is involved is
- A. assurance.
 - B. improvement.
 - C. deviation.
 - D. consistency.
90. A risk management program helps to _____ risk, which makes it easier to organize and handle them.
- A. process
 - B. encourage
 - C. prevent
 - D. categorize
91. What is an example of a way to manage physical risks?
- A. Make sure employees know where all of the building exits are.
 - B. Train multiple employees to handle important responsibilities.
 - C. Back up computer data offline and online.
 - D. Develop an evacuation plan for tornados.
92. Enterprise risk management has developed in recent years because of
- A. reduced government regulation.
 - B. the elimination of certain insurance plans.
 - C. an increasingly diverse array of risks.
 - D. declining quality standards.

93. By buying resources and selling goods and services, businesses help to
- keep our economy moving.
 - limit competition.
 - increase unemployment.
 - decrease product utility.
94. Before Lynnette takes her new product to a mass audience, she should write a business plan to
- assess a new product or promotion.
 - identify managers' roles.
 - obtain a specific contract or agreement.
 - place a value on the business.
95. A business manager who plans to obtain a specific share of the market is developing which of the following:
- A corporate strategy
 - An operating structure
 - A company objective
 - An organizational chain
96. Managers should understand the factors in a business's external environment because these factors
- affect the direction a business takes.
 - affect all businesses in the same ways.
 - exist in an unchanging environment.
 - are the result of government regulation.
97. One of William's business goals is to increase customer satisfaction by 15%. What is one measure that William could use to assess his progress toward that goal?
- Cost of marketing efforts
 - Level of employee turnover
 - Number of product returns
 - Number of touch points
98. Which of the following is an action that a business might take after comparing its operating results to the industry average:
- Improve relations with its advertising agency
 - Increase participation in community activities
 - Decrease collection time on accounts receivable
 - Decrease training and orientation for new employees
99. Every month, a technology company has all-staff meetings in which employees team up and brainstorm new ideas together. Many of these ideas lead to innovative new products. This is an example of how _____ helps organizations to innovate and change.
- collaboration
 - training
 - customer service
 - resilience
100. One of the most important, fundamental keys to successful change management is
- involving everyone in the organization.
 - focusing on processes over people.
 - minimizing use of resources.
 - ensuring changes do not impact competitiveness.

1. A

Intellectual property. Intellectual property refers to a person's ideas or formulas, which are intangible by nature and are made tangible through creative expression. To protect a business's inventions, the business would apply for a patent with the government. The government also protects written works with copyrights and symbols (e.g., business logo) with trademarks. If a business determines that another company or person infringes on its intellectual property, the business can file a lawsuit against the company or person. Income tax, consumer protection, and product liability laws do not protect a business's inventions or written works from the unauthorized use by others.

SOURCE: BL:001

SOURCE: Cornell University Law School. (n.d.). *Trademark*. Retrieved November 30, 2017, from <https://www.law.cornell.edu/wex/trademark>

2. D

Intentional. Torts are civil wrongs that do not arise from contracts and that affect particular people or businesses. There are three types of torts: intentional, negligent, and strict liability. Intentional torts are voluntary acts of harm against a protected interest. In order for a tort to be intentional, the intent to harm must be proven. In this case, the restaurant intended to harm its competitor by making false claims about its hygiene standards. Negligent torts occur when harm is caused accidentally due to carelessness. Strict liability torts occur when someone is responsible for harm without proof of carelessness. Criminal acts are public wrongs that harm society as a whole, rather than causing harm to particular people or businesses, as is the case with torts.

SOURCE: BL:069

SOURCE: Laws.com (2017). *A brief overview of tort law*. Retrieved November 30, 2017, from <https://tort.laws.com/tort-law>

3. C

Public accommodations and employment. Restaurants must provide employment opportunities and access to public accommodations for disabled people. Other types of federal laws deal with affirmative action, immigration and document verification, and age discrimination.

SOURCE: BL:008

SOURCE: Webstaurant. (2017, October 29). *ADA compliance for restaurants*. Retrieved November 30, 2017, from <https://www.webstaurantstore.com/article/152/ada-compliance-for-restaurants.html>

4. C

Partnership agreement. A partnership agreement is a written document signed by business partners that specifies the terms of the partnership such as the rights and responsibilities of each individual. Developing a detailed partnership agreement often helps resolve the conflict because it addresses many of the issues that cause potential disagreements. Operating permits grant permission to conduct certain business activities (e.g., run heavy machinery). A charter is a document that a state grants to businesses that request incorporation. DBA (doing business as) forms are often required by local governments when a business opens.

SOURCE: BL:006

SOURCE: LAP-BL-006—Taking Care of Business (Selecting Forms of Business Ownership)

5. C

It needs to maintain tight control over a product. Exclusive distribution involves selling a product through one intermediary or middlemen, in a geographic area. Exclusive distribution is often preferred for specialty, highly complex, and technical products, or products that require special handling or training, such as airplanes or large machinery. When a business wants to deal with intermediaries that will do the best job to promote and sell their products, it would use selective distribution. Selective distribution means selling a product through a limited number of wholesalers and retailers in a geographic location. A business that wants to bypass middlemen (intermediaries) would choose a direct-distribution strategy. Intensive distribution involves selling a product (e.g., candy bars) through every available wholesaler and retailer in a geographic area where consumers might look for the product.

SOURCE: CM:001

SOURCE: LAP-CM-002—Chart Your Channels (Channel Management)

6. B
Consumers. A channel of distribution is the route that a product takes in moving from a producer to a consumer. Ultimate consumers are those who use goods and services for their own needs. Wholesalers, retailers, and sales agents are channel intermediaries that perform specific functions in the movement of goods.
SOURCE: CM:003
SOURCE: LAP-CM-003—Channel It (Channels of Distribution)
7. D
Return policy. Businesses usually evaluate channel members on a regular basis to make sure that they are performing as expected. In order to evaluate performance, businesses develop criteria such as return policies. This criterion is important to businesses that want to be able to return products for agreed-upon reasons. If businesses find that channel members are not meeting these standards, they often work with the channel members to improve performance. If channel members continue to perform in an unacceptable manner, they may be terminated. Businesses usually are not concerned with shipping method, management style, or marketing plan as long as the channel members meet certain criteria and perform effectively.
SOURCE: CM:011
SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [pp. 412-413]. Tinley Park, IL: Goodheart-Willcox.
8. B
Reinforce that the customer is making the right buying decision. During-the-sale touch points should be designed to reinforce that the customer is making the right buying decision. By this point, pre-sale touch points should have gotten the customer's attention and shown the benefits the brand offers. Resolving problems with the product is typically something that occurs after the sale.
SOURCE: CR:001
SOURCE: LAP-CR-006—Share the Promise (Identifying Brand Promise)
9. A
Prevent or control, transfer, retain, or avoid the risk. Usually, business risk cannot be totally eliminated or avoided. Businesses can choose to take measures that will prevent or control risks that can be anticipated. They can transfer the risk to others by entering into contracts, purchasing insurance, or choosing a form of business ownership that spreads the risk. Or, they may retain, or keep, the risk because it is small, the business is unaware of it, or the business has underestimated the risk.
SOURCE: EC:011
SOURCE: LAP-EC-003—Lose, Win, or Draw (Business Risk)
10. B
Nonprice. Businesses can compete on a variety of factors other than price. Some of these are offering higher quality products, providing new product features, offering larger product assortments, providing more customer services, using a well-trained sales staff, and providing more attractive decor and/or location. Direct competition is the rivalry for scarce customer dollars that occurs between or among businesses that sell similar goods or services. Indirect competition is the rivalry for scarce customer dollars that occurs between or among businesses that sell dissimilar goods or services.
SOURCE: EC:012
SOURCE: LAP-EC-008—Ready, Set, Compete! (Competition)
11. D
Discouraging price-fixing. Discouraging unfair pricing practices such as price-fixing is one way that government regulates business operations. Government does not seek to eliminate competition because it is beneficial to consumers. Government regulations prevent the formation of monopolies, which attempt to control the market for a single product or service. Government taxation is not imposed to create a fair marketplace; it is done to fund public services.
SOURCE: EC:008
SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [pp. 356-360]. Tinley Park, IL: Goodheart-Willcox.

12. A

Age. Age is a primary dimension of diversity. The primary dimensions are those inborn differences that cannot be changed and affect a person's entire life. They include such characteristics as age, gender, race/ethnicity, nationality, physical traits, and abilities (both mental and physical). Income, language, and religion are secondary dimensions of diversity. Secondary dimensions of diversity are those characteristics that may change at various points throughout one's lifetime.

SOURCE: EI:033

SOURCE: LAP-EI-011—Getting to Know You (Cultural Sensitivity)

13. B

Explaining benefits. You create a desire for others to agree with your ideas by explaining how they benefit. Others need to understand what they will get out of it and why it will be good for them. You should explain the advantages so others will want to do what you suggest. Before you can create a desire for others to agree with your ideas, you need to identify their concerns, gather information, and then state your case.

SOURCE: EI:012

SOURCE: LAP-EI-121—Win Them Over (Persuading Others)

14. B

Deadline driven. There are several negotiating strategies, and some are more effective than others in certain situations. The deadline-driven strategy involves one party giving the other party a time limit to take action. In the situation provided, Dexter communicates a deadline—next Tuesday. Limited authority is a negotiating strategy in which one person claims that s/he does not have the authority to make a decision and must consult another person who is not present during the negotiation process. Bargaining is a "give-and-take" strategy. Good cop/Bad cop sets up one person as reasonable and the other person as unreasonable.

SOURCE: EI:062

SOURCE: LAP-EI-008—Make It a Win-Win (Negotiation in Business)

15. D

Give them direction. Humans have always needed strong leaders to give them direction, whether that direction is big (organizational goals) or small (how to perform a single task). However, people still need to create their own ideas, determine their own beliefs, and define their own morals. Leadership can help with these tasks, but they are personal responsibilities.

SOURCE: EI:009

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

16. A

Jonah receives a certificate for generating the most sales last month. Employee recognition is special notice or acknowledgement of a worker's contribution to the organization. Employers recognize employees' work efforts in many ways, such as positive feedback, bonuses, awards, and certificates. When Jonah receives a certificate acknowledging his selling efforts, his employer is providing Jonah with positive recognition. Working through lunch to finish a project, placing a performance review in a personnel file, and submitting an idea for improvement in the company's suggestion box are not examples of recognizing an employee's work efforts.

SOURCE: EI:014

SOURCE: LAP-EI-141—Gimme Five! (Recognizing/Rewarding Others)

17. D

Finding a shared vision. Strategic relationships are successfully formed when both sides share a common vision that they can work toward together. Both parties will be equally motivated to succeed. Establishing dominance and control, seeking a deal as quickly as possible, and focusing on Nico's shortcomings will hinder Gianna from building a strategic relationship with Nico.

SOURCE: EI:114

SOURCE: McKay, K. (2014, June 3). *How to create strategic partnerships that are a win-win*. Retrieved November 30, 2017, from <https://www.entrepreneur.com/article/234425>

18. B

Market need. A market need occurs when demand for a product is not met. Entrepreneurial discovery is the process of detecting and matching product and market opportunities with one another in a manner that satisfies the market and the business. For example, there may be a demand for a medication to treat an illness, but because the illness is a new strain, no medication is available. Therefore, a market need exists, and the scientist uses his/her knowledge to invent a medication to treat the illness. Entrepreneurial discovery does not require a preventable accident, economic crisis, or creative observation to begin the process.

SOURCE: EN:002

SOURCE: Smart Specialisation Platform. (2016). *Entrepreneurial discovery process*. Retrieved November 30, 2017, from <http://s3platform.jrc.ec.europa.eu/entrepreneurial-discovery-edp>

19. C

Competitive advantage. A venture opportunity is a circumstance that presents itself as a favorable means of starting a new business. After identifying an opportunity, the entrepreneur assesses it to determine if it has potential to succeed, which often involves determining a competitive advantage. The competitive advantage is the edge a business achieves by offering something better or different than other similar businesses—the competitors. A business does not determine its edge (product and organizational differentiation) over other businesses by determining its return on investment, economic limitations, or growth pattern.

SOURCE: EN:005

SOURCE: Ray, L. (2017). *5 steps to evaluating business opportunities*. Retrieved November 30, 2017, from <http://smallbusiness.chron.com/5-steps-evaluating-business-opportunities-44673.html>

20. C

Lack of exposure to others' viewpoints. Brainstorming is a creative-thinking technique that involves the identification of as many different ideas as possible during a certain time frame. Brainstorming is an activity that can be done individually or in groups. The disadvantage of brainstorming by yourself is that you are not exposed to others' ideas or viewpoints, which limits input to your own thoughts and views. The advantage to brainstorming on your own is that you have the flexibility to brainstorm whenever and wherever it is convenient for you—while traveling, in the evening at home, etc. Another advantage to brainstorming alone is that others are not around to evaluate or criticize your ideas.

SOURCE: EN:006

SOURCE: Zaineb, A. (2010, December 14). *Individual vs. group brainstorming*. Retrieved November 30, 2017, from <http://blog.commlabindia.com/elearning/individual-group-brainstorming>

21. B

Career. When starting a new business, there is always a risk—the possibility of loss or failure. There are different types of risk, such as financial, social, physical, and career. When an entrepreneur leaves a successful career with a reputable company to start a business, there is the risk that the entrepreneur may lose his/her ability to go back to the career if the new venture fails. If a venture fails and the entrepreneur has not kept up with technological advancements, professional development, or licensing credentials, the entrepreneur may find it difficult to resume her/his career. Because starting a business can be time-consuming and stressful, the entrepreneur may experience social risk (loss of close relationships) or physical risk (health issues related to mental stress). Financial risk is the possibility of losing assets.

SOURCE: EN:010

SOURCE: Katz, J., & Green, R. (2011). *Entrepreneurial small business* (3rd ed.) [pp. 538-567]. New York, NY: McGraw-Hill/Irwin.

22. B

Lacks knowledge or experience in the field. When an entrepreneur discovers a business opportunity, s/he might need to obtain more in-depth information to develop the business idea. Industry experts are external resources from which an entrepreneur can obtain useful information and ideas when s/he does not have extensive knowledge or experience in the specific field. An entrepreneur may obtain a bank loan or plan promotional plans after developing and analyzing the venture concept. Increasing profit margins is an issue that entrepreneurs address after the business is open.

SOURCE: EN:012

SOURCE: Katz, J., & Green, R. (2011). *Entrepreneurial small business* (3rd ed.) [pp. 90, 92-96]. New York, NY: McGraw-Hill/Irwin.

23. C

Business type. Human resources are the people a business uses to produce goods and services. A business's human resource needs vary because different businesses require different skills and knowledge. For example, a restaurant needs people to cook and serve food, while an airline needs pilots and ticket takers. Political structure, insurance risk, and personal flexibility are not primary factors that always affect a start-up business's human resource needs.

SOURCE: EN:017

SOURCE: Longenecker, J.G., Moore, C.W., & Petty, J.W. (2003). *Small business management: An entrepreneurial emphasis* (12th ed.) [pp. 472-475]. Cincinnati, OH: Thomson/South-Western.

24. D

Does the workload require a full-time or part-time employee? A business owner considers many factors when determining if s/he should hire an employee. An important factor to consider is the nature of the work that the owner needs to have done—bookkeeping, purchasing, ad placement, etc. The owner must also consider how often certain tasks are performed (e.g., weekly, monthly). After determining what skills are needed, the owner must decide if there is enough work for a full-time employee or if a part-time employee could handle the workload. The business owner recruits applicants after determining the necessary skills and approximate workload. Therefore, the business owner cannot answer the remaining questions until s/he determines the type and amount of work s/he needs the employee to do.

SOURCE: EN:018

SOURCE: Katz, J., & Green, R. (2011). *Entrepreneurial small business* (3rd ed.) [pp. 607-615]. New York, NY: McGraw-Hill/Irwin.

25. B

Expertise. Resources are the items or people that a business uses to accomplish a goal or to make a product. Small-business owners must consider both the costs and the benefits in obtaining the resources they need to operate their companies. When a business needs special knowledge to operate or expand, the owner may need to hire someone with a specific set of skills or expertise, which can be a substantial payroll expense. Self-control and a good attitude are good traits to have, and the company may benefit from them; but the employee must have the knowledge and skills to have the ability to perform tasks that others in the company cannot.

SOURCE: EN:021

SOURCE: Bamford, C.E., & Bruton, G.D. (2011). *Entrepreneurship: A small business approach*. (pp. 34, 78). New York, NY: McGraw-Hill.

26. C

The efficient use of resources. So they can provide a consistent, orderly way of conducting business activities, companies use different types of business systems, such as computer and technology, order processing, operating, and financial systems. By organizing business activities, employees have guidelines and procedures to help them conduct their duties. Well-organized business systems can maximize a company's resource efficiency. Efficient business systems do not necessarily improve utility services, nor do they lessen the reliance of networking. Efficient business systems may reduce the incidence of employee errors, but they cannot eliminate them.

SOURCE: EN:025

SOURCE: Bennett, H. (2014, January 23). *5 simple ways to improve employee utilization and productivity*. Retrieved November 30, 2017, from <https://www.keyedin.com/keyedinprojects/article/5-simple-ways-to-improve-employee-utilization-and-productivity>

27. C

Poor communication. Productivity is the amount of work that employees (human resources) perform in a given period, such as their output per hour. If management does not clearly communicate the business's goals, processes, needs, and expectations to employees, they will not know how to perform their jobs, which can reduce their productivity. Lower productivity often results in lower customer satisfaction, which negatively affects the business. A narrow product line, clearly expressed quality standards, and short-term goals do not have a negative effect on the business.

SOURCE: EN:030

SOURCE: Bennett, H. (2014, January 23). *5 simple ways to improve employee utilization and productivity*. Retrieved June 8, 2017, from <https://www.keyedin.com/keyedinprojects/article/5-simple-ways-to-improve-employee-utilization-and-productivity>

28. A

Continuation plan. An exit strategy is the blueprint that an entrepreneur uses to leave the company. There are many options for the business owner to consider when leaving the company, such as selling the business, executing an IPO, or taking his/her share of the profit. Each option requires a different course of action. Regardless of the option the owner selects, the business owner should try to make the transition as smooth as possible so that business operations are not interrupted. The exit strategy is one aspect of the continuation planning, which is the function of deciding what activities will need to be performed to keep a company prospering, and the steps it will need to take to accomplish these activities when the business owner leaves the company. The exit strategy is not one aspect of Aaron's control system, management style, or competitive advantage.

SOURCE: EN:034

SOURCE: Richards, D. (2017, May 31). *Writing a business plan: Creating a business exit plan*. Retrieved November 30, 2017, from <https://www.thebalance.com/writing-a-business-plan-planning-your-exit-strategy-1200841>

29. D

Close the business. Developing a harvesting or exiting strategy for a venture is an important step in the entrepreneurial process. The entrepreneur must decide how much, if at all, s/he wants to be involved in the business upon leaving the day-to-day operations. One option is to close the business, which is most likely the option Orson would select. A home-based sole proprietor does not have partners or employees to think about or overhead and office expenses, making closing his business a viable option. Since Orson wants to focus on his next venture, he is unlikely to structure the consulting business as a corporation, which is time consuming, expensive, and requires a board of directors. A home-based consulting business that is established as sole proprietorship is not sold for licensing fees.

SOURCE: EN:036

SOURCE: Richards, D. (2017, May 31). *Writing a business plan: Creating a business exit plan*. Retrieved November 30, 2017, from <https://www.thebalance.com/writing-a-business-plan-planning-your-exit-strategy-1200841>

30. D

Keep your business negotiations confidential. It's important to keep the sales process under wraps. If word gets out, you could risk damaging relationships with clients or employees. You should start your preparations far ahead of time, perhaps even two to four years early. You should sell the company when it is doing well, not when it's doing poorly. You should not necessarily take the first offer that you receive; instead, you should consider every opportunity and take the one that's right for your business.

SOURCE: EN:037

SOURCE: Lehrman, P. (2014, September 18). *Negotiate like a pro: 7 techniques when selling your company*. Retrieved December 1, 2017, from <https://www.entrepreneur.com/article/237549>

31. D

Cost drivers. Cost drivers are triggers that change the cost of an activity. Accountants such as Taylor use cost drivers to determine and assign overhead costs. Knowing what causes production costs to rise can help accountants figure out how to reduce them. Direct labor hours are an example of cost drivers. Identifying sales revenue or buying motivations will not necessarily help Taylor determine why the costs of production are on the rise.

SOURCE: FI:657

SOURCE: Bragg, S. (2017, May 4). *Cost driver*. Retrieved November 30, 2017, from <https://www.accountingtools.com/articles/2017/5/4/cost-driver>

32. A

A life insurance policy. Owners of small businesses often have life insurance policies which are assets that pay a specified amount of money to beneficiaries in the event of the owner's death. Many of these policies have a cash value, or monetary worth, against which the owner may borrow funds. Borrowing against the cash value of a life insurance policy is one way of obtaining cash in order to produce and sell goods. Accounts payable, mortgages, and installment loans are business liabilities rather than assets.

SOURCE: FI:023

SOURCE: McDonnell, S. (2017). *Borrowing against company-owned life insurance cash flows*. Retrieved November 30, 2017, from <http://smallbusiness.chron.com/borrowing-against-companyowned-life-insurance-cash-flows-81529.html>

33. B

Established relationship. Developing a relationship with a bank is important to a business because the business often needs additional banking services, such as loans. A business that maintains a checking account with a bank is more likely to be approved for a loan because it has an established relationship with the bank. The bank has financial information about the business that may include its credit history because the business is an existing customer. Businesses do not negotiate loans with banks because they have legal agreements, investment opportunities, or marketing contracts with the banks.

SOURCE: FI:039

SOURCE: Financial Web. (n.d.). *Relationship banking: It's important*. November 30, 2017, from <http://www.finweb.com/loans/relationship-banking-its-important.html#axzz3p7SiYaUH>

34. B

\$15,000. Businesses often obtain financing to purchase buildings or additional facilities such as warehouses. In most cases, banks will loan a percentage of the purchase price, such as 80% or 85%, and expect the business to pay the difference. Sometimes a business will not have sufficient cash to pay the difference and may need to obtain secondary financing. In this example, a business has \$20,000 to pay towards the purchase price for a balance of \$155,000 ($\$175,000 - \$20,000 = \$155,000$). A bank has agreed to finance 80% of the purchase price ($\$175,000 \times 80\%$ or $.80 = \$140,000$). The business will need to locate additional cash or find another source to finance the difference of \$15,000 ($\$155,000 - \$140,000 = \$15,000$).

SOURCE: FI:043

SOURCE: U.S. Small Business Administration. (n.d.). *Determining your financing needs*. Retrieved November 30, 2017, from <http://www.sba.gov/content/determining-your-financing-needs>

35. A

Interest rates decrease. Many businesses obtain fixed interest rates on loans because that guarantees the rate for the life of the loan. If the interest rates increase over time, the business still pays the rate it negotiated at the start of the loan. However, the risk is that the interest rates will decrease and the business will still be paying the higher rate. When negotiating fixed rates, businesses are speculating whether the interest rates will increase or decrease. Processing fees are bank charges for preparing loan documents and reviewing a business's financial records and credit reports. These fees can be negotiated and are paid to establish a loan.

SOURCE: FI:041

SOURCE: Mohr, A. (2017). *Factors that impact a firm's interest rate risk*. Retrieved November 30, 2017, from <http://smallbusiness.chron.com/factors-impact-firms-interest-rate-risk-1088.html>

36. B

Marginal revenue. Marginal revenue is the additional revenue that is added by production of an additional unit of the product. The formula for determining marginal revenue is Change in Total Revenue/Change in Sales. Therefore, to calculate marginal revenue, businesses would first need to determine total revenue. Looking at a demand curve, businesses find that as a product's price increases, the quantity demanded decreases. Net profit is the figure obtained by subtracting operating expenses from gross profit.

SOURCE: FI:358

SOURCE: Schenk, R. (n.d.). *Revenue and demand*. Retrieved November 30, 2017, from <http://ingrimayne.com/econ/elasticity/RevEtDemand.html>

37. B

Return on investment. The return on investment ratio shows the rate of return on the total money invested by owners and others in the firm. Return on owner's equity shows whether the owners are making a fair return on their investment. Return on sales shows how profitable a firm was for a specific period of time. The current ratio shows whether the firm can comfortably meet its current debts.

SOURCE: FI:097

SOURCE: Investopedia. (2017). *Return on investment: Roi*. Retrieved November 30, 2017, from <https://www.investopedia.com/terms/r/returnoninvestment.asp>

38. C

Gross margin. Businesses calculate gross margin in order to prepare a profit-and-loss statement. Gross margin is the amount of money a business has left after subtracting the cost of merchandise sold from the net sales figure. Gross margin is the figure from which total operating expenses are subtracted in order to determine net income or net loss. Book value is the true value of a company's assets including its stock. Interest rate is the price rate for the use of money. Petty cash is a small amount of money kept on hand by a business for business purchases.

SOURCE: FI:102

SOURCE: Richards, D. (2016, August 10). *How to interpret a financial statement*. Retrieved November 30, 2017, from <https://www.thebalance.com/interpreting-the-cash-flow-statement-1200760>

39. A

Horizontal analysis. Horizontal analysis is a comparison of the same items on a company's financial statements for two or more periods. It involves comparing the value of a certain account at the end of year one with the value of that same account at the end of year two, for instance, and calculating the difference between the values. Vertical analysis involves stating each dollar amount on a financial statement as a percentage of another amount on the statement or a base amount. After calculating these percentages, you can compare them with each other, with previous years' figures, or with percentages of other companies in the same industry. Technical analysis involves using historical information from market activity, prices, and volume to evaluate securities and predict future price activity. Fundamental analysis involves studying all aspects of a company in an effort to understand its intrinsic value.

SOURCE: FI:334

SOURCE: eNotes.com. (n.d.). *Financial statement analysis*. Retrieved November 30, 2017, from <http://www.enotes.com/business-finance-encyclopedia/financial-statement-analysis/>

40. B

Conducting background checks. Before selecting candidates to interview, businesses screen job applications and résumés to identify those who have the appropriate backgrounds. After identifying the best candidates, businesses often conduct background checks to verify the information that was provided. This might include calling the references and former employers who were listed on the applications/résumés. The purpose is to make sure that the information is accurate and that applicants are not misrepresenting themselves. Businesses cannot verify the information by questioning the applicants who provided the information. It would be difficult for businesses to identify and interview former coworkers unless these individuals were listed as references. Businesses do not hire private investigators to verify job application information.

SOURCE: HR:354

SOURCE: Lu, S. (2015, March 9). *Employment verification: A crucial check*. Retrieved November 30, 2017, from <http://www.hireright.com/blog/2015/03/employment-verification-a-crucial-check/>

41. D

Do you have previous military experience? The interview is the actual dialogue between the candidate and the interviewer. During the interview, the interviewer asks a wide range of questions in order to verify information on the application form and learn more about the applicant's qualifications. It is acceptable to ask questions about an applicant's military history. However, interviewers may not ask an applicant's age, date of birth, marital status, children, or arrest record unless it is job related.

SOURCE: HR:356

SOURCE: Greene, C.L. (2012). *Entrepreneurship: Ideas in action* (5th ed.) [p. 320]. Mason, OH: South-Western Cengage Learning.

42. C

To protect employees' privacy. Businesses are required to maintain certain information about employees, and a lot of this information is personal or sensitive in nature. To protect employees' privacy, businesses often maintain several different personnel files for each employee. Certain categories of information are kept in each file, and these files may be accessed only by authorized staff. For example, a current file might contain information that the business needs on a regular basis such as emergency contact, address, and phone number. Another file might contain confidential information such as references and performance evaluations, while another file might contain information about medical claims and benefits. Then, only the current file is available unless an authorized staff person needs to review another file for a specific reason, such as to consider the employee for a promotion. Businesses do not maintain several different personnel files for each employee to make record keeping easier, to organize general information, or to be prepared for an emergency.

SOURCE: HR:359

SOURCE: Heathfield, S.M. (2016, August 29). *What employee records should employers maintain?* Retrieved November 30, 2017, from <https://www.thebalance.com/employee-records-1918109>

43. D

Gather additional information about the situation. A manager should try to get the whole story behind an employee's complaint and identify the actual problem before taking other action. In this case, there is an obvious misunderstanding that needs to be addressed. The manager might then set a time at which s/he will make a decision. Telling the employee s/he must work or to solve the problem with the help of coworkers would not be acceptable ways of handling the complaint.

SOURCE: HR:366

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (p. 263). Columbus, OH: Glencoe/McGraw-Hill.

44. B

Prediction. A prediction is a forecast that people make about the future. Predictions are not always supported by data. In the example, the CEO did not provide numerical sales data or specific economic indicators to support his/her statement. An estimate is an educated guess that may consider data that are not verified. Facts are verified data. A recommendation is a suggestion to take a certain course of action.

SOURCE: IM:012

SOURCE: LAP-IM-012—Data Do It (Need for Marketing Data)

45. B
Narrow the focus of the research if necessary. Many businesses allocate a specific amount in the budget for marketing research. If the amount will not cover the expense of the entire research project, then the business should stop at this point or narrow the focus of the project to the part that would be most useful at that time. The steps in the marketing research process must be taken in a specific order, and none of them can be skipped. Starting a project and then telling the researcher to stop or cutting the project in half would not be effective.
SOURCE: IM:010
SOURCE: LAP-IM-010—Seek and Find (Marketing Research)
46. B
Survey. Survey involves asking consumers questions in order to learn their opinions and the reasons behind those opinions by using mail surveys, telephone interviews, personal interviews, and group interviews. Observation involves watching and noting consumers' reactions to products or ideas. An experiment is a marketing research method that tests cause and effect by test marketing new products or comparing test groups with control groups. Sampling is the technique of choosing the segment(s) of the population who will be surveyed in a marketing research project.
SOURCE: IM:010
SOURCE: LAP-IM-010—Seek and Find (Marketing Research)
47. C
Demonstrating corporate responsibility. Companies, large and small, have an impact on the communities around them, and they should take action to make sure that impact is positive rather than negative. Companies can demonstrate corporate responsibility by showing concern for their communities, and raising money for people who were affected by a tornado is one way of doing this. Providing proper training for employees, providing excellent customer service, and protecting the business's reputation are all positive actions businesses should take, but they are not illustrated in this example.
SOURCE: MK:019
SOURCE: LAP-MK-003—Just Do It...Right (Company Actions and Results)
48. A
Strategy. Marketing strategies are plans of action for achieving marketing goals and objectives. In order to meet its goal of increasing market share, Heyman's planned the marketing strategy of participating in a variety of promotional activities. Tactics are specific actions that will be used to carry out strategies. A concept is an idea or a philosophy. Objectives are goals.
SOURCE: MP:001
SOURCE: LAP-MP-002—Pick the Mix (Nature of Marketing Strategies)
49. B
Rate of use. Classifying consumers as heavy, moderate, light, or nonusers of a product is a type of behavioral market segmentation: dividing consumers into groups according to their response to a product. Educational level, life stage, and occupation are bases for demographic segmentation.
SOURCE: MP:003
SOURCE: LAP-MP-003—Have We Met? (Market Identification)
50. B
Demographic, psychographic, geographic. These are the three main ways to segment a target market. Demographic segmentation is the division of a market on the basis of its physical and social characteristics. Psychographic segmentation is the division of a market on the basis of consumers' lifestyles and personalities. Geographic segmentation is the division of a market on the basis of where consumers are located. Productive, rational, sociological, promotional, economic, and technological are not ways of segmenting target markets.
SOURCE: MP:005
SOURCE: Bizfilings. (2012, May 26). *Ask how to segment your market*. Retrieved November 30, 2017, from <https://www.bizfilings.com/toolkit/questions-answers/ask-how-to-segment-your-market>

51. A

Promotion. Promotion is a marketing activity that refers to the various types of communications that marketers use to inform, persuade, or remind customers of their products. When businesses conduct a competitive analysis, they consider their competitors' promotional activities because promotional activities have an impact on a business's success in attracting customers and selling products. As a result of analyzing competitors' promotional activities, a business might decide to use similar activities because they have proven to be effective. Risk management and purchasing are business activities rather than marketing activities. Management research is not a marketing activity.

SOURCE: MP:012

SOURCE: Kurtz, D. (2013). *Contemporary marketing: 2013 edition* (p. 262). Mason, OH: South-Western Cengage Learning.

52. C

Measured. Marketing objectives are the goals a business seeks to reach with its marketing plan. To be effective, these objectives should be able to be measured so the business can determine if the marketing plan is successful. An example of a measurable marketing objective is planning to increase sales by 5% over the next 12 months. The business will be able to determine if that objective was met. To be effective, businesses do not need to set marketing objectives that can be written, estimated, or promoted.

SOURCE: MP:015

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014) *Contemporary marketing: 2013 edition* (pp. 63, 73). Tinley Park, IL: Goodheart-Willcox.

53. C

Cost versus response. Performance measures evaluate the effectiveness of marketing activities, such as online advertising. One measure is based on a click-through rate which determines how many users actually clicked on the ad. Since there are costs associated with online advertising, it is important to translate performance into financial outcomes. For example, how many users clicked on the ad and did that result in the desired amount of sales? Since the business pays for the ad on a per click-through basis, the response needs to be large enough to justify the cost. Website design, software expense, and access and frequency are not financial considerations when measuring the effectiveness of online advertising based on a click-through rate.

SOURCE: MP:021

SOURCE: Marketing charts. (2015, April 14). *Direct media response rate, cpa and roi benchmarks*. Retrieved November 30, 2017, from <https://www.marketingcharts.com/featured-53645>

54. D

Capabilities, compatibility, reliability, and cost. Businesses establish specifications for selecting hardware/software systems to provide consistency and compatibilities among users; to maintain a clean, productive system/network environment; to enable the computer system to grow with evolving technology; and to provide a basis for maintaining system operability and reliability. Important considerations in establishing hardware/software specifications include user needs, capabilities, ease of use, compatibility, mobility, technical support, security, performance, cost, licensing, reliability, upgrades/updates, and training. While delivery terms, social media policies, and strategic planning may be considered at some point in establishing specifications or selecting specific hardware/software, they are not significant considerations in establishing hardware/software specifications.

SOURCE: NF:091

SOURCE: Dlabay, L.R., Burrow, J.L., & Kleindl, B.A. (2012). *Principles of business* (8th ed) [pp. 262-265, 267, 331]. Mason, OH: South-Western Cengage Learning.

55. A

Increases costs. Many businesses are spending large sums of money to repair the damage their operating techniques did to the environment. The trend toward protecting the environment is forcing many businesses to correct the problem and find ways of operating that will not be destructive. This trend is expensive for businesses that must now pay for past mistakes. Protecting the environment often involves reducing pollution. Promoting growth would be a positive effect. Many businesses increase prices in order to generate additional funds to use for developing ways of protecting the environment.

SOURCE: NF:013

SOURCE: Meehan, M. (2016, December 15). *The top trends shaping business for 2017*. Retrieved November 30, 2017, from <https://www.forbes.com/sites/marymeehan/2016/12/15/the-top-trends-shaping-business-for-2017/#4b963bc96a8a>

56. A

The demand for beach balls peaked during July. Statistics are information presented in numerical form. Businesses analyze and interpret statistics to make various business decisions, such as forecasting sales. By analyzing statistical information, the surf shop can plan its beach-ball orders to accommodate the anticipated demand. The provided data show that the surf shop sold the most beach balls during July, which indicates that the demand for beach balls peaked in July. Although the demand for beach balls declined in August, there is not enough information to determine if the production of beach balls increased during that time. Because statistical information is not provided for previous months, it is not possible to determine if the supply of beach balls declined by four percent in June. The number of beach balls purchased in June and August totaled 935, which indicates that the combined sales for June and August exceeded the July's beach-ball sales. In addition, there is not enough information provided to determine if tourists were the only group of people who purchased beach balls.

SOURCE: NF:093

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 182-183). Columbus, OH: Glencoe/McGraw-Hill.

57. B

Evacuation plan. An important aspect of developing safety policies involves ensuring that employees safely vacate the workplace if an emergency (e.g., fire, earthquake) occurs. An evacuation plan is a set of procedures that outlines what employees should do if a fire occurs. The plan describes the routes out of the building, placement of fire extinguishers, etc. Employees should be informed about the plan, and should be prepared to respond appropriately if evacuation is necessary, which might require the employees to participate in practice drills. The purpose of safety inspections is to examine the safety of a business's equipment or building structure. An assessment is an evaluation of something. Risk is the possibility of loss. Insurance is an agreement in which the insurer will pay for specified losses incurred by the insured in return for installment payments (premiums) if an insured risk occurs.

SOURCE: OP:012

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

58. A

To develop procedures to protect the workplace. Businesses want to protect the workplace, which includes protecting their assets as well as their employees and customers. Therefore, businesses need to identify potential security issues to develop procedures to protect the workplace. For example, a business might find that lighting inside and outside of the facility should be increased to reduce the threat of robbery, which could lead to a financial loss for the business or physical harm to employees and customers. It is not possible to avoid all risk. Businesses do not identify potential security issues to provide employees with safety information or to investigate causes of illness.

SOURCE: OP:154

SOURCE: Huspeni, A. (2016, May 13). *The major security risks small businesses face and how to defend against them*. Retrieved November 30, 2017, from <https://www.entrepreneur.com/article/275737>

59. C

Selecting vendors. Purchasing is the planning and procedures necessary to obtain goods and services for use in the business or for resale. An important purchasing activity is selecting vendors (suppliers) that have the products the business needs to use in its day-to-day operations, to make items to sell to customers, or to resell to customers. Pricing is a marketing function. Developing financial statements is an accounting activity. Managing employee benefits is a human resources management activity.

SOURCE: OP:015

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 492, 494). New York: Glencoe/McGraw-Hill.

60. A

Total cost. The sum of the operating and direct expenses required to make a product is its total cost. A product must be priced higher than the total cost for the business to make a profit. A price markup is the difference between total cost and selling price. Break-even point happens when total expenses equal total sales. Gross cost is not a typical business term.

SOURCE: OP:024

SOURCE: LAP-OP-009—Watch Your (Over) Head (Operating Costs)

61. D

To determine a product's possible range of profit. The purpose of conducting a break-even analysis is to identify the level of sales needed to reach the break-even point at various prices. The break-even point is the level of sales at which revenues equal total costs. To determine the break-even point, a business must consider three factors—the price per unit, the cost per unit, and the total fixed costs. A business does not conduct a break-even analysis so it can receive a tax break from the government, so it can evaluate product sales from the previous year, or to determine the approximate consumer demand levels.

SOURCE: OP:192

SOURCE: Averkamp, H. (n.d.). *How do you calculate the break-even point in terms of sales?* Retrieved November 30, 2017, from <https://www.accountingcoach.com/blog/break-even-point-2>

62. C

Optional features. Many maintenance contracts are available with a variety of optional features that usually add to the overall cost of the contract. For example, a basic contract might include a certain number of repairs per month. If the business wants unlimited repairs or wants the maintenance company to make a house call, it often adds to the cost. These are examples of optional features that a business might decide to add to the basic contract. However, businesses should analyze the extra cost involved to decide if the options are worth the price. Maintenance companies usually do not install equipment, provide training, or sell supplies because their function is to maintain and repair equipment and facilities.

SOURCE: OP:027

SOURCE: Key, S. (2015, July 24). *9 ways to negotiate a contract like a boss*. Retrieved November 30, 2017, from <https://www.entrepreneur.com/article/248732>

63. B

Large amount of accounts receivable are past due. A business's budget lists projected sales figures as well as actual numbers. A business monitors this information in order to identify problem areas and make necessary adjustments. If the budget figures indicate that a large amount of accounts receivable are past due, the business knows that it has a collection problem and must take steps to obtain payment. A business that fails to monitor this type of information may lose money from bad debts because it is difficult to collect old accounts. Businesses that accept credit cards and personal checks receive cash quickly and do not lose money from bad debts. If cash receipts are high, the business is not losing money.

SOURCE: OP:030

SOURCE: Inc. (n.d.). *Budgets and budgeting*. Retrieved November 30, 2017, from <http://www.inc.com/encyclopedia/budgetsandbudgeting.html/10>

64. D

It can respond to changes in the marketplace. A supply chain can help a business quickly adjust inventory levels to respond to market changes. A supply chain does not eliminate the need to monitor inventory levels. The supply chain benefits of reduced transportation costs and better supplier relationships are not realized from adjusting internal inventory levels.

SOURCE: OP:303

SOURCE: Chopra, S., & Meindl, P. (2013). *Supply chain management: Strategy, planning, and operation* (5th ed.) [pp. 1-14]. Upper Saddle River, NJ: Pearson Education.

65. C

Competitive. Companies analyze many business functions to determine if they are achieving their organizational goals. Companies analyze their activities in relation to their competitors' activities to determine how well they are performing in the marketplace. If a competitive analysis reveals that a company has lost some of its market share, the company will need to attract new markets or develop new products to improve its market share. Luke will likely review the competition's promotional, financial, and production processes as part of the competitive analysis if the information is available.

SOURCE: OP:327

SOURCE: Entrepreneur. (2013). *Competitive analysis*. Retrieved November 30, 2017, from <http://www.entrepreneur.com/encyclopedia/competitive-analysis>

66. C

A company strives to fix its method of internal communications. Processes are sets of steps used to reach an outcome. Process thinking means keeping processes in mind throughout a project or business venture. An example of a process is a method for communicating internally in an organization. If a company strives to fix its method of internal communications, it is focused on process thinking. Business process thinking involves departments working together, rather than avoiding interaction. Firing employees rather than fixing the overall customer service process is not an example of business process thinking. Finally, prioritizing promotions over product development is not related to business process thinking.

SOURCE: OP:474

SOURCE: Business Enterprise Mapping. (2017, May 17). *Why process thinking enables performance improvement*. Retrieved November 28, 2017, from <http://www.businessmapping.com/blog/why-process-enables-performance-improvement/>

67. B

Human factors. The process was created by considering how employees are affected when handling heat treated parts. Technology may have helped create the process, but employees' ability to handle the parts more quickly was the reason for the process change. There is no indication that considering regulations or product design were considerations in the process change.

SOURCE: OP:475

SOURCE: Taylor, H. (2015). *Factors that affect process design*. Retrieved November 29, 2017, from http://www.ehow.com/list_7444011_factors-affect-process-design.html

68. C

Regulations. The company's new process allows it to comply with regulations. A company does not seek to schedule overtime if it is costly. There is no indication that the company is responding to the impact of employee disabilities or legal battles.

SOURCE: OP:476

SOURCE: Taylor, H. (2015). *Factors that affect process design*. Retrieved November 29, 2017, from <https://bizfluent.com/list-7444011-factors-affect-process-design.html>

69. C

Purchase books to fulfill requested orders. A small brick and mortar bookstore is more likely to benefit from purchasing books to fulfill requested orders from customers. A small store will not benefit from storing large quantities of books due to limited space and the high cost of carrying extra inventory. Since a brick and mortar store depends on customer visits to promote books, gifts, and other items, it is not likely to benefit from using an electronic commerce center or shipping books to customers' homes.

SOURCE: OP:477

SOURCE: Chopra, S., & Meindl, P. (2013). *Supply chain management: Strategy, planning, and operation* (5th ed.) [pp. 1-14]. Upper Saddle River, NJ: Pearson Education.

70. B

Product. Product innovation takes place when a company creates a new product or redesigns an existing product. Paradigm innovation takes place when the entire perception of a product, company, or industry changes. Convertible and categorical are not types of innovation.

SOURCE: PD:126

SOURCE: LAP-PD-126—Ideas in Action (Innovation Skills)

71. D

Corporate governance keeps any one person from having too much control. Corporate governance is the system by which directors handle their responsibility toward shareholders. It includes the techniques used to direct and manage a company, usually conducted by the board of directors. One of the roles of corporate governance is to keep one person in an organization from exerting too much control. This ensures fairness and accountability to stakeholders. It is not true that small businesses have no need for formal corporate governance; organizations of all sizes can benefit from it. The principles of corporate governance support and encourage sustainability, rather than conflicting with it. Finally, corporate governance focuses on both social and financial aspects of an organization.

SOURCE: PD:213

SOURCE: ICAEW. (2017). *The importance of successful corporate governance*. Retrieved November 30, 2017, from <http://www.managementstudyguide.com/corporate-governance.htm>

72. C

Health and safety laws. External controls are those that govern an organization from the outside. They are usually set by governments. Health and safety laws are external because they are set by the government, not an organization itself. Whistleblower policies, segregation of duties, and managerial oversight are internal means of control.

SOURCE: PD:214

SOURCE: Davoren, J. (2017, November 21). *Three types of corporate governance mechanisms*. Retrieved November 30, 2017, from <http://smallbusiness.chron.com/three-types-corporate-governance-mechanisms-66711.html>

73. A

Borrowing money from a bank. Banks often require an organization with a loan to follow external control mechanisms which impact its governance structures. Hiring employees, developing a marketing strategy, and raising prices are all common business activities that are not likely to impact an organization's governance structures.

SOURCE: PD:302

SOURCE: Davoren, J. (2017). *Three types of corporate governance mechanisms*. Retrieved November 29, 2017, from <http://smallbusiness.chron.com/three-types-corporate-governance-mechanisms-66711.html>

74. B

It increases the likelihood that you will succeed. The more often you monitor progress while working toward a goal, the more likely you will be to achieve it. Monitoring goal progress keeps you accountable and aware of where you are. Monitoring progress does not necessarily add external pressure to accomplish tasks, encourage communication, or make a goal more challenging and time-consuming.

SOURCE: PD:257

SOURCE: American Psychological Association. (2015, October 28). *Frequently monitoring progress toward goals increases chance of success*. Retrieved November 30, 2017, from <http://www.apa.org/news/press/releases/2015/10/progress-goals.aspx>

75. D

Lowering prices during bad economic times. Businesses understand that they often need to be flexible and adjust prices based on a variety of factors. One of these factors is the condition of the economy. For example, during bad economic times, customers are quite cautious about how they spend their money. To attract these customers, businesses may need to lower their prices. On the other hand, businesses may increase prices when economic conditions are good because customers may be willing to spend more. Charging the same price all the time is not an example of being flexible. Setting prices based on the quality of products is an example of realistic pricing. Offering money-off coupons is a promotional technique.

SOURCE: PI:001

SOURCE: LAP-PI-002—The Price Is Right (Pricing)

76. D

Operating expenses. Operating expenses are the costs of running a business, which include fixed expenses (costs that do not change with sales volume) and variable expenses (costs that change in direct relation to sales volume). A business's selling prices are also affected by the costs of the product and the amount of profit the business wants to obtain. Disposable income is the amount of income people have left to spend, or dispose of, after they have paid their taxes. Social trends are the directions of changes in people's lifestyles. Product substitution is suggesting merchandise other than the original request when the business does not have the item requested or when the salesperson recognizes the customer's true need. None of the distractors has a direct effect on selling price.

SOURCE: PI:002

SOURCE: LAP-PI-003—Make Cents (Factors Affecting Selling Price)

77. A

Price fixing. Price fixing is an illegal agreement between businesses as to a price or price range for products. Even though the businesses might choose a fair price, the practice is forbidden because it limits competition. There are various laws that govern the use of price advertising, minimum prices, and unit pricing, but the laws do not prohibit them.

SOURCE: PI:002

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [pp. 356-360]. Tinley Park, IL: Goodheart-Willcox.

78. B

Conduct further research. After generating several product ideas, a business determines the feasibility of each idea. The business should consider many factors when determining if the idea is worth pursuing, such as resources (e.g., human, financial, raw materials) and market demand, which often requires research. Because determining the initial feasibility of an idea occurs in the early stages of product development, a business usually would not assess the marketing plan, hire an outside consultant, or establish a production committee.

SOURCE: PM:129

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [p. 315]. Tinley Park, IL: Goodheart-Willcox.

79. A

Consistent. Consistency is a product-mix dimension referring to how closely a company's product lines are related in terms of the products' end use, methods of distribution and production, target market(s), and/or price range. Shallow, or short, refers to the depth of a product mix that offers few items in the product line. Narrow refers to the width of the product mix offering a limited number of product lines. With an inconsistent product mix, the product lines are not related.

SOURCE: PM:003

SOURCE: LAP-PM-003—Mix and Match (The Nature of the Product Mix)

80. D

Gift registry. A service that some businesses provide is a gift registry. Gift registries provide customers with the ability to indicate the products they want for special occasions such as weddings. The business keeps track of the items as they are purchased so the person who is registered does not receive duplicate gifts. By offering a gift registry, businesses often increase sales because customers visit the business to buy gifts for the person who is registered there. In addition, customers may make other purchases while in the process of buying the gifts. Procedures are the step-by-step process employees follow to perform a specific task. A credit-card terminal is used by the business to process credit-card sales. Mystery shopping involves people posing as customers to evaluate the business and its salespeople.

SOURCE: PM:036

SOURCE: One Coast. (2012, July 9). *Eight tips for creating a bridal registry*. Retrieved November 30, 2017, from <https://www.onecoast.com/lc/retailer/library-advisor-article-detail.asp?aid=2572>

81. D

Are conscientious about money. Money-conscientious individuals generally like businesses to maintain a low overhead by providing fewer services and passing the savings on to them. On the other hand, prestige-oriented individuals want high-quality products, often in the form of name brands. Customized services (e.g., clothes altering, custom ordering) actually provide more service (not less), and they tend to cost more money (not less). All customers are worth a business's time because they might return to the business over and over again, leading to long-term income. Besides, businesses might benefit from positive word-of-mouth publicity.

SOURCE: PM:013

SOURCE: LAP-PM-001—Customer Service Supersized (The Role of Customer Service in Positioning/Image)

82. A

Increased customer loyalty. A benefit of promotional activities is often increased customer loyalty to certain products or businesses. Businesses spend billions of dollars on promotion to create specific company images. Customers identify with these images and see themselves in the roles or lifestyles shown in the promotions. Promotion typically costs the company money, but this is not one of its benefits. Promotion leads to increased sales and increased employment opportunities.

SOURCE: PR:001

SOURCE: LAP-PR-002—Razzle Dazzle (Nature of Promotion)

83. D

Promotional. Promotional media are channels of communication used by businesses to deliver advertising messages to target groups of consumers. Broadcast media include radio and television, which use radio waves to reach consumers. Direct mail is a form of promotional media that comes to the consumers' homes in the form of letters, catalogs, postcards, and folders. Transit media is a form of out-of-home media found in various forms and locations of mass transportation. Out-of-home media is a form of promotional media to which we are exposed outside our homes, such as outdoor and transit media.

SOURCE: PR:007

SOURCE: LAP-PR-003—Ad-quipping Your Business (Types of Advertising Media)

84. D

Sharing. Viral marketing is a promotional tactic that involves sending or forwarding promotional messages over the Internet (e.g., email, social-media websites, and blogs) to generate buzz about a brand, company, or product. Marketers often use humor, incentives, events, spoofs, videos, and other unusual techniques to spark conversations and encourage people to share their messages with others. It is important for marketers to prepare (stage) and manage the message content; however, staging, managing, and manipulating are not the primary goals of viral marketing.

SOURCE: PR:247

SOURCE: Berman, C. (2017). *The importance of viral marketing in launching a new product*. Retrieved November 30, 2017, from <http://smallbusiness.chron.com/importance-viral-marketing-launching-new-product-68291.html>

85. D

Telemarketing. Telemarketing is an advertising medium grouped with "other" media that utilizes telephone service to promote a product either by phoning prospective customers or providing a number for them to call. Telemarketing is a method of direct marketing because it involves the use of one or more advertising media to communicate with the consumer. Cold calling involves a salesperson making unannounced visits to prospects about whom little may be known. Merchandising is the process of having the right goods in the right place at the right time in order to make a profit. Event planning involves planning a gathering or activity.

SOURCE: PR:089

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 396-397). Columbus, OH: Glencoe/McGraw-Hill.

86. D

Sales promotions. Sales promotion involves promotional activities other than advertising, personal selling, and publicity that stimulate customer purchases. Sweepstakes and contests are examples of communications channels, the means used to provide information to others, that are often used in sales promotions. Sweepstakes and contests attract a lot of attention and are effective ways to provide information about products. Sweepstakes and contests are used in sales promotions rather than in advertising campaigns and publicity programs. They may be advertised through commercials on various media.

SOURCE: PR:249

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5th ed.) [pp. 563-564]. Mason, OH: South-Western Cengage Learning.

87. D

Press releases. Press releases are written information provided to the media in order to obtain publicity. They are a common communications channel, or method of providing information to others, used in public relations. Businesses often send press releases to the media to announce good news, such as plans for expansion, that will generate positive publicity for the business. Trade shows, product displays, and billboards are not common communications channels used in public relations.

SOURCE: PR:250

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5th ed.) [p. 656]. Mason, OH: South-Western Cengage Learning.

88. C

News conference. A business's public relations department uses many activities to establish good relations with the public. A news or press conference involves inviting members of the media to a meeting so the business can make an announcement such as a merger with another company. A press or news release contains written information (e.g., new product releases) that the business distributes to the media to obtain publicity. A public service announcement is a type of institutional promotion that informs consumers about noncontroversial issues that are in the public's interest. Social media is a form of communication that involves sharing information, ideas, personal messages, videos, etc. through social networking and mobile applications such as Facebook, Twitter, and YouTube.

SOURCE: PR:252

SOURCE: Kerin, R.A., Hartley, S.W., & Rudelius, W. (2011). *Marketing* (10th ed.) [pp. 462-463]. New York, NY: McGraw-Hill/Irwin.

89. B

Improvement. Quality management is the coordination of resources to ensure the degree of excellence of a process, good, or service. Quality improvement involves using a systematic approach to increase the levels of excellence in relation to a process, good, or service. Quality assurance is the processes involved in checking processes or products to ensure that they are consistently meeting the business's quality standards. Deviation is the degree to which a process or product does not meet the business's quality standards.

SOURCE: QM:001

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

90. D

Categorize. A risk management plan helps to separate risks into categories, which helps them to be properly organized and easier to manage. Risk management programs do not necessarily encourage, prevent, or process risk.

SOURCE: RM:045

SOURCE: Educba. (2016, July 19). *6 basic steps to develop a project risk management plan*. Retrieved November 30, 2017, from <https://www.educba.com/project-risk-management-plan/>

91. A

Make sure employees know where all of the building exits are. Building risks are the most common type of physical risk. To manage this risk, it's important to make sure employees know how to quickly exit the building in case of an emergency. Training multiple employees to handle important responsibilities is a way to protect against the risk of illness. Backing up computer data offline and online is a way to manage technological risks. Developing an evacuation plan for tornados is an example of managing a location risk.

SOURCE: RM:056

SOURCE: Davis, M. (2015, November 24). *Identifying and managing business risks*. Retrieved November 30, 2017, from <http://www.investopedia.com/articles/financial-theory/09/risk-management-business.asp>

92. C

An increasingly diverse array of risks. In the past, risks were managed through the purchase of insurance. However, companies have begun to manage many different types of risks that need to be managed on a broader level. Enterprise risk management is now a plan-based strategy that is incorporated throughout an organization. Enterprise risk management has not developed due to the elimination of certain insurance plans, reduced government regulation, or declining quality standards.

SOURCE: RM:062

SOURCE: Investopedia. (2017, September 9). *Enterprise risk management*. Retrieved November 30, 2017, from <https://www.investopedia.com/terms/e/enterprise-risk-management.asp>

93. A

Keep our economy moving. Businesses buy resources and products for resale. This enables us to move the products from our factories and farms. The roles of selling include businesses' competing for customer dollars, adding utility to products, and creating a desire for products. Successful selling increases employment and promotes competition.

SOURCE: SE:017

SOURCE: LAP-SE-117—Sell Away (The Nature and Scope of Selling)

94. A

Assess a new product or promotion. When a company has introduced a new good, service, or product promotion, it usually wants to know how the product or promotion has fared. Writing a business plan forces the company to analyze the effectiveness of each. Start-up businesses with unclear managerial roles can use the process of writing a business plan to establish who is expected to do what. To snag a valuable client account, companies can write a business plan that describes how successful they intend to be. If business owners want to sell the company, they can use the process of writing a business plan to help them set a value.

SOURCE: SM:007

SOURCE: LAP-SM-007—Plan Now, Succeed Later (Nature of Business Plans)

95. C

A company objective. Objectives are goals to be reached. Business managers develop specific objectives that are targets for the company to meet. Obtaining a certain share of the market is a specific objective. Once objectives have been developed, managers prepare plans that will help the business achieve these goals. Strategies are plans of action for achieving goals and objectives. Operating structure is the way the different areas of a business are arranged. The organizational chain is the line of authority.

SOURCE: SM:008

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [p. 349]. Tinley Park, IL: Goodheart-Willcox.

96. A

Affect the direction a business takes. Business exists in a constantly changing environment composed of factors specific to the individual business as well as factors common to all businesses. Business decisions must be made based around these environmental factors so that the business can be proactive rather than reactive to changes in the environment. Government regulation is only one external factor.

SOURCE: SM:011

SOURCE: Riley, J. (2017). *External environment: Introduction (GCSE)*. Retrieved November 30, 2017, from <https://www.tutor2u.net/business/reference/external-environment-introduction>

97. C

Number of product returns. An organization's balanced scorecard should include multiple business goals and measures that can be used to assess progress toward those goals. If one of those goals is to increase customer satisfaction by 15%, an effective measure of progress toward that goal is the number of product returns. As the business increases its customers' satisfaction with its goods and services, the number of product returns should decrease—because satisfied customers are happy with their purchases and less likely to return or exchange the items. Although increased marketing efforts, more touch points, and less employee turnover may increase customer satisfaction, they are not effective measures of the resulting customer satisfaction.

SOURCE: SM:027

SOURCE: Evans, M.H. (n.d.). *Examples of key performance indicators*. Retrieved November 30, 2017, from http://www.exinfm.com/board/key_performance_indicators.htm

98. C

Decrease collection time on accounts receivable. Businesses usually compare their operating results to the industry average in order to determine how well they are performing. If a business learns that other similar businesses are being paid much sooner than it is, the business might take steps to decrease collection time on accounts receivable. By speeding up payment on accounts receivable, the business will improve its cash flow situation and often become more profitable. The advantage of comparing operating results to the industry average is that a business can identify problem areas and take action to correct them. After comparing its operating results to the industry average, a business would not improve relations with its advertising agency, decrease training and orientation for new employees, or increase participation in community activities.

SOURCE: SM:005

SOURCE: Business Plan Hut. (2013). *Ratios analysis - Comparing ratios to the industry*. Retrieved November 30, 2017, from <http://www.businessplanhut.com/ratios-analysis-comparing-ratios-industry>

99. A

Collaboration. One of the ways that an organization can encourage change is through collaboration. Collaboration between multiple departments allows for more creativity, which in turn leads to more innovation and change. This example is not related to training, customer service, or resilience.

SOURCE: SM:094

SOURCE: Metcalf, M. (2017, July 21). *How to create a culture of innovation and learning*. Retrieved November 30, 2017, from <https://www.forbes.com/sites/forbescoachescouncil/2017/07/21/how-to-create-a-culture-of-innovation-and-learning/>

100. A

Involving everyone in the organization. Change management impacts entire organizations. Therefore, everyone needs to be involved in the process. Focusing on processes over people, using as few resources as possible, and ensuring changes do not impact competitiveness are not keys to successful change management.

SOURCE: SM:095

SOURCE: Candito, N. (2017, August 15). *The 4 dos of change management*. Retrieved November 30, 2017, from <https://www.forbes.com/sites/groupthink/2017/08/15/the-4-dos-of-change-management/2/#3a53e2456768>





DECA
FINANCE

2018 PRACTICE EXAM BOOKLET



100 QUESTIONS AND ANSWERS

AS USED AT DECA'S 2018 ASSOCIATION CAREER DEVELOPMENT CONFERENCES



PRACTICE EXAM BOOKLET

FINANCE CAREER CLUSTER

THE FINANCE CAREER CLUSTER EXAM IS USED FOR THE FOLLOWING EVENTS:

ACCOUNTING APPLICATIONS SERIES **ACT**

BUSINESS FINANCE SERIES **BFS**

FINANCIAL CONSULTING **FCE**

FINANCIAL SERVICES TEAM DECISION MAKING **FTDM**

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UNDERSTANDING THE DECA EXAMS

DECA currently uses seven industry-validated exams. Exams are developed based on National Curriculum Standards, available for download at <https://www.mbaresearch.org/index.php/curriculum-teaching/business-admin-standards>.

Each exam item corresponds to a performance indicator within an instructional area and is assigned a curriculum planning level. Items are prorated across all eligible performance indicators so that each instructional area (e.g., promotion) is represented in proportion to the total of all performance indicators. Each year, DECA provides an exam blueprint that details the number of questions per instructional area that will appear on each level of exam.

USING THE KEY

For each exam item, the key provides the correct answer and rationale, as well as an explanation as to why each of the three alternatives were incorrect. In addition, the key provides two sources. The first source is helpful in determining the instructional area, performance indicator and curriculum-planning level used for that item. The letters represent the instructional area and the number represents the specific performance indicator. Once the performance indicator is found in the National Curriculum Standards, you can then identify the curriculum-planning level. The second source provides the specific information used to create the exam item.

INSTRUCTIONAL AREAS

Business Administration Core

Used across all cluster exams.

- Business Law (BL)
- Communications (CO)
- Customer Relations (CR)
- Economics (EC)
- Emotional Intelligence (EI)
- Entrepreneurship (EN)
- Financial Analysis (FI)
- Human Resources Management (HR)
- Information Management (NF)
- Marketing (MK)
- Operations (OP)
- Professional Development (PD)
- Strategic Management (SM)

Business Management and Administration

- Knowledge Management (KM)
- Project Management (PJ)
- Quality Management (QM)
- Risk Management (RM)

Finance

- Financial-Information Management (FM)
- Risk Management (RM)

Marketing

- Channel Management (CM)
- Marketing-Information Management (IM)
- Market Planning (MP)
- Pricing (PI)
- Product/Service Management (PM)
- Promotion (PR)
- Selling (SE)

Hospitality and Tourism

- Channel Management (CM)
- Distribution (DS)
- Marketing-Information Management (IM)
- Marketing Planning (MP)
- Pricing (PI)
- Product/Service Management (PM)
- Promotion (PR)
- Selling (SE)

Not all instructional areas are used on all exams.

CURRICULUM-PLANNING LEVELS

Most exam items are assigned to the prerequisite, career sustaining and specialist levels.

- **Prerequisite (PQ):** Content develops employability and job-survival skills and concepts, including work ethics, personal appearance, and general business behavior.
- **Career Sustaining (CS):** Content develops skills and knowledge needed for continued employment in or study of business based on the application of basic academics and business skills.
- **Specialist (SP):** Content provides in-depth, solid understanding and skill development in all business functions.

The additional levels are **Supervisor (SU)**, **Manager (MN)** and **Owner (ON)**.

DEFINITIONS

Performance Indicators

Specific knowledge and skills students are expected to address and perform during their competition. Performance indicators are National Curriculum Standards which are taught in the classroom.

Instructional Areas

Broad areas of content knowledge (i.e., promotion, pricing, emotional intelligence, business law) that are comprised of many performance indicators.

Curriculum-Planning Areas

Curriculum-planning levels represent a continuum of instruction ranging from simple to complex. The levels can serve as building blocks for curriculum development in that students should know and be able to perform the performance indicators at one level before tackling more complex skills and knowledge at the next level. The levels can also be used as the basis for developing an unduplicated sequence of instruction for articulation between high school and postsecondary business courses.

Business Administration Core

The Business Administration Core is the foundation for all of DECA's competitive events. Performance indicators in the Business Administration Core are common to all career areas and competitive events.

Career Clusters

There are sixteen career clusters, each representing a distinct grouping of careers and industries based on the knowledge and skills they require. DECA supports four career clusters:

- Marketing
- Business Management and Administration
- Finance
- Hospitality and Tourism

1. When a writer believes that the copyright on his novel has been violated, he files a(n) _____ lawsuit.
 - A. criminal
 - B. civil
 - C. administrative
 - D. common

2. What type of partnership arrangement might restrict a partner's liability?
 - A. "S"
 - B. Franchise
 - C. Limited
 - D. Close

3. Walt purchased stock based on false information from an online message board. The scammers who posted the information had purchased the stock and hyped it up on the Internet to encourage unsuspecting investors to buy it and drive up its price. After the price went up, the scammers sold off their stock. The price of the stock then fell, leaving Walt with worthless stock. Walt was the victim of
 - A. pump and dump.
 - B. a pyramid scheme.
 - C. affinity fraud.
 - D. phishing.

4. As a financial planner, Deidra takes care to select investments that match her clients' needs and monitors their investments for changes that might affect their financial well-being. Deidra is
 - A. exhibiting fiduciary responsibility.
 - B. carrying out due process.
 - C. exercising duty of control.
 - D. following credit requirements.

5. Which of the following is a tax-deductible expense:
 - A. Athletic-club membership fees
 - B. Personal telephone charges
 - C. A computer for a home-based business
 - D. International leisure travel

6. A barrier to businesses pursuing governance, risk management, and compliance in the finance industry is
 - A. the trust placed in company officials.
 - B. a business's ability to stay within its risk tolerance.
 - C. the desire to eliminate rework of financial data.
 - D. individuals' defense of their departmental specialties.

7. The most significant barriers that many companies face when implementing integrated governance, risk, and compliance (GRC) technology are the perceived
 - A. centralization of business risk and lack of adequate technology solutions.
 - B. high cost and overabundance of adequate technology solutions.
 - C. high cost and overdependence on a single GRC platform.
 - D. high cost and lack of evidence of return on investment.

8. When giving a verbal presentation, a speaker who distinctly voices the sounds of words is using proper
 - A. jargon.
 - B. enunciation.
 - C. tone.
 - D. vocabulary.

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

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

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

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

- 42. To obtain reliable information about securities, a potential investor might speak with a
 - A. colleague.
 - B. trusted friend.
 - C. stockbroker.
 - D. loan officer.

- 43. It's a good idea for an investor to watch the numbers on a stock table
 - A. when dividends are paid.
 - B. just for a given day.
 - C. once a year.
 - D. over a period of time.

- 44. Analyze the information in the mutual fund table about the AnMI mutual fund.

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

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

- A. Front-load
 - B. No-load
 - C. Back-load
 - D. Expiring back-load
-
- 45. Which of the following is a legal consideration that pertains to accounting:
 - A. Entertaining
 - B. Gift giving
 - C. Tax reporting
 - D. Computer hacking

 - 46. Which of the following would a business classify as a current liability on its balance sheet:
 - A. Sales-tax payable
 - B. Interest accumulated
 - C. Production equipment
 - D. Marketable securities

 - 47. If a company pays more in dividends than it receives in net income, the statement of changes in equity will show that retained earnings will be
 - A. lower than the previous period.
 - B. the same as the previous period.
 - C. higher than the previous period.
 - D. zero.

 - 48. Paulo works in his company's finance department, and his job is making sure that customers pay their bills on time. Paulo is in charge of
 - A. accounts payable.
 - B. accounts receivable.
 - C. equity.
 - D. capital investment decisions.

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

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

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

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

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

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

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

1. B
Civil. Civil law includes laws that deal with rights and duties of private entities and disputes between them, including contract disputes, personal injury claims, property disputes, and civil rights violations. Copyright law falls in this category. Copyright law violations do not lead to criminal lawsuits, administrative lawsuits, or common lawsuits.
SOURCE: BL:163
SOURCE: LAP-BL-163—Laying Down the Law (Complying With the Spirit and Intent of Laws and Regulations)
2. C
Limited. A limited partnership permits a partner to invest in a business but have limited liability. For example, the amount of the financial responsibility could be limited to the amount the partner invested. Or, a partner could limit his/her time involved in managing the business. Close and "S" are types of corporations. A franchise is a contractual agreement between a parent company and a franchisee to distribute goods and services. Since franchises can be proprietorships, partnerships, or corporations, more information would be needed in this question for franchise to be the correct response.
SOURCE: BL:003
SOURCE: LAP-BL-001—Own It Your Way (Types of Business Ownership)
3. A
Pump and dump. Pump and dump is an investment scam that takes place mostly online. Scammers buy a small stock and then hype it up to other investors, causing its price to rise. When the price is high, the scammers sell their stock, leaving the victims to deal with the rapid price decline afterwards. A pyramid scheme is an illegal form of multi-level marketing in which emphasis is placed on collecting initial fees from as many people as possible. Affinity fraud is an investment scam in which the scammer claims to be a member of the group s/he is targeting. Affinity fraud often takes the form of a Ponzi or pyramid scheme. Phishing is an online identity-theft scam that fools its victims into believing they are submitting sensitive, personal information (such as credit card numbers or bank passwords) to a legitimate website.
SOURCE: BL:133
SOURCE: New York State Office of the Attorney General. (2017). *Common investment scams*. Retrieved November 15, 2017, from <https://ag.ny.gov/investor-protection/common-investment-scams>
4. A
Exhibiting fiduciary responsibility. In the financial industry, a fiduciary is a financial professional (e.g., financial planner) who has been given legal authority to make financial transactions on behalf of an individual or business—the owner of the financial product (e.g., stock). Fiduciary responsibility involves making wise financial decisions and obtaining financial products that will help the client achieve his/her financial goals. Due process embraces the concept that a jurisdiction's government must respect all of the legal rights that are owed to individuals and businesses according to the law of the land. The duty of control for the conduct of others involves taking reasonable care to ensure the safety of another person. For example, a parent has the duty to control their toddlers' conduct (actions) by taking steps to control a toddler from running into traffic. Credit requirements are a business's policies about offering credit to customers.
SOURCE: BL:133
SOURCE: Garber, J. (2017, March 21). *What is a fiduciary?* Retrieved November 15, 2017, from <https://www.thebalance.com/what-is-a-fiduciary-3505114>
5. C
A computer for a home-based business. Many business expenses—equipment, supplies, and travel—are tax deductible under specific conditions. Often, individuals pay for business-related goods and services upfront and list them as deductions on their tax returns, which can lower their tax obligation. A computer used for a home-based business is an example of an item that can be claimed as a tax deduction on a tax return. Goods and services for personal consumption—personal telephone charges, athletic-club membership fees, and international leisure travel—are not tax-deductible expenses.
SOURCE: BL:134
SOURCE: Maertin, J. (n.d.). *Deductions*. Retrieved November 15, 2017, from <http://www.jamesdance.com/deductions.htm>

6. D

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

SOURCE: BL:148

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

7. D

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

SOURCE: BL:149

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

8. B

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

SOURCE: CO:147

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

9. A

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

SOURCE: CO:058

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

10. A

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

SOURCE: CO:031

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

11. C

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

SOURCE: CO:094

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

12. C

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

SOURCE: CO:014

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

13. B

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

SOURCE: CO:063

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

14. B

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

SOURCE: CR:006

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

15. A

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

SOURCE: CR:017

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

16. A
Ann strives to solve customer problems promptly and accurately. To meet or exceed customer expectations, finance professionals should respond promptly to customer needs, requests, and problems. While wearing a business suit every day can help to demonstrate a finance professional's commitment to her/his job, doing so doesn't necessarily demonstrate the person's commitment to customer service. Finance professionals should not take cellphone calls while meeting with customers, nor should they use technical jargon. Instead, they should speak in simple terms that customers will understand.
SOURCE: CR:012
SOURCE: MindTools. (1996-2017). *Customer service mindset: Getting passionate about satisfying others*. Retrieved November 21, 2017, from http://www.mindtools.com/pages/article/newCDV_77.htm
17. D
Data warehousing. Data warehousing involves combining data from a variety of internal and external sources into one large database. A business can access current and historic data from a data warehouse to identify and monitor customer buying behavior, trends, etc. Businesses use project management computer applications to track resources and activities for short- and long-term projects. Electronic data interchange systems transmit sales and ordering information among a business and its suppliers. Data acquired from an electronic data interchange can be stored in a data warehouse. Systematic laddering is a fictitious term.
SOURCE: CR:024
SOURCE: White, D., Foster, N., & Wiesen, G. (2017, November 2). *What is data warehousing?* Retrieved November 21, 2017, from <http://www.wisegeek.com/what-is-data-warehousing.htm>
18. D
Powering a motor vehicle with biodiesel instead of gasoline. A nonrenewable natural resource has the potential to become entirely depleted, and once gone, it cannot be replenished. Oil, which is used to produce gasoline, is an example of a nonrenewable natural resource. One way to conserve nonrenewable natural resources is to find alternative resources to use in their place. To conserve oil, automobile manufacturers offer vehicles that are powered by biodiesel, electricity, ethanol, or hydrogen instead of gasoline. While passing legislation to prevent the killing of endangered animals protects limited wildlife from being overused, it does not involve finding an alternative resource to use in place of a nonrenewable natural resource. Wind and the sun are both renewable natural resources. Searching for oil in new locations involves finding another source for the nonrenewable resource rather than finding an alternative resource to use in its place.
SOURCE: EC:003
SOURCE: LAP-EC-014—Be Resourceful (Economic Resources)
19. C
Political. Many factors affect the ways in which businesses operate. Political factors include the regulatory and trade issues that affect businesses. When a country lifts a trade embargo, the ability to trade with another country provides an opportunity for businesses to expand their markets and increase their sales and profits. Demographics (e.g., age and gender), attitudes, values, and trends are social factors that affect a society. An embargo is not a technological factor that affects the business environment.
SOURCE: EC:105
SOURCE: LAP-EC-105—What's Shakin'? (Factors Affecting the Business Environment)
20. A
No competition. Monopoly is the opposite of competition. A monopoly exists when there is only one supplier of a good or service, thereby eliminating any competition. An example of a monopoly in the U.S. is a utility company that is regulated by the government for the purpose of protecting consumers. Direct competition is rivalry between or among businesses that offer similar types of goods or services. Nonprice competition is based on factors other than price, such as customer service or product assortment. Price competition focuses on the use of price to attract scarce customer dollars.
SOURCE: EC:012
SOURCE: LAP-EC-008—Ready, Set, Compete! (Competition)

21. A
Granting copyrights. Government provides protection to business property by issuing patents, copyrights, and trademarks. Patents are legal protection of inventions or processes granted by the government to their owners for a certain number of years. Trademarks are symbols, designs, or words used by producers to identify goods or services and may be registered with the government to prevent use by others. Copyrights are legal protection of books and other artistic works granted by government and giving their creators sole rights to them for 28 years. Government does not provide businesses with property protection by denying insurance policies, setting prices, or increasing natural risk.
SOURCE: EC:008
SOURCE: LAP-EC-016—Regulate and Protect (Government and Business)
22. D
Boosting employment. Some of the negative effects of inflation are offset by its positive benefit of boosting employment. When there is inflation, there is usually more money circulating in the economy. Businesses often use this money to expand and hire more employees. Higher interest rates, lowered value of exports, and increased prices are all negative effects of inflation.
SOURCE: EC:083
SOURCE: LAP-EC-028—Up, Up, and Away (Inflation)
23. B
Cultural characteristics. The cultural characteristics of a country include the customs, habits, and traditions of the people who live in that country. Businesses that want to trade with foreign countries need to understand their unique cultural characteristics because culture affects what people in other parts of the world want to buy. Some products need to be modified in order to make them appealing to people in other countries. Also, the marketing techniques that a company uses may need to be changed in order to conform to the way that business is conducted in foreign countries. Businesses do not need to understand the geographical landmarks, historical significance, or environmental aspects of foreign countries in order to trade with them.
SOURCE: EC:045
SOURCE: LAP-EC-045—On Top of the World (Impact of Culture on Global Trade)
24. A
He might place a high value on social interaction. Your personality, temperament, and preferences can impact your values. Alex's outgoing, talkative personality might encourage him to place a high value on social interaction. There is no indication that Alex's values might not align with his behavior, that he might place less emphasis on his values, or that he might have more confidence in his values.
SOURCE: EI:126
SOURCE: LAP-EI-126—Assess Yourself (Assessing Your Personal Behavior and Values)
25. D
Determine which traits are desirable. Rhonda needs to decide which of her traits are desirable in order to know which ones she should develop. Analyzing undesirable traits is a first step in getting rid of those traits. Exercising or putting the desirable traits into action can only be done after determining which traits are desirable. It is not necessary to seek a mentor in order to change personal traits.
SOURCE: EI:018
SOURCE: LAP-EI-009—You've Got Personality (Personal Traits in Business)
26. A
Not sharing confidential information. At work and in your personal life, you probably come across lots of information that's private. Although being honest is an important part of being trustworthy, it's just as important to keep confidential information to yourself. This means that if you overhear something private about a friend, you should keep the information confidential. Communicating often and openly, taking responsibility for your mistakes, and keeping your promises are all important techniques, but they are not demonstrated in this example.
SOURCE: EI:128
SOURCE: LAP-EI-128—Trust in Me (Building Trust in Relationships)

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

33. A

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

SOURCE: FI:002

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

34. C

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

SOURCE: FI:067

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

35. B

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

SOURCE: FI:336

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

36. C

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

SOURCE: FI:337

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

37. B

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

SOURCE: FI:337

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

38. C
To lower costs. Consolidation is the merging of financial providers within the same institutional category. For example, consolidation occurs when two banks merge to form one bank. By consolidating, the financial firms can achieve economies of scale, which result in reduced redundancy and lower costs. Consolidation can increase the assets (liquid capital) for all of the financial firms involved. Consolidation can also provide consumers with a wider range of financial products. Consolidation may or may not lower business risk.
SOURCE: FI:573
SOURCE: Hartman, D. (2017, September 26). *The advantages of bank mergers*. Retrieved November 21, 2017, from <https://bizfluent.com/info-8188967-advantages-bank-mergers.html>
39. B
Remain steady throughout all phases. The business cycle affects the stock prices of various industries in different ways. The demand for the products of non-cyclical industries (e.g., food, beverage, tobacco, healthcare) tends to remain consistent throughout all phases of the business cycle. Therefore, the stock performance of non-cyclical industries tends to remain steady throughout all stages of the business cycle, as well. Changes in the business cycle tend to affect the stock prices of other industries, including energy and capital goods. The energy sector (e.g., oil) is affected by the global supply and demand, which influences energy stock performance. Historically, energy stocks tend to perform best late in the business cycle. Capital goods stocks tend to perform well during expansion phase of the business cycle because businesses are expanding and buying equipment.
SOURCE: FI:574
SOURCE: Investopedia Staff. (2015, November 24). *Cyclical versus non-cyclical stocks*. Retrieved November 21, 2017, from <https://www.investopedia.com/articles/00/082800.asp>
40. C
Fixed; floating. To enable capital to flow more freely internationally, countries around the world have reduced or eliminated many regulations and restrictions. For example, many developed countries shifted their exchange rates from being fixed to floating. Fixed exchange rates are set by the government, while floating exchange rates are determined by market supply and demand for currency. Although fixed exchange rates are still popular in some parts of the world, most developed countries have floating exchange rates. A pegged exchange rate is a fixed exchange rate. Declining exchange rates have not significantly contributed to financial globalization.
SOURCE: FI:575
SOURCE: TransferWise. (2017, May 15). *Explaining the difference between fixed and floating exchange rates*. Retrieved November 21, 2017, from <https://transferwise.com/gb/blog/fixed-floating-exchange-rate-difference>
41. C
Lower taxes. Regulations that reduce taxes on financial transactions facilitate the flow of financial products among nations. Protectionism involves actions that attempt to limit trade with other countries to protect domestic businesses from foreign competition. Quotas limit the volume of exports or imports that move into or out of a country. An embargo bans trade with a specific country. Protectionism, high quotas, and embargos hinder international trade and globalization.
SOURCE: FI:575
SOURCE: Amadeo, L. (2017, October 31). *Deregulation pros, cons, and examples*. Retrieved November 21, 2017, from <https://www.thebalance.com/deregulation-definition-pros-cons-examples-3305921>
42. C
Stockbroker. Securities refer to the legal owning or lending agreements between individuals, businesses, or governments. Securities include investments such as stocks, bonds, and mutual funds. A stockbroker is a licensed person who has the authority and expertise to buy and sell securities on behalf of a client. Unless they are stockbrokers, trusted friends, colleagues, and loan officers may not be the most reliable sources of securities information.
SOURCE: FI:274
SOURCE: Madura, J., Casey, M., & Roberts, S. (2014). *Personal financial literacy* (2nd ed.) [pp. 268-278]. Upper Saddle, NJ: Pearson.

43. D
Over a period of time. Watching numbers over a period of time is a good idea because investors can get a sense of what is normal for a stock price. Looking at the numbers once a year, on a given day, or when dividends are paid does not give you enough time to obtain this kind of information.
SOURCE: FI:275
SOURCE: Kansas, D. (2017). *Evaluating a stock*. Retrieved November 21, 2017, from <http://guides.wsj.com/personal-finance/investing/how-to-evaluate-a-stock/>
44. B
No-load. No-load mutual funds do not charge sales commissions or purchase fees. According to the mutual fund provided, the maximum initial charge for purchasing shares of the AnMI mutual fund is \$0.00. So, all of an individual's investment would go toward the purchase of shares of AnMI. A front-load mutual fund charges commissions and/or purchase fees when buying shares of the fund. A back-load mutual fund charges fees when an investor sells her/his shares of the fund. An expiring back-load mutual fund also charges fees when an investor sells her/his shares, but at a certain point in time or when the account reaches a certain level, these fees decline or disappear completely.
SOURCE: FI:275
SOURCE: DeYoung, G. (2016, July). *What's the difference between a load and no-load mutual fund?* Retrieved November 21, 2017, from <https://www.investopedia.com/ask/answers/125.asp>
45. C
Tax reporting. All businesses are required by law to report and pay a variety of taxes. Tax reporting is a legal consideration that pertains to accounting because income and expenses can be reported in different ways. For example, it is illegal for a business to misrepresent financial information to indicate a loss for the purpose of not paying taxes. It is also illegal for a business to fail to report and pay sales tax and payroll withholding tax for employees. Businesses need to be aware of legal issues to avoid potential problems. Gift giving, entertaining, and computer hacking are usually ethical considerations rather than legal considerations.
SOURCE: FI:353
SOURCE: US Legal. (1997-2016). *Accounting law and legal definition*. Retrieved November 21, 2017, from <https://definitions.uslegal.com/a/accounting/>
46. A
Sales-tax payable. Balance sheets help organizations make important business decisions. A balance sheet is a financial statement that captures the financial condition of the business as of that particular moment. A business summarizes its financial condition by categorizing financial data into three groups—assets, liabilities, and equity. Liabilities are the debts that the business owes others, such as salaries, sales-tax due to the government, etc. An asset is anything that the business owns or anything that can be converted into cash, such as equipment, marketable securities, and accumulated interest.
SOURCE: FI:093
SOURCE: LAP-FI-010—The Right Balance (The Nature of Balance Sheets)
47. A
Lower than the previous period. The formula for a statement of changes in equity is: beginning earnings + net income - dividends = retained earnings. If dividends are higher than net income, retained earnings will be lower than beginning earnings. In order for retained earnings to stay the same, the net income would have to be exactly equal to the dividend payments. For retained earnings to be higher than the previous period, net income would have to exceed dividends. For retained earnings to equal zero, the dividend payments would have to be equal to the beginning earnings and net income would have to be zero.
SOURCE: FI:630
SOURCE: Basu, C. (2011, August 19). *How to calculate dividends, retained earnings, and statement of cash flow*. Retrieved November 21, 2017, from <http://smallbusiness.chron.com/calculate-dividends-retained-earnings-statement-cash-flow-19419.html>

48. B
Accounts receivable. All the money owed to the business by others is considered accounts receivable. All the money that the business owes others is considered accounts payable. It's important for financial managers to balance accounts payable and receivable and ensure that the company's cash flow stays positive. Equity refers to assets the company already owns. Capital investment decisions determine which projects the business will invest in, how the investment(s) will be financed, and whether or not to pay dividends to the company's shareholders. Capital investment decisions are made for the long term.
SOURCE: FI:354
SOURCE: LAP-FI-007—Money Matters (Role of Finance)
49. D
Tell investors about the risks of these securities. Companies that sell securities have to tell the truth about the securities they sell. They must be honest about their business and the risks of securities. Securities cannot be guaranteed because they always involve some degree of risk. Investors should ask questions and do research on securities; a company should not discourage them from doing so.
SOURCE: FI:356
SOURCE: U.S. Securities and Exchange Commission. (n.d.). *The role of the SEC*. Retrieved November 21, 2017, from <http://investor.gov/introduction-markets/role-sec#.VDa8xPldXZJ>
50. A
The marketing study that yielded the negative feedback. A sunk cost is a cost that has already been incurred and cannot be recovered. Because the marketing study has already occurred, it has already been paid for and the money cannot be recovered, despite the unfavorable results. However, the new materials, promotional campaign, and time needed to make the product more successful are all prospective costs that can be recovered if the company decides to discontinue the product. Therefore, these are not sunk costs and should be factors in the decision-making process.
SOURCE: FI:658
SOURCE: Bragg, S. (2017, August 23). *Sunk cost*. Retrieved November 21, 2017, from <https://www.accountingtools.com/articles/what-is-a-sunk-cost.html>
51. B
A restaurant chain manager must decide whether or not to keep a certain franchise open. Marginal analysis can be used to make many types of decisions. One type of decision that it can be used for is a segment profitability decision, which is the process of deciding if it is more profitable to keep or drop an unsuccessful segment of the business. The restaurant manager must decide if the franchise (a segment of his business) is profitable enough to remain open. The clothing retailer who must decide how many units of each product to sell is making a sales mix decision. A company deciding whether to use an outside marketing firm or hire someone internally is making a make-or-buy decision. The furniture company deciding whether or not to assemble its pieces before sale is making a sell-or-process-further decision. All of these cases can benefit from marginal analysis.
SOURCE: FI:659
SOURCE: Crosson, S.V., & Needles, B.E. (2014). *Managerial accounting* (10th ed.) [pp. 335-344]. Mason, OH: South-Western Cengage Learning.
52. C
Is a certain product generating enough revenue? Managerial accounting is used to provide internal information for a business to guide planning and decision-making. One question that managerial accounting can answer for a manager is whether or not a specific product is generating enough revenue to be profitable or financially viable. A job cost report can provide this information. Managerial accountants do not deal with external information such as stocks and investments. They also do not provide information about whether or not employees are working well together. Finally, managerial accountants do not analyze liquidity; that would fall under financial accounting.
SOURCE: FI:660
SOURCE: Sullivan, D. (2012, November 24). *Types of managerial accounting reports*. Retrieved November 15, 2017, from <http://smallbusiness.chron.com/types-managerial-accounting-reports-58384.html>

53. D

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

SOURCE: FI:661

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

54. B

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

SOURCE: FI:662

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

55. D

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

SOURCE: FI:657

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

56. A

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

SOURCE: FI:663

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

57. C

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

SOURCE: FI:238

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

58. D
Report financial transactions. Financial-information management is the ongoing process of gathering, maintaining, and storing financial data. Businesses use financial data to develop reports that aid the business decision-making process and meet compliance requirements. An important aspect of financial information management is maintaining data about financial transactions such as accounts receivable (e.g., customer sales transactions) and accounts payable (monetary outflows). The business's buyers negotiate contracts with vendors. Buyers may or may not use financial information as leverage during the negotiation process with vendors. The product/service management function of the business focuses on new product development. The selling function of the business implements sales policies.
SOURCE: FM:002
SOURCE: Gartenstein, D. (2016, September 29). *Why is financial management so important in business?* Retrieved November 21, 2017, from <https://yourbusiness.azcentral.com/financial-management-important-business-4406.html>
59. C
Protecting customer information. An important aspect of managing financial information is making sure that customers' confidential information is secure. Having customers enter a password to access their banking information from their computers is one way that financial institutions secure information and prevent others from obtaining confidential information without authorization. Reporting accurate data, collecting financial information, and conducting financial audits are important financial-information management activities, but these are not described in the situation provided.
SOURCE: FM:002
SOURCE: Association of Modern Technologies Professionals. (2017). *Financial management information systems*. Retrieved November 21, 2017, from <http://www.itinfo.am/eng/financial-management-information-systems/>
60. B
Audit trails. Although unethical individuals might erase certain accounts or transactions from their financial-information management system, a record of their erasures would appear in system audit trails. What-if planning involves identifying and considering options for financial decision-making by applying different assumptions to financial data within spreadsheet software. Long-term liabilities are debts that will take longer than a year to pay. A direct check is a method of checking goods in which the goods received are checked directly against the purchase order or the invoice.
SOURCE: FM:003
SOURCE: Bossart, M. (2015, March 2). *What is an audit trail?* Retrieved November 21, 2017, from <https://www.patriotsoftware.com/accounting/training/blog/what-is-an-audit-trail/>
61. C
Central data repository. A central data repository is a centralized comprehensive database used to store financial information from across an organization. Benefits of a central data repository include more consistent and up-to-date data, faster response to queries, economies of scale, and accessibility by several different software applications. Encryption technology and intrusion detection systems are used to ensure the security of financial information. The principle of least authority is a concept that promotes providing database users with permission to access only those data that are absolutely necessary for fulfilling their duties and work obligations.
SOURCE: FM:011
SOURCE: InterSystems. (2012). *Caché and data management in the financial services industry*. Retrieved November 21, 2017, from <https://www.intersystems.com/resources/detail/caché-and-data-management-in-the-financial-services-industry/>

62. D

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

SOURCE: FM:013

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

63. C

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

SOURCE: FM:014

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

64. D

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

SOURCE: FM:016

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

65. B

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

SOURCE: FM:009

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

66. B

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

SOURCE: FM:009

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

67. A

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

SOURCE: HR:360

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

68. A

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

SOURCE: MK:001

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

69. C

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

SOURCE: NF:110

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

70. B

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

SOURCE: NF:086

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

71. C
Performing financial calculations. Spreadsheet software enables businesses to perform accounting, financial, and other mathematical functions. A user can enter numerical information in rows and columns, and the software will perform various calculations or analyses. For example, spreadsheet programs can calculate sales forecasts and develop budget projections. Presentation software is used to create slide presentations. Desktop publishing software is used to prepare promotional brochures. Database software is used to manage database files.
SOURCE: NF:010
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 199-200). Woodland Hills, CA: Glencoe/McGraw-Hill.
72. B
Data normalization. Data normalization is the process of organizing a database into tables and columns. It makes sure data are all being used for the same purpose and helps eliminate duplicate data. Nonconforming data are data that do not align with a certain specification. Data entry is the process of inputting data into a database. Database administration involves activities such as maintaining data security, regulating access to the database, and recovering corrupt data.
SOURCE: NF:124
SOURCE: Wenzel, K. (2017, May 29). *Database normalization explained in simple English*. Retrieved November 15, 2017, from <https://www.essentialsql.com/get-ready-to-learn-sql-database-normalization-explained-in-simple-english/>
73. A
State. A filter involves grouping data based on certain criteria. Because the company may have thousands of customers, and Marilee only wants to view a small portion of those customers, she can use the filter application to set the criteria for fields that she wants to view. Because she wants to view all of the customers located in Florida, she should filter the data by state. Filtering the data by the customer's last name, the telephone area code, or the city would not quickly yield the desired results.
SOURCE: NF:141
SOURCE: Hamel, G. (2012, April 17). *What client information is needed in a database?* Retrieved November 2, 2017, from <http://smallbusiness.chron.com/client-information-needed-database-42984.html>
74. D
Accessed when needed. Businesses need to organize their records in a systematic manner so that information can be accessed when it is needed. This is what record keeping is all about--managing the information a business needs in order to make operational and financial decisions. Some business records contain confidential information and should not be distributed freely, available to everyone, or published in newsletters. However, this information should be organized so that employees who are supposed to use it can access it when needed.
SOURCE: NF:001
SOURCE: LAP-NF-001—Record It (Business Records)
75. C
External environment. A business cannot control its external environment—factors such as demographics, the economy, and the competition. It can, however, control its internal environment. A business's personnel, production, and research and development are all part of its internal environment.
SOURCE: NF:015
SOURCE: LAP-NF-015—Get the 4-1-1 (Conducting an Environmental Scan)

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

81. D
Who pays the transportation charges. When placing orders with suppliers, businesses usually negotiate who pays the transportation charges. In some cases, businesses prefer to pay the transportation charges and own the goods while they are in transit. In other cases, it might be better for the business to have the supplier pay the charges and own the goods until they are delivered to the business. Because transportation charges may be high, negotiating who pays them is often a key factor when placing an order. Businesses usually are not concerned with which transportation service is used, who prepares the goods for shipment, or which warehouse is the most modern.
SOURCE: OP:016
SOURCE: Murray, M. (2017, February 3). *Negotiation in the purchasing process*. Retrieved November 21, 2017, from <https://www.thebalance.com/negotiation-in-the-purchasing-process-2221379>
82. B
Minimal. Creative people are often very independent and prefer working with minimal or no supervision. They tend to rebel against a great deal of authoritative control. They may appear to be nonconformists and perform better without close or direct supervision.
SOURCE: PD:012
SOURCE: LAP-PD-012—Imagine That (Demonstrating Creativity)
83. C
Prioritize everything that needs to be done. Prioritizing involves determining the order for completion of activities based on their importance. It helps you to see which jobs should be tackled first. Doing assignments as quickly as possible may result in careless mistakes. Jobs should be prioritized so that the nonessential jobs are done after the important jobs. Varying activities whenever possible makes life more interesting but does not necessarily help you manage your time wisely.
SOURCE: PD:019
SOURCE: LAP-PD-001—About Time (Time Management)
84. B
A thank-you, confirming interest in the job, and follow-up information. All of this information should be included in the letter. Including the names of high-ranking people in the company does not guarantee a position. A short statement as to why you would be the best individual for the position is important but should not be the only item. It is never wise to plead for a position.
SOURCE: PD:029
SOURCE: Purdue OWL. (2010, April 25). *Follow-up to an interview*. Retrieved November 21, 2017, from <https://owl.english.purdue.edu/owl/resource/634/03>
85. B
Treasurer. A treasurer is a title for a type of financial manager, or a person who is responsible for overseeing part or all of an organization's finances. Treasurers are responsible for an organization's financial goals and objectives. They oversee investments, cash management, and capital raising. Bill and account collectors, procurement clerks, and billing clerks are all types of financial clerks who are responsible for financial recordkeeping.
SOURCE: PD:152
SOURCE: LAP-PD-020—Career Opportunities in Finance
86. D
Securities and investments. The securities and investments industry supports the flow of funds from investors to companies and institutions. Related services include financial planning, asset management, mutual- or hedge-fund management, and custody services. These are not job duties in corporate finance, accounting, or insurance.
SOURCE: PD:152
SOURCE: LAP-PD-020—Career Opportunities in Finance

87. D

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

SOURCE: PD:213

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

88. C

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

SOURCE: PD:301

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

89. A

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

SOURCE: PD:214

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

90. B

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

SOURCE: PD:302

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

91. B

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

SOURCE: PD:303

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

92. B
Trade association. People join trade associations hoping to solve problems they could not solve alone. A trade show is a group of producers who exhibit their products in one location for the convenience of buyers. A corporation is a form of business that is owned by a group and requires a charter from the state. A partnership is a form of business with two or more owners.
SOURCE: PD:036
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (p. 657). Columbus, OH: Glencoe/McGraw-Hill.
93. B
Participating in an appropriate professional organization. When finance professionals actively participate (e.g., serve on committees) in appropriate (finance-related) professional organizations, they can network and build relationships with others who work in their field. The remaining options are situations that present networking opportunities for individuals who may or may not work in finance.
SOURCE: PD:153
SOURCE: Financial Career Options. (2016, October 21). *Networking in the financial industry*. Retrieved November 21, 2017, from <https://financialcareeroptions.com/networking-in-the-financial-industry/>
94. C
Consumer. Businesses set different types of organizational goals. When a business sets standards to accommodate the target market's needs and wants, it is setting consumer-oriented goals. Employees often use technology to carry out the activities used to achieve the business's consumer goals. Financial goals are objectives that are measured in terms of money.
SOURCE: PD:254
SOURCE: Cross, V. (2011, August 22). *Customer orientation examples*. Retrieved November 21, 2017, from <http://smallbusiness.chron.com/customer-orientation-examples-10201.html>
95. B
No, the employee may be jeopardizing the business's financial well-being without first obtaining permission from management. Business policies are the rules or guidelines that employees must follow. One reason that businesses develop credit policies is to protect the business from financial losses. Offering credit to a customer who does not meet the business's credit criteria may be costly to the business because the customer may not be able to make installment payments for the product. Employees who bypass these types of policies without proper authorization from management are breaking company rules, are not behaving ethically, and are, in many situations, fired for such behavior. Although some businesses have flexible policies, not all businesses do. Governments regulate credit practices, but they do not require businesses to offer credit to individuals and businesses that have poor credit scores or do not meet basic criteria.
SOURCE: RM:041
SOURCE: Dahl, D. (2010, November 22). *How to assess the credit risk of your customers*. Retrieved November 21, 2017, from <https://www.inc.com/guides/2010/11/how-to-assess-the-credit-risk-of-your-customers.html>

96. A

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

SOURCE: RM:041

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

97. A

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

SOURCE: RM:042

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

98. D

Monitor regulations. Risk management is a business activity that involves the planning, controlling, preventing, and procedures to limit business losses. If a business does not comply with laws, the government may fine the business, which could result in substantial financial losses. Therefore, it is important for a business to continuously monitor government regulations to ensure that it is in compliance, and make changes, if necessary, to become compliant. Evaluating competitors, obtaining customer feedback and allocating operating funds are not actions that will reduce risks associated with noncompliance.

SOURCE: RM:043

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

99. C

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

SOURCE: RM:058

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

100. C

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

SOURCE: RM:062

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



 **DECA**
HOSPITALITY
+ TOURISM

2018 PRACTICE EXAM BOOKLET



100 QUESTIONS AND ANSWERS

AS USED AT DECA'S 2018 ASSOCIATION CAREER DEVELOPMENT CONFERENCES



PRACTICE EXAM BOOKLET

HOSPITALITY + TOURISM
CAREER CLUSTER

THE HOSPITALITY AND TOURISM CAREER CLUSTER EXAM IS USED FOR THE FOLLOWING EVENTS:

HOSPITALITY AND TOURISM PROFESSIONAL SELLING **HTPS**

HOSPITALITY SERVICES TEAM DECISION MAKING **HTDM**

HOTEL AND LODGING MANAGEMENT SERIES **HLM**

QUICK SERVE RESTAURANT MANAGEMENT SERIES **QSRM**

RESTAURANT AND FOOD SERVICE MANAGEMENT SERIES **RFSM**

TRAVEL AND TOURISM TEAM DECISION MAKING **TTDM**

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UNDERSTANDING THE DECA EXAMS

DECA currently uses seven industry-validated exams. Exams are developed based on National Curriculum Standards, available for download at <https://www.mbaresearch.org/index.php/curriculum-teaching/business-admin-standards>.

Each exam item corresponds to a performance indicator within an instructional area and is assigned a curriculum planning level. Items are prorated across all eligible performance indicators so that each instructional area (e.g., promotion) is represented in proportion to the total of all performance indicators. Each year, DECA provides an exam blueprint that details the number of questions per instructional area that will appear on each level of exam.

USING THE KEY

For each exam item, the key provides the correct answer and rationale, as well as an explanation as to why each of the three alternatives were incorrect. In addition, the key provides two sources. The first source is helpful in determining the instructional area, performance indicator and curriculum-planning level used for that item. The letters represent the instructional area and the number represents the specific performance indicator. Once the performance indicator is found in the National Curriculum Standards, you can then identify the curriculum-planning level. The second source provides the specific information used to create the exam item.

INSTRUCTIONAL AREAS

Business Administration Core

Used across all cluster exams.

Business Law (BL)
Communications (CO)
Customer Relations (CR)
Economics (EC)
Emotional Intelligence (EI)
Entrepreneurship (EN)
Financial Analysis (FI)
Human Resources Management (HR)
Information Management (NF)
Marketing (MK)
Operations (OP)
Professional Development (PD)
Strategic Management (SM)

Business Management and Administration

Knowledge Management (KM)
Project Management (PJ)
Quality Management (QM)
Risk Management (RM)

Finance

Financial-Information Management (FM)
Risk Management (RM)

Marketing

Channel Management (CM)
Marketing-Information Management (IM)
Market Planning (MP)
Pricing (PI)
Product/Service Management (PM)
Promotion (PR)
Selling (SE)

Hospitality and Tourism

Channel Management (CM)
Distribution (DS)
Marketing-Information Management (IM)
Marketing Planning (MP)
Pricing (PI)
Product/Service Management (PM)
Promotion (PR)
Selling (SE)

Not all instructional areas are used on all exams.

CURRICULUM-PLANNING LEVELS

Most exam items are assigned to the prerequisite, career sustaining and specialist levels.

- **Prerequisite (PQ):** Content develops employability and job-survival skills and concepts, including work ethics, personal appearance, and general business behavior.
- **Career Sustaining (CS):** Content develops skills and knowledge needed for continued employment in or study of business based on the application of basic academics and business skills.
- **Specialist (SP):** Content provides in-depth, solid understanding and skill development in all business functions.

The additional levels are **Supervisor (SU)**, **Manager (MN)** and **Owner (ON)**.

DEFINITIONS

Performance Indicators

Specific knowledge and skills students are expected to address and perform during their competition. Performance indicators are National Curriculum Standards which are taught in the classroom.

Instructional Areas

Broad areas of content knowledge (i.e., promotion, pricing, emotional intelligence, business law) that are comprised of many performance indicators.

Curriculum-Planning Areas

Curriculum-planning levels represent a continuum of instruction ranging from simple to complex. The levels can serve as building blocks for curriculum development in that students should know and be able to perform the performance indicators at one level before tackling more complex skills and knowledge at the next level. The levels can also be used as the basis for developing an unduplicated sequence of instruction for articulation between high school and postsecondary business courses.

Business Administration Core

The Business Administration Core is the foundation for all of DECA's competitive events. Performance indicators in the Business Administration Core are common to all career areas and competitive events.

Career Clusters

There are sixteen career clusters, each representing a distinct grouping of careers and industries based on the knowledge and skills they require. DECA supports four career clusters:

- Marketing
- Business Management and Administration
- Finance
- Hospitality and Tourism

1. Laws that prohibit violence against others are an example of which function of the law?
 - A. Resolving disputes
 - B. Enacting social change
 - C. Ensuring equality
 - D. Maintaining order

2. Jonas is starting a nonprofit organization to save turtles in Mexico. What benefit will Jonas most likely receive from registering as a nonprofit?
 - A. Dual taxation
 - B. Federal tax break
 - C. Bank loan
 - D. Dividends

3. The Houghten Hotel was overbooked and had to turn away an individual with a telephone confirmation. Since the Super Bowl was in town, the individual was forced to stay at the only available hotel which was located in an unsafe part of town. The individual was attacked while sleeping and sued the Houghten Hotel. What is the likely outcome of a lawsuit against the property?
 - A. The property will be required to pay damages to the individual for breaking a legal contract.
 - B. The case will be dismissed because the individual was able to find a room elsewhere.
 - C. The individual will not be entitled to damages because s/he did not receive a written confirmation.
 - D. The property will be forced to pay a fine for committing fraud by pretending to have a room available.

4. What can you do to make sure that you understand what a speaker has just said?
 - A. Paraphrase the speaker's message.
 - B. Maintain eye contact with the speaker.
 - C. Focus on details rather than the big picture.
 - D. Anticipate what the speaker will say next.

5. Which of the following is a relevant question for a job applicant to ask during an employment interview:
 - A. What type of training do you provide for this position?
 - B. Are there any good restaurants nearby?
 - C. Why didn't the sales department meet its goals last month?
 - D. What is your annual salary?

6. You're giving a presentation at your job about the company's sales figures. You want to show how much profit the company has made in each of the past 12 months. Which visual aid should you choose to show this?
 - A. A pie chart
 - B. A line graph
 - C. A photograph
 - D. A video

7. It's appropriate to write a letter of inquiry when
 - A. you're summarizing a business report.
 - B. thanking a potential employer for an interview.
 - C. informing employees of a payroll change.
 - D. requesting more information about a company.

8. Talia is the marketing director at a resort, and she knows that people usually begin booking their spring break trips in January. Talia wants to regularly promote rate deals in the weeks leading up to this season. What tool would be most beneficial to Talia?
 - A. Web statistics and analytics
 - B. Search engine optimization
 - C. A social media content calendar
 - D. An infographic generator

9. Gerry's Burger Barn produces a spoof video on social media that shows its burgers are "so good that cows eat them." The video goes viral and is shown on different sites on the Internet, which was not Gerry's original intent. This would most likely cause a(n) _____ risk.
- legal
 - reputational
 - employment
 - security
10. What is the first step to problem solving in a group?
- Assessing solutions
 - Defining the problem
 - Determining causes of the problem
 - Implementing solutions
11. Businesses use technology to build positive customer relations by
- sending unsolicited emails.
 - calling customers at home.
 - placing pop-up advertisements on websites.
 - creating targeted marketing campaigns.
12. What should help businesspeople adapt their communication styles to appeal to clients from other cultures?
- Being confident, biased, and manipulative
 - Being patient, flexible, and empathetic
 - Being sensitive, transparent, and demanding
 - Being respectful, indifferent, and honest
13. One way to resolve conflict with customers in the hospitality and tourism industry is to
- always escalate conflict to upper management.
 - be aware of common triggers of conflict.
 - maintain an authoritative attitude.
 - understand what guests truly want.
14. Which of the following is a good strategy for resolving a customer service issue:
- Disagree with each negative statement
 - Agree with the customer's complaints
 - Keep the conversation in a public space
 - Allow the customer to express his/her feelings
15. A frequent customer is early for his Tuesday appointment with your coworker, Antonio. What should you do or say to the customer?
- Ask him what he thinks of Antonio's ability.
 - Ignore him since he is familiar with the company.
 - Tell him that Antonio always runs late on Tuesdays.
 - Invite him to be seated in a waiting area.
16. You are a hotel event planner in charge of a business conference. One of your guest speakers calls you to explain he is running late and will miss the pre-conference dinner. Instead, he explains, he is going to get something fast to eat on the way to the hotel. He still plans to arrive in time for his scheduled presentation, though. Which of the following would be the best thing for you to do to assist him:
- Ask the staff to keep his entrée warm so he can eat when he arrives.
 - Ask a valet to help him with parking and luggage when he arrives.
 - Cancel his presentation and let attendees know that he won't be there.
 - Arrange for a video conference call in case he is late for his presentation.

17. An expensive jewelry store provides computer tablets with a fun jewelry design game to entertain customers' children. The store is
- encouraging children to visit the store.
 - accommodating the needs of parents.
 - preventing children from touching displays.
 - developing a new jewelry line for kids.
18. A restaurant has been extremely busy, but it does not have room in the budget to hire more staff to keep up with demand. What is one strategy the restaurant could take to keep customers happy during peaks in demand?
- Offer discounts for customers to come back another time
 - Only accept customers who have a reservation
 - Add a consumer-participation option such as a salad bar
 - Expand the restaurant to accommodate more tables
19. Servers at the Mountain Top Café often seat customers as well as wait on tables. Unfortunately, the servers are often so busy that they aren't very welcoming or friendly to diners wanting to be seated. Which of the following would help servers focus on their responsibilities as wait staff while also maintaining high service standards:
- Display a menu outside so diners can be self-informed.
 - Allow guests to seat themselves where they prefer.
 - Hire a host/hostess to greet and seat the diners instead.
 - Ask servers to tell customers they don't have time to chat.
20. Processing customer payments involves recording cash receipts which increase the business's
- assets.
 - liabilities.
 - costs.
 - debts.
21. A company received a negative review on social media. How should the company respond to improve the customer's post-sales experience?
- Ignore the negative comment so others aren't encouraged to follow suit
 - Apologize and attempt to rectify the problem
 - Reply with a witty comment to improve brand image
 - Ask the customer to comment again explaining the problem in more detail
22. What is one way that a business can create or enhance place utility?
- Offer customers financial assistance, such as credit or loans
 - Research locations where customers expect to find products
 - Order or manufacture products before they are needed
 - Add new features to existing products
23. Which of the following is a true statement about globalization:
- It has had a minimal impact on the world.
 - It involves the flow of ideas across national borders.
 - Its pace is slowing down.
 - It is a purely economic term.
24. How have industry structure changes affected the current business environment?
- Business now moves faster than ever.
 - Organizations are less willing to change than in the past.
 - The manufacturing industry has disappeared.
 - Communication is slightly slower than it used to be.

25. Which of the following is a way that businesses can increase productivity by improving their employees' quality of work life:
- A. By following regulations
 - B. By developing new products
 - C. By paying fair salaries
 - D. By meeting customers' needs
26. Which of the following situations is most likely to happen during a period of economic expansion:
- A. Consumer spending increases.
 - B. The government delays projects.
 - C. Businesses default on loans.
 - D. Unemployment rises.
27. Which of the following causes problems in measuring GDP:
- A. Some figures used in calculating GDP are estimates.
 - B. All economic goods and services produced are sold.
 - C. Transfer payments add to the value of GDP.
 - D. The underground economy has a large volume of records.
28. Knowing your strengths and weaknesses can help you
- A. receive a raise each year.
 - B. make the right decision every time.
 - C. obtain any job you want to.
 - D. perform better in your current job.
29. Carl wanted to make a good impression on his boss, so when he completed a task, he would find other things to do. Frequently, Carl made mistakes because he didn't know how to do everything. How can Carl alleviate this problem in the future?
- A. Clear the task first with the supervisor
 - B. When he gets stuck, just ask a coworker
 - C. Tell his boss when he has finished each task
 - D. Continue to show initiative as he has in the past
30. Because changes are always occurring in the hospitality industry, hotel managers must be
- A. adaptable.
 - B. empathetic.
 - C. sincere.
 - D. aggressive.
31. DeMarcus behaves ethically at his job even when no coworkers or supervisors are watching. DeMarcus is displaying
- A. transparency.
 - B. integrity.
 - C. viability.
 - D. greed.
32. In order for constructive criticism to be effective, it should be delivered
- A. during a staff meeting.
 - B. by a committee.
 - C. in private.
 - D. within a week.

33. Just as Ryan is leaving work to get dinner with friends, his coworker asks for help with a project that needs to be finished immediately. Ryan agrees to help his coworker, even though this means he'll be late to meet his friends. Ryan is behaving
- forcefully.
 - aggressively.
 - assertively.
 - passively.
34. Janet is a busy advertising executive trying to balance her job, family, and social responsibilities. Four days a week, Janet runs on a treadmill for an hour. After her workouts, Janet feels relaxed and focused. Janet's exercise program helps her manage
- work.
 - goals.
 - time.
 - stress.
35. Which of the following statements best describes consensus building:
- Everyone has equal power.
 - It is majority rule.
 - It is minority rule.
 - Decisions are made by a single leader.
36. Which of the following is an example of encouragement:
- "I believe in you!"
 - "You did a great job!"
 - "I knew you could do it!"
 - "Wow, that was impressive!"
37. Sally is sure she won't like her new coworker, Lily, because Lily is from New England. Sally doesn't know anyone from New England, but she believes people from that region are cold and unfriendly. Sally's attitude is an example of
- generosity.
 - thoughtfulness.
 - grievance.
 - prejudice.
38. Financial planning is important because it can help you
- understand economics and finance.
 - meet needs and wants.
 - predict the future.
 - increase your income.
39. Exactly one year ago, Kim's dad gave her a \$10 bill. Kim saved the money "for a rainy day." Now, her \$10 bill has less buying power than it did a year ago. What caused the decline in the value of Kim's money?
- Inflation
 - Taxes
 - Globalization
 - Unemployment
40. A business's managers expected to reduce expenses by four percent last quarter. The financial information, however, shows that expenses were actually reduced by two percent. This is an example of
- variance.
 - profitability.
 - acquisition.
 - a trend.

41. Which of the following is a characteristic of an efficient accounting system:
- A. Maintenance-free
 - B. High-accessibility
 - C. User-friendly
 - D. Results-oriented
42. To reconcile cash, which of the following should businesses do:
- A. Compare cash received with receipts or transaction records
 - B. Total up the money in each of the company's cash registers
 - C. Divide the transaction total by the amount of cash received
 - D. Multiply the cash received by the total number of receipts
43. What is a primary responsibility of a company's financial function?
- A. Materials allocation
 - B. Product sourcing
 - C. Cash management
 - D. Sales forecasting
44. When you are trying to justify your actions to yourself and others, you are
- A. voicing your concerns.
 - B. rationalizing.
 - C. following a code of ethics.
 - D. obeying authorities.
45. Sunny Side Up Café is a small, family-owned business in a quiet part of town. The restaurant does not accept credit cards—only cash. Which of the following is the most likely reason for the restaurant to refuse credit cards:
- A. The town restricts use of credit cards.
 - B. The business owners are old.
 - C. Residents never carry credit cards.
 - D. Credit cards have high processing fees.
46. Which of the following individuals is an example of a whistleblower:
- A. Olga admitted that she was changing companies because she was tired of her boss.
 - B. Megan told her human resources manager about an annoying coworker.
 - C. Jake reported that he witnessed a senior manager harassing a new employee.
 - D. Asha told her friend that her manager was too uptight and serious all the time.
47. Which of the following is an example of an organized labor-relations issue:
- A. Performance reviews
 - B. Employee training
 - C. Continuing education
 - D. Collective bargaining
48. What can happen when employees do not respect one another's lifestyles?
- A. Language barriers
 - B. An uncomfortable work environment
 - C. Generational misunderstandings
 - D. An increase in productivity
49. Anna is a marketing manager for an upscale resort, and is developing profiles of typical guests who stay at the resort. The best internal source of secondary information for Anna to obtain is
- A. room status reports.
 - B. government census reports.
 - C. airline passenger lists.
 - D. guest registration records.

50. Free Wheelin' Bus Tours sent an online survey to customers to determine their satisfaction levels with the company's tours. What type of research did the company conduct?
- Unilateral
 - Secondary
 - Primary
 - Bilateral
51. If trends indicate that more people are booking airline flights to popular destinations, it is likely that
- the unemployment rate will increase.
 - tour attendance will decline.
 - lodging occupancy rates will increase.
 - consumer spending will decline.
52. Which of the following can be learned from monitoring the sales data of any hospitality and tourism business:
- Color most frequently preferred by customers
 - Median age of customers
 - Average size of customers' families
 - Average amount of sales per customer
53. Which of the following is a tangible product that a hotel restaurant markets to its patrons:
- A bowl of French-onion soup
 - A short wait to be seated
 - A friendly greeting from the server
 - An extensive knowledge of the menu
54. Which of the following is a specific goal:
- Increasing sales
 - Finding more customers
 - Reducing costs by 5%
 - Improving customer satisfaction
55. A luxury resort in the Grand Cayman Islands maintains a special section on its website for couples who are planning a destination wedding and/or honeymoon. This is an example of a hospitality business segmenting a market by
- geographics.
 - behavior.
 - lifestyle.
 - age.
56. What is one downside of using online storage for your business records?
- Online storage companies may have problems or go out of business.
 - Files are difficult to access when you use online storage.
 - Online storage is not as safe as keeping hard copies of documents at your office.
 - Online storage is too expensive for most business owners.
57. In an effective information management system, all information is
- abstract.
 - accessible to everyone.
 - quantitative in nature.
 - accurate.

58. Where in the Microsoft Word word-processing program should you look to determine what page of a document you're on and how many words are in the document?
- Title Bar
 - Ribbon
 - Quick Access Toolbar
 - Status Bar
59. To allow customers to access account information at any time by telephone, businesses often use
- teleconferencing software programs.
 - interactive voice response software.
 - just-in-time systems.
 - technological robotics systems.
60. One reason why businesses often use databases to analyze information about customers is to
- manage finances.
 - prepare invoices.
 - make predictions.
 - prepare reports.
61. A company wants to know how to better advertise to specific segments of customers, so it groups its customer data based on their incomes. This company is using the _____ method of data mining.
- clustering
 - decision tree
 - neural networks
 - huddling
62. Eduardo just took over the job of maintaining customer records at his company. Which of the following things should he do:
- Allow everyone to update records
 - Maintain incomplete data
 - Allow duplicate records
 - Maintain a consistent style
63. Which of the following is the most rapidly changing category of information included in an environmental scan:
- Demographics
 - Technology
 - Government
 - Competition
64. One of the advantages of using statistics is that individual employees' biases can't impact decision-making. That is because statistics are
- objective.
 - affordable.
 - accurate.
 - persuasive.
65. Trends indicate that more hotel guests are booking rooms directly with hotel properties over the Internet, which reduces the need for travel
- intranets.
 - intermediaries.
 - subsidiaries.
 - amenities.

66. Which 1990s technological development has allowed travel and tourism information to be obtained by the general public on personal computers:
- Central Reservation Systems
 - Fax machines
 - Cellular telephones
 - Internet
67. One way that businesses maintain the security of data that they send over the Internet to clients is by using a software program that prevents a(n)
- document from being forwarded.
 - virus from being downloaded.
 - attachment from being included.
 - search engine from being used.
68. Which of the following situations is an example of employees coordinating their work efforts:
- Sarah calls a vendor to verify the delivery date of an order, while Shelley sells products.
 - Bob unpacks a shipment and places the items on shelves in the warehouse.
 - Gavin orders inventory based on the forecast that Madelyn has prepared for him.
 - Ed reviews his monthly financial report to verify his calculations.
69. If you are tracking and managing progress, issues, and changes during a project, you are
- ending the project.
 - starting the project.
 - communicating with key stakeholders.
 - monitoring and controlling the project.
70. Which of the following statements is true about project management:
- It involves the coordination of multiple activities.
 - It is a continuous series of events with an unlimited life span.
 - It requires a signed contract from stakeholders.
 - Its primary use is for completing complex activities.
71. Which of the following is a key question project managers ask when identifying needed resources:
- Who is approved to authorize changes to the project plan?
 - What might go wrong with this project?
 - What level of expertise is required to complete each deliverable?
 - Is communication clear and effective?
72. Which of the following is a primary factor that helps a business determine when it should place another order for a regularly stocked item:
- Reorder point
 - Profit margin
 - Buyer's preferences
 - Accounts receivable
73. The purpose of a pre-bid meeting is to
- strengthen relationships between bidders and purchasers.
 - filter out potential bidders.
 - clarify any bidders' concerns.
 - request an extension of the submission date.
74. A standard purchase order should include product specifications, quantities, prices, and what else?
- Location of buyer's customer
 - Shipping requirements
 - The invoice code
 - Credit references

75. When a purchasing agent ordered products for a national park's gift shop, s/he agreed to the terms F.O.B. destination. What can the purchasing agent expect as a result of these terms?
- The vendor will pay shipping charges to the national park's gift shop.
 - The purchasing agent will pay shipping charges from the vendor's shipping point.
 - The park will not be charged shipping charges since it's a government agency.
 - The transportation company will pay shipping charges to the park's destination.
76. Which of the following statements about protecting digital customer data is true:
- A company's protection of data has little impact on the customer's perception.
 - Protecting digital customer data is a responsibility of the IT department.
 - Data protection strategies should be reevaluated often.
 - Protecting digital customer data is only necessary for large businesses.
77. What is an employee safety issue in the hospitality and tourism industry that is typically most difficult to control?
- Liability
 - Fraud
 - Terrorism
 - Robbery
78. Which of the following is a procedure that a tour operator might use when handling emergency situations such as natural disasters:
- Assist with evacuation
 - Provide medical advice
 - Protect private property
 - Activate alarm system
79. Which of the following security measures is often found in lodging establishments:
- Electronic key cards
 - Radio frequency tags
 - Metal detectors
 - Property management system
80. Which of the following is a reason why innovation is important:
- Innovation eliminates competition.
 - Innovation ensures a business will succeed.
 - Innovation leads to creativity.
 - Innovation helps the economy.
81. Billie's whole day was thrown off schedule because she was 20 minutes late to a team meeting. Which time-management principle does she need to learn?
- Know when and how you work best.
 - Make the most of your "down time."
 - Learn to be on time.
 - Focus on goals, not on tasks.
82. An effective way to close a job interview follow-up letter is to
- communicate your minimum salary requirements.
 - reinforce your interest in the position.
 - acknowledge your desire to be promoted.
 - ask the interviewer to read your résumé.
83. Does the hospitality and tourism industry offer career opportunities for entrepreneurs?
- Yes. Businesses in the hospitality and tourism industry can start small and expand.
 - No. Businesses in the hospitality and tourism industry are franchises.
 - No. Businesses in the hospitality and tourism industry are too large for start-up businesses.
 - Yes. Businesses in the hospitality and tourism industry are started with state funding.

84. Because the company's president was impressed with Ed's willingness to accept additional tasks and carry them out without a lot of direction, s/he promoted Ed to a management position. What personal trait does Ed possess that helped him advance in his career?
- Courage
 - Initiative
 - Self-confidence
 - Self-control
85. A business must ensure that it hires employees who possess the appropriate skills to
- set the appropriate standards.
 - determine if the business needs to seek additional funding.
 - analyze the business's profit margins.
 - help the business achieve its organizational goals.
86. Which of the following industries has most impacted the development of the hospitality industry?
- Lumber
 - Retail
 - Transportation
 - Financial
87. In what segment of the hospitality and tourism industry is destination marketing?
- Recreation
 - Travel and tourism
 - Event management
 - Restaurants and managed services
88. Full-service hotels that provide upscale services and amenities usually charge high rates because their guests associate price with
- supply.
 - economy.
 - quality.
 - value.
89. Holiday Inn Express uses the slogan "No excuses, guaranteed" as a money-back promise to guests. This is an example of a
- warranty on goods.
 - guarantee on goods and services.
 - warranty on service.
 - guarantee on service.
90. A salon recently added nail services to its product mix. This strategy is called
- contraction.
 - expansion.
 - trading up.
 - alteration.
91. Which of the following is the most appropriate item to bundle with a bottle of shampoo:
- Bottle of conditioner
 - Bottle of hand lotion
 - Bar of soap
 - Tube of toothpaste
92. Which of the following is an example of a business's core values:
- We are decreasing our overall expenses by 5% over the next 12 months.
 - We deal honestly and fairly with our customers and ourselves.
 - We demonstrate a customer service mindset.
 - We use social media to reach our target market.

93. Why is it important for a business to identify its product's competitive advantage?
- To plan a distribution system
 - To create a realistic trademark
 - To evaluate the marketing research process
 - To develop an appropriate marketing strategy
94. Which of the following statements is true regarding the concept of product in the hospitality and tourism industry:
- Product specifically refers to tangible items such as a meal in the hotel restaurant.
 - A hospitality and tourism product includes all goods and experiences that guests encounter.
 - Hospitality and tourism products are often developed before considering the customer's needs or wants.
 - The level of service is the most important function in the concept of the hospitality and tourism product.
95. The Premier Hotel inserts a coupon offering a midweek special in the local newspaper. What type of promotional activity is the hotel using?
- Public relations
 - Sales promotion
 - Selling
 - Advertising
96. Which of the following is a potential challenge when implementing quality management:
- Lack of integration
 - Too specific goals and plans
 - A budget surplus
 - Difficult laws/regulations
97. Which of the following presents an ethical issue that may increase a business's level of risk:
- Developing processes to test product durability
 - Communicating business information to customers
 - Hiring a family member who lacks necessary job skills
 - Striving to achieve higher sales than coworkers
98. Melissa's family goes to the same remote beach destination every year for one week. All of the family members enjoy the quiet, relaxing atmosphere that the location offers. In this situation, the motive to travel to this location is
- price.
 - adventure.
 - comfort.
 - prestige.
99. Each year, the Big Roy family restaurant sells packets of Valentine's Day gift certificates for free children's meals. Each \$3.99 packet contains 10 gift certificates. Each gift certificate has a maximum value of \$2.50. What is most likely to be the restaurant's primary motivation for selling these gift certificates?
- To increase the number of families dining at Big Roy
 - To publicize Big Roy's Valentine's Day cakes and pies
 - To feed underprivileged children in the community
 - To generate \$1.44 in profit from the sale of each packet
100. Calculate the amount charged to a hotel guest's credit card using the following information: A four-night stay at a room rate of \$128 per night and 14.5% sales-tax rate.
- \$586.24
 - \$594.42
 - \$598.42
 - \$582.24

1. D
Maintaining order. Maintaining order is an important purpose of the law. Laws help to control society and set the standards for being a part of civilization. The punishments for breaking the law aim to prevent people from harming themselves, others, or society as a whole. Laws against violence are a part of maintaining order. Laws can also enact social change and resolve disputes, but the prohibition of violence is not an example of these functions. While laws may aim to ensure equality, this is not necessarily a function of law, and it is not relevant to this situation.
SOURCE: BL:163
SOURCE: LAP-BL-163—Laying Down the Law (Complying With the Spirit and Intent of Laws and Regulations)
2. B
Federal tax break. Nonprofit organizations that are established to benefit society are not generally taxed by the federal government. Dual taxation is the levying of two taxes on the same income, which normally isn't the case for nonprofit organizations. Bank loans are a means of gaining capital funding and are not a benefit of registering as a nonprofit. Dividends are sums of money paid to an investor or stockholder as earnings on an investment. These normally do not apply to nonprofit organizations since they are based on the goal of profit.
SOURCE: BL:003
SOURCE: LAP-BL-001—Own It Your Way (Types of Business Ownership)
3. A
The property will be required to pay damages to the individual for breaking a legal contract. A room reservation is a legal contract that entitles an injured party to compensation when the contract is violated, such as when a property does not follow through with its promise to provide a room. A room reservation does not have to be in writing in order for it to be considered a contract; therefore, the individual is entitled to receive damages. For a property to be considered fraudulent in the eyes of the court, it is necessary to prove that the property overbooks as a rule, rather than as an exception, when a special event is in town. The ability to find a room elsewhere is not grounds for dismissing a case in which an individual is physically harmed as a result of being turned away by the hotel.
SOURCE: BL:065
SOURCE: Miller, J. (2010, April/May). *Hospitality law*. Retrieved November 13, 2017, from https://www.americanbar.org/newsletter/publications/gp_solo_magazine_home/gp_solo_magazine_index/miller.html
4. A
Paraphrase the speaker's message. Paraphrasing involves restating a message in other words to confirm or clarify its meaning. Maintaining eye contact with the speaker, focusing on details, and anticipating what the speaker will say next are not actions that will ensure that you understand the message.
SOURCE: CO:017
SOURCE: LAP-CO-017—Listen Up! (Demonstrate Active Listening Skills)
5. A
What type of training do you provide for this position? Relevant questions are types of questions that pertain to the issue at hand. If an applicant is interviewing for a job, the applicant would ask the interviewer questions about the company, job responsibilities, job training, professional development, etc. It would be inappropriate to ask the interviewer about his/her salary, nearby restaurants, and sales-department shortfalls—these questions are irrelevant to the issue at hand.
SOURCE: CO:058
SOURCE: The Muse. (2013, October 15). *51 interview questions you should be asking*. Retrieved November 13, 2017, from <https://www.themuse.com/advice/51-interview-questions-you-should-be-asking>

6. B

A line graph. Line graphs are best used to show changes (particularly small changes) over time. For example, if you want to demonstrate your company's profit in each of the past 12 months, a line graph would be one effective method. Pie charts are more commonly used to show how categories relate to the whole. A photograph or a video would likely not showcase the data you want to present.

SOURCE: CO:087

SOURCE: NCES. (n.d.). *How to choose which type of graph to use*. Retrieved November 13, 2017, from https://nces.ed.gov/nceskids/help/user_guide/graph/whentouse.asp

7. D

Requesting more information about a company. When you need to request information or ask a question, you send a letter of inquiry. Letters of inquiry can be written for many different reasons—to request more information about a company, to ask a question about a product, to inquire about a job opening, to ask for advice, to request paperwork, etc. A letter that thanks a potential employer for an interview is a follow-up letter, not a letter of inquiry. When informing employees of a payroll change, you'd likely write a memo. A business report summary is known as an executive summary. This is meant for people who don't have time to read the entire business report, and it's not the same thing as a letter of inquiry.

SOURCE: CO:040

SOURCE: McMurrey, D.A. (n.d.). *Chapter 1: Business correspondence—Inquiry letters*. Retrieved November 13, 2017, from www.gel.ulaval.ca/~poussart/gel64324/McMurrey/texte/inquire.htm

8. C

A social media content calendar. A social media content calendar is a way to plan and organize upcoming content for social media. It helps marketers schedule upcoming posts and plan in advance based on important dates and opportunities. Talia could benefit from a social media calendar because it could help her plan in advance to promote her resort during the busy season. Without a calendar, she might miss out on a key promotional opportunity. Search engine optimization, web analytics, and an infographic generator would not necessarily help Talia in this situation.

SOURCE: CO:193

SOURCE: Walters, K. (2017, June 27). *How to create a social media content calendar: Tips and templates*. Retrieved November 13, 2017, from <https://blog.hootsuite.com/how-to-create-a-social-media-content-calendar/>

9. B

Reputational. A reputational risk can do damage to a brand or company by twisting the intent and portraying the company or brand in a negative light. Legal risks include employment, privacy, security, intellectual property, and media risks.

SOURCE: CO:202

SOURCE: Merrill, T., Latham, K., Santalesa, R., & Navetta, D. (2011, April). *Social media: The business benefits may be enormous, but can the risks - reputational, legal, operational - be mitigated?* Retrieved November 13, 2017, from http://old.findinet.nl/~uploads/newsModule/ace_socialmedia111118.pdf

10. B

Defining the problem. Understanding and agreeing upon the details of the problem at hand are crucial to eventually developing a feasible and effective solution. This step must be done before any causes or solutions can be discussed. Assessing solutions, determining causes, and implementing solutions are all steps in the group decision-making process, but cannot be done until the problem has been defined.

SOURCE: CO:067

SOURCE: Raison, B., Lukshin, D., & Bowen-Ellzey, N. (2013). *Group problem solving process*. Retrieved November 13, 2017, from https://u.osu.edu/raison/files/2014/02/FACT-SHEET-Group-Problem-Solving-CDFS_13_13-1cqoba2.pdf

11. D
Creating targeted marketing campaigns. Businesses use technology to build positive customer relations by identifying valuable customers and creating targeted marketing campaigns to reach them. Calling customers at home, placing pop-up ads online, and sending "junk" emails will create negative customer relations instead of positive ones.
SOURCE: CR:003
SOURCE: LAP-CR-001—Accentuate the Positive (Nature of Customer Relations)
12. B
Being patient, flexible and empathetic. So that businesspeople don't do something that will offend their clients, they should adapt their communication styles with clients from different cultures. To develop positive relationships with international clients, businesspeople should try to learn as much as they can about their clients' cultures, customs, and social values. Adapting communication styles requires businesspeople to be patient, flexible, empathetic, respectful, confident (but not overly so), honest (transparent), and sensitive to their clients' cultures and customs. Projecting biased, demanding, manipulative, or indifferent attitudes may offend the clients.
SOURCE: CR:019
SOURCE: Verderber, R., Verderber, K., & Sellnow, D. (2012). *COMM2* (pp. 73-75). Boston, MA: Cengage Learning.
13. D
Understand what guests truly want. In the hospitality and tourism industry, understanding what is truly driving customers' complaints is essential. When you understand what guests want, you can easily fulfill their needs and resolve conflict. Being aware of common triggers of conflict can help prevent conflict rather than resolving it. Hospitality and tourism employees should maintain a positive attitude rather than an authoritative attitude. Finally, hospitality and tourism employees do not always necessarily need to escalate conflict to upper management.
SOURCE: CR:044
SOURCE: Friedlander, R.J. (2015, June 22). *6 guidelines for managing guest conflict and preventing bad online reviews*. Retrieved November 13, 2017, from <https://www.reviewpro.com/blog/6-guidelines-for-managing-guest-conflict-and-preventing-bad-online-reviews/>
14. D
Allow the customer to express his/her feelings. Sometimes, frustrated customers want to complain and release anger. Allowing them to express their feelings might help them calm down and make a resolution more likely. Agreeing with a customer's complaints is not a good idea because it undermines the authority of the company. Keeping the conversation in a public space is not a good idea because other employees or customers might hear the conversation, which could damage morale and reputation. Finally, disagreeing with each negative statement is likely to upset the customer rather than helping resolve the conflict.
SOURCE: CR:046
SOURCE: Geraghty, S. (2013, February 22). *12 conflict resolution tips for excellent customer service*. Retrieved November 13, 2017, from <https://www.talkdesk.com/blog/12-conflict-resolution-tips-for-excellent-customer-service-2/>
15. D
Invite him to be seated in a waiting area. It is important to be friendly and make all visitors feel welcome. Ignoring a visitor can make him/her feel unwelcome. Telling a customer that an associate always runs late or asking for opinions of his performance is unprofessional and may make the visitor feel uncomfortable.
SOURCE: CR:052
SOURCE: Martin, M.J. (2017, September 26). *How to greet clients at the office*. Retrieved November 13, 2017, from <https://bizfluent.com/how-8684581-greet-clients-office.html>

16. B

Ask a valet to help him with parking and luggage when he arrives. A guest speaker is an important part of a conference, so you should arrange to make his arrival as easy and stress free as possible. He plans to eat something on the way to the hotel, so there's no need to keep his entrée warm. Cancelling his presentation or arranging for a video conference call would not be helpful because the speaker is planning to arrive on time for his speech.

SOURCE: CR:053

SOURCE: Reynolds, J.S., & Chase, D.M. (2014). *Hospitality services* (3rd ed.) [pp. 185, 210]. Tinley Park, IL: Goodheart-Willcox.

17. B

Accommodating the needs of parents. By providing kids with a fun activity, the store is helping parents entertain their children so the parents are free to shop. It's not likely that an expensive jewelry store would want to encourage children to visit. There's no indication that the store is planning to develop a jewelry line for kids. Providing an activity for children does not necessarily prevent them from touching displays.

SOURCE: CR:054

SOURCE: McDermott, E. (2013, May 8). *Kid gloves: Dealing with customers' children at your small business*. Retrieved November 13, 2017, from <https://smallbusinessonlinecommunity.bankofamerica.com/community/running-your-business/general-business/blog/2013/05/08/kid-gloves-dealing-with-customers-children-at-your-small-business>

18. C

Add a consumer-participation option such as a salad bar. One way that restaurants can manage high demand without hiring staff is by including a consumer-participation option, such as a salad bar. This eliminates time spent on preparing and serving salads, as well as keeping customers busy. Only accepting customers who have a reservation might not help because the restaurant will still be busy without enough staff to handle demand. Offering discounts for customers to come back another time is a strategy to shift demand, not necessarily to manage customer experience during peaks in demand. Expanding the restaurant to accommodate more tables is a strategy to be able to handle more customers, but it does not solve the issue if the restaurant cannot hire more staff.

SOURCE: CR:038

SOURCE: Sasser, W.E. (2014, August 1). *Match supply and demand in service industries*. Retrieved November 13, 2017, from <https://hbr.org/1976/11/match-supply-and-demand-in-service-industries>

19. C

Hire a host/hostess to greet and seat the diners instead. Rather than expecting the servers to do what are essentially two different jobs—waiting on tables as well as acting as hosts or hostesses, the restaurant should hire a host/hostess instead. The host or hostess could greet diners, interact with them, seat them, and share information about menu specials. Allowing guests to seat themselves does not meet high service standards and can cause confusion among wait staff. Displaying a menu outside does not eliminate the need to interact with customers. Telling customers there's no time to chat creates a rude and unwelcoming atmosphere that does not achieve high service standards.

SOURCE: CR:039

SOURCE: Krow, S. (2012, December 7). *Restaurant service procedures*. Retrieved November 13, 2017, from <http://smallbusiness.chron.com/restaurant-service-procedures-58941.html>

20. A

Assets. When a business receives customer payments, it records the amount of the payment as a receipt of cash. The increase in cash increases the assets of the business. When a business processes customer payments, it credits the customer's account and adds that amount to its cash balance, which is an asset. Recording cash receipts does not increase the business's costs, debts, or liabilities.

SOURCE: CR:042

SOURCE: Accounting Simplified. (2010-2017). *Cash transactions*. Retrieved November 13, 2017, from <http://accounting-simplified.com/accounting-for-cash-transactions.html>

21. B

Apologize and attempt to rectify the problem. When a company receives a negative review on social media, it should use the platform to publicly acknowledge the customer. This gives the customers the attention and respect they are seeking, as well as demonstrating that the company cares about its customers. The company should not ignore the negative comment because this makes it appear that the customer's opinion does not matter. Replying with a witty comment will not necessarily improve brand image because the customer might feel insulted or belittled. While it is a good idea to gather more information about the problem, it might be wise for the company to do so privately rather than publically in a comment.

SOURCE: CR:028

SOURCE: Schiff, J.L. (2015, September 15). *7 ways social media can improve customer satisfaction*. Retrieved November 13, 2017, from <https://www.cio.com/article/2984024/social-networking/7-ways-social-media-can-improve-customer-satisfaction.html>

22. B

Research locations where customers expect to find products. To create or enhance place utility, businesses must figure out where customers expect to find products. This way, the business can plan and move the product to the right place—the place where customers will purchase the product, which is likely to be the place where the producer or service provider will make the most sales. Offering customers financial assistance creates possession utility. Ordering or manufacturing products before they are needed creates time utility. Adding new features to existing products creates form utility.

SOURCE: EC:004

SOURCE: LAP-EC-013—Use It (Economic Utility)

23. B

It involves the flow of ideas across national borders. Globalization is the rapid and unimpeded flow of capital, labor, and ideas across national borders. The result is that various regions across the globe now have integrated societies, cultures, and economies—this is due to methods of communication, transportation, and trade becoming faster and more efficient all the time. Globalization involves ideas, people, and culture—much more than just economics. It has had a major impact on the world and everyone in it. Experts agree that the pace of globalization is quickening.

SOURCE: EC:104

SOURCE: LAP-EC-104—Stretch Your Boundaries (The Global Business Environment)

24. A

Business now moves faster than ever. Because of new technologies and other improvements, business now moves at a faster pace than ever before. The manufacturing industry has become more streamlined due to new technologies, and communication has become almost instantaneous. Organizations are becoming more adaptable to stay competitive.

SOURCE: EC:107

SOURCE: LAP-EC-107—Keep the Change (Adapting to Markets)

25. C

By paying fair salaries. Salaries and wages that workers consider to be fair contribute to the quality of work life. Employees will be more productive when they feel that their earnings are equal to or better than the earnings of others doing the same type of work. Paying fair salaries improves the general conditions in which employees work and often results in an increase in productivity. Businesses' research and development programs help to develop new products and meet customers' needs. Businesses try to operate within the guidelines of government regulations.

SOURCE: EC:013

SOURCE: LAP-EC-018—Make the Most of It (Productivity)

26. A
Consumer spending increases. Business cycles, which are the periods of expansion and contraction in economic activities, affect businesses, consumers, and the government. During a period of expansion, unemployment levels drop because businesses are expanding and need workers to perform jobs to support production increases. When people are working, they have income to spend on goods and services, so their spending increases. The government is more likely to delay projects and businesses are more likely to default on loans during the recession and trough phases of the business cycle.
SOURCE: EC:081
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 62-67). Woodland Hills, CA: Glencoe/McGraw-Hill.
27. A
Some figures used in calculating GDP are estimates. While most figures used in GDP computations are reliable, there are some that have to be estimated. This makes it difficult for economists to measure GDP accurately. Not all goods and services are sold. Some are traded for other goods and services in the underground economy, and no records are kept of these transactions. Other goods are kept by producers for their personal use. Transfer payments do not add to the value of GDP because no new wealth is created.
SOURCE: EC:017
SOURCE: LAP-EC-001—Measure Up? (Gross Domestic Product)
28. D
Perform better in your current job. Knowing your strengths and weaknesses gives you the ability to apply your talents where they are best used, which can in turn help you to perform better in your current job. Knowing your strengths and weaknesses will not necessarily ensure that you will make the right decision every time, obtain any job you want to, or receive a raise each year.
SOURCE: EI:002
SOURCE: LAP-EI-017—Assess for Success (Assessing Personal Strengths and Weaknesses)
29. A
Clear the task first with the supervisor. When the task is complete is too late to inform the supervisor. To ask a coworker when you are stuck is not a good idea because the coworker may not give you correct information. Showing initiative is a good trait, but it will cost the company unnecessary money if it has to correct Carl's mistakes.
SOURCE: EI:024
SOURCE: LAP-EI-002—Hustle! (Taking Initiative at Work)
30. A
Adaptable. Being adaptable is the ability to accept and deal with change effectively. Successful managers are not only adaptable, but they help employees, vendors, and customers adjust to changes, too. Empathetic people have the ability to relate to the feelings, thoughts, and experiences of others. Sincere people are genuine in nature. Expressing empathy and sincerity helps build positive relationships, but these traits do not always relate to adapting to change. Aggressive behavior is conduct based on a willingness to ignore the rights of others and to take advantage of them to achieve personal goals.
SOURCE: EI:090
SOURCE: CareerAge.com. (1999-2016). *Hotel & hospitality management*. Retrieved November 13, 2017, from <http://www.careerage.com/career/cc/hotel/>
31. B
Integrity. Having integrity means acting ethically even when no one is watching. Transparency and viability are also ethical principles, but DeMarcus is not demonstrating them in this example. DeMarcus is not demonstrating greed.
SOURCE: EI:124
SOURCE: LAP-EI-124—What's the Situation? (Reasons for Ethical Dilemmas)

32. C

In private. In order for constructive criticism to be effective, it should be delivered in private. Giving constructive criticism in front of others, such as during a staff meeting, may embarrass the person receiving the criticism. Constructive criticism is given right away. Waiting up to a week to give the criticism is unwise because the message receiver may not remember specific details about the situation. The degree of effectiveness of constructive criticism does not depend much on who gives the criticism (such as a committee). The manner in which the constructive criticism is given to the message receiver is much more important. Constructive criticism is most effective when it is private, thoughtful, nonjudgmental, nonthreatening, immediate, specific, and factual.

SOURCE: EI:003

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

33. D

Passively. Passive behavior is conduct in which people fail to exercise their own rights or to respect their own needs. A passive person usually displays an attitude based on the desire to avoid conflict at all costs. When Ryan puts his own needs aside to help a coworker, he is behaving passively. Aggressive behavior is conduct based on a willingness to ignore the rights of others and to take advantage of them to achieve personal goals. Forceful behavior would likely be considered aggressive. Assertiveness is the ability to express yourself, communicate your point of view, and stand up for your rights, principles, and beliefs.

SOURCE: EI:008

SOURCE: LAP-EI-018—Assert Yourself (Assertiveness)

34. D

Stress. Stress is a mental, physical, or emotional feeling of pressure or tension. When individuals do not effectively manage their stress levels, their work productivity tends to decrease, and they often experience burnout and develop health problems. Individuals can combat stress by getting plenty of rest, using relaxation techniques, and exercising on a regular basis. Running is one of many ways to achieve the health-related benefits of exercise. Exercise can help individuals feel relaxed and focused, which greatly reduces stress. When individuals manage their stress, they can better manage their time and work activities and achieve their goals.

SOURCE: EI:028

SOURCE: LAP-EI-025—Keep Your Cool (Stress Management)

35. A

Everyone has equal power. Making a decision by consensus means that each group member has equal power to say “yes” or “no.” Consensus is not majority rule or minority rule—in consensus, every group member agrees. Consensus is also not rule by a single leader. Rule by a single leader is considered a dictatorship.

SOURCE: EI:011

SOURCE: LAP-EI-019—It's a Group Thing (Consensus Building)

36. A

"I believe in you!" Encouragement is telling someone that you believe in him/her before s/he even begins doing something. It is *not* congratulating someone on a job well done after s/he completed a task. "I believe in you," therefore, is the only example of proper encouragement because it is given in advance of a person's performance.

SOURCE: EI:133

SOURCE: LAP-EI-133—A Force for Good (Inspiring Others)

37. D

Prejudice. Prejudice is opinions or judgments based on feelings or hearsay, rather than fact. Sally is basing her opinion of her coworker on what she has heard, not on fact. Her prejudice will keep her from feeling empathy for Lily. Thoughtfulness is consideration for others. Generosity is the willingness to give to others. A grievance is a complaint about unfairness.

SOURCE: EI:036

SOURCE: LAP-EI-036—Everyone's Worthy (Treating Others With Dignity and Respect)

38. B

Meet needs and wants. Financial planning helps you meet needs and wants by setting goals and working toward them. It does not help you understand economics and finance. It can help you plan for the future, but it does not help you predict it. Financial planning does not increase your income, but it does help you make the most of it.

SOURCE: FI:065

SOURCE: Wohlner, R. (2011, May 17). *6 reasons you need a financial plan*. Retrieved November 13, 2017, from <https://money.usnews.com/money/blogs/the-smarter-mutual-fund-investor/2011/05/17/6-reasons-you-need-a-financial-plan>

39. A

Inflation. Inflation is an increase in the cost of goods and services. What your dollar buys today won't be the same as what it buys next year. Over the years, the value of money declines. That means that the \$10 bill Kim was given last year has less buying power today. Taxes are monies that individuals or businesses must pay to the government. There's no indication that Kim paid taxes on her \$10. Globalization is the rapid and unimpeded flow of capital, labor, and ideas across national borders. Unemployment is also known as joblessness. Although taxes, globalization, and unemployment levels can impact the economy, none of the three are the direct cause of the decline in the buying power of Kim's money.

SOURCE: FI:270

SOURCE: Tarver, E. (2015, April 24). *What impact does inflation have on the time value of money?* Retrieved November 13, 2017, from <https://www.investopedia.com/ask/answers/042415/what-impact-does-inflation-have-time-value-money.asp>

40. A

Variance. Variance is the difference between what's expected to happen and what actually happens. Managers look at variance in financial information as a way to monitor the business's ongoing operations and strategies. Profitability is a business's ability to yield a financial gain. Acquisition means buying another company. A trend is a change or development in a certain direction—one quarter's change in finances would not constitute a trend.

SOURCE: FI:579

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

41. C

User-friendly. An accounting system is the methods and procedures that a business uses in handling its financial information. An efficient accounting system allows the business to retrieve the information it needs quickly and easily. Because most companies use computer-based accounting systems to help them store, track, and retrieve important financial data, it is important for the accounting system's software to be user-friendly, easy to use, and easy to operate. Most companies do not want a lot of people to have access to their financial data, so it is important to keep it secure and accessible for those who need and use the information. Accounting systems require some type of maintenance because people must continuously update the information. Accounting systems do not produce results for the business—they simply store information in an organized way.

SOURCE: FI:085

SOURCE: LAP-FI-085—Show Me the Money (Nature of Accounting)

42. A

Compare cash received with receipts or transaction records. To reconcile cash, a business should compare the total amount of cash received with the total on transaction records or receipts. For example, if a business wanted to reconcile its cash daily, it would count the amount of money in its cash registers and then look at all the sales receipts to make sure the numbers match. Reconciling cash does not involve any multiplication or division. Simply counting up the cash in cash registers would not be enough to reconcile a business's cash for any given period.

SOURCE: FI:396

SOURCE: University of Illinois. (2017, June 27). *Reconcile cash receipts daily*. Retrieved November 13, 2017, from <https://www.obfs.uillinois.edu/bfpp/section-10-cash-handling/reconcile-cash-receipts-daily>

43. C
Cash management. Finance is the process of obtaining funds and using them to achieve the goals of the business. An important aspect of the finance function is managing the cash that flows into and out of the business. Product sourcing, materials allocation, and sales forecasting are not primary responsibilities of a company's financial function.
SOURCE: FI:354
SOURCE: LAP-FI-007—Money Matters (Role of Finance)
44. B
Rationalizing. Rationalizing is justifying your actions to yourself or others. It is often a coping mechanism when finance professionals are torn between what they are doing and what they are supposed to do. If you are trying to justify your actions to yourself and others, you are not necessarily voicing your concerns, following a code of ethics, or obeying authorities.
SOURCE: FI:355
SOURCE: LAP-FI-355—Money Morals (The Role of Ethics in Finance)
45. D
Credit cards have high processing fees. When businesses accept credit cards, they are required to give some of the money from each sale they make to several third parties—such as the card provider, the banks that are involved, and various credit-card associations. These processing fees can sometimes make accepting credit cards too expensive for small businesses that sell inexpensive items like breakfast foods. It is unlikely that the café decided to refuse credit cards because the owners are old, because residents never carry credit cards, or due to town restrictions.
SOURCE: FI:790
SOURCE: Mirman, E. (2015, March 3). *How credit card processing works (Calculate your true rate)*. Retrieved November 13, 2017, from <https://pos.toasttab.com/blog/how-credit-card-processing-works-plus-calculator>
46. C
Jake reported that he witnessed a senior manager harassing a new employee. A whistleblower is an employee who reports unethical or illegal business activity to human resources management, an ethics hotline, or to another authority. Harassment is both unethical and illegal in the workplace and is, therefore, an example of a report that constitutes whistleblowing. Telling human resources management about an annoying coworker, admitting to changing companies because of a boss, and telling a friend about a manager that is too uptight are not examples of whistleblowing.
SOURCE: HR:411
SOURCE: LAP-HR-411—Moral Mediators (Ethics in Human Resources Management)
47. D
Collective bargaining. Collective bargaining, which is the negotiation of wages and other conditions of employment by a union or other organized body of employees, is an example of an organized labor-relations issue. Employee training, continuing education, and performance reviews are also important workplace activities, but they are not necessarily organized labor-relations issues.
SOURCE: HR:452
SOURCE: AFL-CIO. (2017). *Collective bargaining*. Retrieved November 13, 2017, from <https://aflcio.org/what-unions-do/empower-workers/collective-bargaining>
48. B
An uncomfortable working environment. Sometimes, employees do not respect each other's lifestyles and discriminate against each other because of them. When this occurs, employees might experience an uncomfortable work environment. This can damage productivity. Language barriers are a result of ethnic or cultural differences, rather than differences in lifestyles. Generational misunderstandings are not a result of disrespecting lifestyle choices.
SOURCE: HR:515
SOURCE: Renee, M. (2011, September 22). *The top 10 diversity issues at work*. Retrieved November 13, 2017, from <http://smallbusiness.chron.com/top-10-diversity-issues-work-24939.html>

49. D

Guest registration records. Secondary information is information collected by others. Guest registration records are internal sources of secondary information that are collected for one reason and may be used for other purposes, such as for marketing. Guest registration records can provide information about guests' preferences. By knowing this type of information, the resort can customize promotional information for guests. External secondary information is obtained from sources outside the hotel chain, such as competitors' websites, government documents (e.g., census reports), or online industry reports. Airline passenger lists are external sources of information that are often confidential. Room status reports are internal reports that advise hotel personnel which rooms are occupied and which rooms are not occupied.

SOURCE: NF:281

SOURCE: Reynolds, J.S. & Chase, D. (2014). *Hospitality services* (3rd ed.) [pp. 196, 388]. Tinley Park, IL: The Goodheart-Willcox Company, Inc.

50. C

Primary. Primary research involves gathering, recording, and analyzing new information specifically for the purpose at hand. The tour company collected feedback for a specific purpose, which was to determine satisfaction levels with the company's tour products; therefore, the tour company has collected primary research. Secondary research is information that has already been collected for other purposes. Unilateral and bilateral are types of contracts rather than types of marketing research.

SOURCE: NF:282

SOURCE: Kolter, P., Bowen, J.T., Makens, J.C., & Baloglu, S. (2017). *Marketing for hospitality and tourism* (7th ed.) [p. 128]. Boston, MA: Pearson Education, Inc.

51. C

Lodging occupancy rates will increase. Hospitality and tourism businesses monitor trends. Trends provide hospitality and tourism businesses with information about changes that are occurring in the industry. By knowing about industry changes, hospitality and tourism businesses can adapt so they can effectively compete in the marketplace. Because hospitality and tourism businesses are often interdependent, they will watch trends for various types of businesses within the industry. For example, if more people are booking airline flights to popular destinations, then they will need lodging, which increases the lodging occupancy rates. If more people need lodging, the hotels need to ensure that they have the resources to accommodate the higher number of guests. If more people are traveling, it is likely that they will spend more money at restaurants and that more people will attend or visit area tour attractions. If tourism increases, then the area's unemployment rate will likely decrease because more businesses will be hiring employees to meet the higher demand for hospitality and tourism products.

SOURCE: IM:425

SOURCE: Kolter, P., Bowen, J.T., Makens, J.C., & Baloglu, S. (2017). *Marketing for hospitality and tourism* (7th ed.) [pp. 568-569]. Boston, MA: Pearson Education, Inc.

52. D

Average amount of sales per customer. By totaling the amount of all sales and dividing by the number of customers, hospitality and tourism businesses can determine the average amount of sales per customer. Hospitality and tourism employees can use this information as a target amount to work toward attaining and exceeding their sales efforts. The age of customers, the size of their families, and their color preferences cannot be obtained from all hospitality and tourism sales data.

SOURCE: IM:426

SOURCE: Kolter, P., Bowen, J.T., Makens, J.C., & Baloglu, S. (2017). *Marketing for hospitality and tourism* (7th ed.) [pp. 118-124]. Boston, MA: Pearson Education, Inc.

53. A

A bowl of French-onion soup. Hotel restaurants offer services, which include preparing and serving tangible items—food and beverages. Therefore, the bowl of French-onion soup is a tangible product that the hotel restaurant markets. A short wait time and a friendly server who has extensive product knowledge are intangible factors that affect a restaurant patron's dining experience.

SOURCE: MK:008

SOURCE: Greechie, S. (2010, July 29). *Is service marketing different from product marketing?* Retrieved November 13, 2017, from <http://smallbusiness.chron.com/service-marketing-different-product-marketing-3309.html>

54. C

Reducing costs by 5%. Reducing costs by 5% is a specific goal. It is easy to measure because it states a percentage. Finding more customers, increasing sales, and improving customer satisfaction are all general goals. These are difficult (or impossible) to measure because they are too vague.

SOURCE: MK:015

SOURCE: LAP-MK-002—Act Now! (Employee Actions and Company Goals)

55. B

Behavior. When segmenting by behavior, marketers consider factors such as the market's product knowledge, purchasing habits, and responses to products. Occasion segmentation classifies buying behavior by important events such as birthdays, holidays, and weddings. Geographics involves segmenting a market by location. Psychographic segmentation is the division of a market on the basis of consumers' lifestyles and personalities. Demographic segmentation considers factors such as income, education, age, and gender.

SOURCE: MP:035

SOURCE: Kotler, P., Bowen, J.T., & Makens, J.C. (2010). *Marketing for hospitality and tourism* (5th ed.) [pp. 200, 206]. Upper Saddle River, NJ: Prentice Hall.

56. A

Online storage companies may have problems or go out of business. Although online storage is usually safe, there is always the chance that the company you're relying on may have problems or go out of business. Files are not difficult to access when you use online storage—they are usually very easy to access. Online storage has pros and cons, but it is not more dangerous than keeping physical copies at your office. In fact, online storage can save your files if there is a fire or vandalism at your office. Online storage is typically affordable.

SOURCE: NF:081

SOURCE: AllBusiness.com. (2010, July 1). *Is it safe to store files on the internet?* Retrieved November 13, 2017, from <https://www.allbusiness.com/is-it-safe-to-store-files-on-the-internet-1187-1.html>

57. D

Accurate. A business's information management system isn't very helpful if it contains inaccurate information. While it is important for the information to be accessible to the right people, you don't necessarily want everyone to have access. It could be a disaster if just anyone was able to see your company's tax returns, accounting records, or customer lists. While much information in an effective information system is likely to be quantitative or numerical in nature, some information is also bound to be qualitative or based on opinion (e.g., customer comments). Abstract data or words describe things which are not objects and may have different meanings to different people. Although some data may be abstract, other data or information are concrete in nature (e.g., inventory records, sales reports, etc.).

SOURCE: NF:110

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

58. D

Status Bar. The Status Bar appears at the very bottom of your window and provides such information as the current page and the number of words in your document. You can change what displays on the Status Bar by right-clicking on the Status Bar and selecting the options you want from the Customize Status Bar menu. The Ribbon in Microsoft Word 2007 is used to issue commands. The Ribbon is located near the top of the screen, below the Quick Access Toolbar. The Title Bar displays the title of the document on which you are currently working.

SOURCE: NF:007

SOURCE: Kaufman, L. (2015, July 13). *How to use the status bar in word*. Retrieved November 13, 2017, from <https://www.howtogeek.com/220359/how-to-use-the-status-bar-in-word/>

59. B

Interactive voice response software. Many businesses use interactive voice response software to automate their services. When a vendor or customer calls the business, an automated system directs the caller through a series of questions or prompts and guides him/her to the appropriate department or through an activity by processing the caller's verbal response. The software allows callers to process orders or access account information at any time of the day or night. Teleconferencing software allows many callers to communicate simultaneously. Just-in-time is an inventory control method that orders goods just in time for them to be used or sold. Robotics refers to a mass production technique in which robots carry out the repetitive tasks that workers find monotonous and tiring.

SOURCE: NF:106

SOURCE: Tolentino, J. (2015, April 20). *Enhancing customer engagement with interactive voice response*. Retrieved November 13, 2017, from <https://thenextweb.com/future-of-communications/2015/04/20/enhancing-customer-engagement-with-interactive-voice-response/#gref>

60. C

Make predictions. A database is a collection of facts and information arranged in a logical order so that it can be accessed and used when needed. Businesses often maintain a vast amount of information about customers in databases and analyze the information to make predictions about how customers will respond in the future. For example, businesses might analyze customers' purchases to predict the products they will or will not buy in the future and the amount they are likely to spend. A business might use this information to make changes in its products based on what customers were buying. Businesses use spreadsheet software programs to prepare invoices and manage finances. Businesses use word-processing programs to prepare reports.

SOURCE: NF:185

SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [p. 38]. Mason, OH: South-Western Cengage Learning.

61. A

Clustering. Clustering is a method of data mining that involves grouping data by similarities. If a company groups its customer data based on their incomes, it is using clustering. Clustering is not referred to as huddling. The decision tree model of data mining is organized like a tree, with "branches" and "leaves." The neural network method of data mining is modeled after the brain's neurological functions.

SOURCE: NF:151

SOURCE: Crayon Data. (2015, April 1). *What is clustering in data mining?* Retrieved November 13, 2017, from <http://bigdata-madesimple.com/what-is-clustering-in-data-mining/>

62. D

Maintain a consistent style. It's important to make sure that all records are input the same way. For example, if states were referred to by abbreviations *and* their full names, the record keeping system might not be accurate. A style sheet should tell Eduardo how to consistently input data like addresses, company names, etc. He should maintain complete data and avoid duplicate records. Records should not be updated by everyone; this can lead to duplicates and incorrect information.

SOURCE: NF:002

SOURCE: Pavitra. (2013, March 12). *5 ways to maintain clean and accurate customer information*. Retrieved November 13, 2017, from <https://www.zoho.com/crm/blog/5-ways-maintain-clean-accurate-data.html>

63. B

Technology. Technology is the most rapidly changing category of information included in an environmental scan. Not keeping up with technology can be fatal to a business, so scanning technology is very important. Demographics, the government, and competition tend to change at slower rates than technology.

SOURCE: NF:015

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

64. A

Objective. Statistics are objective, which means that they are factual and not influenced by bias, prejudice, or outside opinion. When using statistics, decision-making is less likely to be biased by individual employees. While statistics can be affordable, accurate, and persuasive, those are not related to employees' biases.

SOURCE: NF:236

SOURCE: Williams, J.T. (2010, July 24). *The importance of statistics in management decision making*. Retrieved November 13, 2017, from <http://smallbusiness.chron.com/importance-statistics-management-decision-making-4589.html>

65. B

Intermediaries. Intermediaries are channel members operating between the producer and the consumer that aid in the movement of goods and services. Today, most lodging facilities maintain websites that have capabilities which allow guests to book their reservations via computer. Internet advancements have reduced the need to book hotel accommodations through travel agents and other travel intermediaries. Intranets are internal computer networks that allow users to access information and communicate with others within an organization. A subsidiary is a company that is entirely controlled by a parent company. Amenities are additional goods and services that make the primary hospitality product more attractive (e.g., dry-cleaning service, wake-up calls). Booking hotel reservations directly with the hotel property has not reduced the use of intranets, subsidiaries, and amenities.

SOURCE: NF:048

SOURCE: Walker, J.R. (2009). *Introduction to hospitality* (5th ed.) [pp. 158-159]. Upper Saddle River, NJ: Pearson Prentice Hall.

66. D

Internet. A personal computer is used to access Internet services. In addition, the Internet can be accessed through cell phones and personal digital assistants (PDAs). Internet services can be used to research, reserve, cancel, and pay for travel and tourism services. Fax machines were developed prior to 1990. Cellular telephones do not require personal computers for usage. Central Reservation Systems were implemented prior to 1990 and are used by persons employed in the travel and tourism industry, not the general public.

SOURCE: NF:060

SOURCE: Reynolds, J.S. (2010). *Hospitality services: Food & lodging* (2nd ed.) [pp. 84-85]. Tinley Park, IL: Goodheart-Willcox Company.

67. A

Document from being forwarded. Some businesses use software programs that help maintain the security of data they send over the Internet to clients. These programs prevent documents from being forwarded to others so the information does not end up in the hands of competitors. Also, these programs prevent others from copying, editing, or printing the documents which helps maintain the information in its original form. These software programs do not prevent a virus from being downloaded, an attachment from being included, or a search engine from being used.

SOURCE: OP:064

SOURCE: Bartlett, M. (2016, February 13). *Disable email forwarding in Outlook 2016 & 2013*. Retrieved November 13, 2017, from <https://www.technipages.com/outlook-disable-email-forwarding>

68. C

Gavin orders inventory based on the forecast that Madelyn has prepared for him. Gavin does not know the type and amount of inventory to order until Madelyn provides him with the forecast that she has prepared. Therefore, Gavin and Madelyn's work activities are interdependent—they must work together and coordinate their work efforts to achieve the business's goals. Unpacking a shipment, placing the items on shelves, and reviewing a monthly financial report are not situations that indicate employees are coordinating their work efforts. Sarah and Shelley are working independently rather than coordinating their efforts.

SOURCE: OP:230

SOURCE: Schwarz, R. (2017, March 23). *Is your team coordinating too much, or not enough?* Retrieved November 13, 2017, from <https://hbr.org/2017/03/is-your-team-coordinating-too-much-or-not-enough>

69. D

Monitoring and controlling the project. Monitoring and controlling projects is an important aspect of project management. It includes tracking the project's progress, controlling issues, and managing changes. Tracking its progress, issues, and changes does not happen during the start of the project because at the beginning, there is nothing to track and manage. Communicating with key stakeholders is an important aspect of project management, but it does not include managing progress, issues, and changes. Finally, ending the project does not include tracking and managing progress, issues, and changes because that has already been completed by the end of the project.

SOURCE: OP:520

SOURCE: Project Management Institute Educational Foundation. (2012, August 29). *Project management skills for life*®. Retrieved November 13, 2017, from <http://pmief.org/learning-resources/learning-resources-library/project-management-skills-for-life>

70. A

It involves the coordination of multiple activities. A project is any type of task that has a distinct beginning and end. Project management is the process of planning, scheduling, and monitoring the progress of a project to achieve a specific goal. To achieve the project goal, the project manager must coordinate the human and financial resources, equipment, and supplies to carry out the project's activities or tasks. Projects can be simple or complex and do not always require a signed contract from stakeholders.

SOURCE: OP:158

SOURCE: LAP-OP-006—Projected to Win (Nature of Project Management)

71. C

What level of expertise is required to complete each deliverable? When identifying resources, project managers must ask what level of expertise is needed, so they can know what human resources will be required. Asking what might go wrong with a project pertains to risk management. Asking who is approved to authorize changes to the project plan pertains to change management. Asking about communication pertains to the communications plan.

SOURCE: OP:001

SOURCE: LAP-OP-007—Chart Your Course (Developing a Project Plan)

72. A

Reorder point. The reorder point is the level of inventory at which the business needs to place a reorder with the vendor to replenish the inventory, which prevents stock-out situations. The business considers the normal demand for the product, its safety stock, and the vendor's lead time to determine the reorder point of a particular item. Profit margin, buyer's preferences, and accounts receivable are not primary factors that a business considers when it determines when to place a reorder for a regularly stocked item.

SOURCE: OP:016

SOURCE: Tradegecko. (2017). *Reorder point (ROP) calculator - Know when to reorder*. Retrieved November 13, 2017, from <https://www.tradegecko.com/learning-center/reorder-point-formula-calculation>

73. C

Clarify any bidders' concerns. A pre-bid meeting is a formal meeting that gives bidders a chance to clarify any concerns with the scope of work, documents, and other details. The pre-bid meeting is usually open to all bidders or a pre-qualified group of bidders. It is not used to filter out potential bidders. The purpose of the pre-bid meeting is not to strengthen relationships. Finally, a request for an extension may come out of a pre-bid meeting, but this is not the only reason for these meetings to occur.

SOURCE: OP:160

SOURCE: Lynch, J. (2015, June 20). *Pre-bid meetings and site visits*. Retrieved November 13, 2017, from <http://procurementclassroom.com/pre-bid-meetings-and-site-visits/>

74. B

Shipping requirements. A regular or stock purchase order should include all of the necessary information for processing the request, which includes the appropriate quantities and prices of the desired goods.

The purchase order should provide the shipping location at the desired time for delivery. In some situations, the buyer may also include the desired shipment method on the purchase order. For example, a business that orders a standard part to repair a piece of equipment may want the part shipped by air to ensure that it receives the part quickly. If the business does not indicate that it needs the item quickly, the vendor may ship it by rail or truck, which would take longer to deliver. Unless the order is a drop shipment, the vendor does not need to know the location of the buyer's customer. The invoice is processed by the vendor rather than the buyer; therefore, the buyer would not provide an invoice code or number. The buyer might need to provide the supplier with credit references from their other vendors if company is placing an initial order; however, this information is not necessary to provide on regular purchase orders. In most cases, the buyer must complete a different form to list credit references.

SOURCE: OP:250

SOURCE: Loi, K. (2017, October 26). *All you ever need to know about purchase orders*. Retrieved November 13, 2017, from <https://blog.procurify.com/2013/09/23/all-you-ever-needed-to-know-about-purchase-orders/>

75. A

The vendor will pay shipping charges to the national park's gift shop. F.O.B. stands for free (or freight) on board. If terms are F.O.B. shipping point, the buyer pays shipping charges from the point where they are first picked up by the shipping company. If the terms are F.O.B. destination, the vendor is responsible for paying the shipping charges until the goods reach their final destination. In this case, that is the national park's gift shop. Although the park is a government agency, it is still responsible for paying shipping charges. Shipping charges are paid by the vendor or the buyer—not by the shipping company.

SOURCE: OP:184

SOURCE: Brechner, R. (2009). *Contemporary mathematics for business and consumers: Annotated instructor's edition* (5th ed.) [p. 205]. Mason, OH: South-Western Cengage Learning.

76. C

Data protection strategies should be reevaluated often. Data protection strategies should be reevaluated often because, as technology changes and hackers become more sophisticated, what was a good strategy five years ago may not be effective today. Protecting digital data is an important task for everyone in the company, not just the IT department. If a company fails to adequately protect its data, customers will likely have a negative perception of that company. Protecting digital customer data is necessary for businesses of all sizes.

SOURCE: OP:518

SOURCE: Casey, K. (2013, January 28). *6 steps to better customer data protection*. Retrieved November 13, 2017, from <http://www.darkreading.com/risk-management/6-steps-to-better-customer-data-protection/d/d-id/1108392>

77. C

Terrorism. The current rise in terrorist activity is an employee safety issue in the hospitality and tourism industry. The industry is aware of the threat, but terrorism is difficult to control. Most hospitality and tourism businesses explain the issue to employees and take measures to keep employees away from potentially unsafe areas. However, it is virtually impossible for the industry to prevent the threat of terrorism because it is beyond the industry's control. Robbery is a safety issue; however, the hospitality and tourism industry has procedures to follow to reduce the risk and keep employees safe. Fraud is a security issue that involves a deception purposely carried out to secure unfair or unlawful gain. Liability is the industry's responsibility for the safety of its employees.

SOURCE: OP:058

SOURCE: Braver, J. (2016, January 22). *Upsurge in global terrorism is a red flag for hospitality industry*. Retrieved November 13, 2017, from <https://ehotelier.com/insights/2016/01/22/upsurge-in-global-terrorism-is-a-red-flag-for-hospitality-industry/>

78. A

Assist with evacuation. On occasion, tour operators and their tour groups might be involved in emergency situations such as natural disasters. If this happens, tour operators should be prepared to assist local authorities with the evacuation of the group. Tour operators need to know where all group members are in order to quickly and safely evacuate them from dangerous situations such as hurricanes. Tour operators are not expected to provide medical advice, protect private property, or activate alarm systems.

SOURCE: OP:119

SOURCE: Reynolds, J.S. (2010). *Hospitality services: Food & lodging* (2nd ed.) [pp. 454-456]. Tinley Park, IL: Goodheart-Willcox Company.

79. A

Electronic key cards. These offer excellent security for hotel guests as they do not contain a hotel room number, so that if one is lost or stolen it cannot be easily traced. Metal detectors are used in airports to check passengers entering boarding areas. Retailers use radio frequency identification tags, which are attached to expensive merchandise, to reduce the risk of shoplifting. A property management system is used to store information about reservations, room availability, and room rates.

SOURCE: OP:115

SOURCE: McGoey, C. (1996-2017). *Hotel security as a guest amenity*. Retrieved November 13, 2017, from <http://www.crimedoctor.com/hotel-security-1.htm>

80. D

Innovation helps the economy. Innovation is important because it helps the economy. Innovation creates new products and services that, in turn, create new jobs. Innovation can help a business succeed, but it does not guarantee success. In fact, innovation carries a risk of failure. Innovation does not eliminate competition, but it does give an innovative company a competitive advantage. Innovation doesn't necessarily lead to creativity; instead, creativity is more likely to lead to innovation. Innovation involves the process of putting creative ideas into action.

SOURCE: PD:126

SOURCE: LAP-PD-126—Ideas in Action (Innovation Skills)

81. C

Learn to be on time. Billie needs to learn to be on time so she can stick to her schedule. Her problem doesn't have anything to do with knowing when and how she works best, knowing how to make the most of her "down time," or focusing on goals rather than tasks.

SOURCE: PD:019

SOURCE: LAP-PD-019—About Time (Time Management Skills)

82. B

Reinforce your interest in the position. It is a courteous gesture to write a follow-up letter to thank the interviewer for the opportunity to discuss the job. The letter may include information that you may have forgotten to share with the interviewer. Letting the interviewer know that you are interested in the position when closing the letter can help reinforce a positive image and help the interviewer to remember you. Communicating your minimum salary requirements and your desire for promotion are not appropriate topics for a follow-up letter and may hinder job offers. Interviewers read résumés before setting up interviews with job applicants.

SOURCE: PD:029

SOURCE: Purdue OWL. (2010, April 25). *Follow-up to an interview*. Retrieved November 13, 2017, from <https://owl.english.purdue.edu/owl/resource/634/03>

83. A

Yes. Businesses in the hospitality and tourism industry can start small and expand. There are lots of opportunities for people to dream and actualize those dreams when they open their businesses. Not all hospitality and tourism businesses start out as large companies—many are one-person operations and are not part of a franchise. Most hospitality and tourism businesses are started with the owner's debt or equity financing rather than with state funding.

SOURCE: PD:272

SOURCE: Walker, J.R. (2009). *Introduction to hospitality* (5th ed.) [p. 6]. Upper Saddle River, NJ: Pearson Prentice Hall.

84. B

Initiative. Workers who show initiative are willing to act without having to be told to do so. They are willing to accept or seek additional duties, which often exceed their employers' expectations. Workers who are competent and show initiative are often promoted to positions that give them more responsibility. Although courage, self-confidence, and self-control are admirable qualities that often lead to career advancement, these traits are not related to accepting additional work and working without a lot of direction.

SOURCE: PD:035

SOURCE: Kostanyan, A. (2014, October 15). *9 ways to take more initiative at work*. Retrieved November 13, 2017, from <https://www.fastcompany.com/3037092/9-ways-to-take-more-initiative-at-work>

85. D

Help the business achieve its organizational goals. A business must hire employees who have the skills to carry out the tasks that are needed to achieve its organizational goals. Without the appropriate skills, the business will not run efficiently and compete effectively in the marketplace, which is likely to result in financial losses. Hiring skilled employees will not help a business determine funding needs or analyze profit margins. Managers, rather than employees, set the business's organizational standards.

SOURCE: PD:255

SOURCE: SHRM. (2015, September 14). *Aligning workforce strategies with business objectives*. Retrieved November 13, 2017, from <https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/aligningworkforcestrategies.aspx>

86. C

Transportation. The development of rail, automobile, and air travel in the past 150 years has had the most impact on the growth in the hospitality arena. Business and leisure travel has dramatically expanded because the time, comfort, and ease of travel has improved. This, in turn, creates a demand for facilities to house a wide variety of travelers. The retail, lumber, and banking industries would be impacted by growth or decline of the hospitality industry. The higher demand for hospitality services would naturally result in a higher demand for financial backing, building materials for the facilities, and retail establishments for travelers.

SOURCE: PD:105

SOURCE: Westcott, M. (2015). *Introduction to tourism and hospitality in BC: Chapter 2. Transportation*. Retrieved November 13, 2017, from <http://opentextbc.ca/introtourism/chapter/chapter-2-transportation/>

87. C

Event management. Destination marketers "sell" locations to clients. In many cases, destination marketers are trying to obtain convention or meeting business for a community. Other segments in event management include convention and visitors bureaus and event planning. The travel and tourism segment consists of air, cruise ships, online travel services, rail, bus, car, and tourism. Recreation consists of attractions, gaming, theme parks, clubs, and recreational activities. Restaurants and managed services include full-service restaurants; casual dining; dinner house restaurants; and food operations for institutions, government agencies, airlines, and businesses.

SOURCE: PD:111

SOURCE: Walker, J.R. (2009). *Introduction to hospitality* (5th ed.) [p. 7]. Upper Saddle River, NJ: Pearson Prentice Hall.

88. C

Quality. Customers often associate price with quality. For example, customers assume if the price of a hotel room is high, that the quality is high. Full-service hotels that provide upscale services and amenities usually charge high rates for their rooms because guests expect to pay high prices for the quality services. High prices are realistic to guests who stay in full-service hotels. If the hotels lowered their prices, guests might not stay there because the rates are lower than expected, and they might assume that the quality is also low. Guests of full-service hotels do not associate high prices with value or economy. Supply is the quantity of a good or service that sellers are able and willing to offer for sale at a specified price in a given time period.

SOURCE: PI:001

SOURCE: LAP-PI-002—The Price Is Right (Nature of Pricing)

89. D

Guarantee on service. Holiday Inn Express is a pure service-provider. Its guests buy the intangible item of lodging. A guarantee is a promise by the seller to the customer that the seller will refund the customer's purchase price if the product does not perform as expected. Therefore, the statement "No excuses, guaranteed" is an example of a guarantee on a service. A warranty is a promise made by the seller to the customer that the seller will repair or replace a product that does not perform as expected. Goods are tangible items.

SOURCE: PM:020

SOURCE: LAP-PM-004—Promises, Promises (Warranties and Guarantees)

90. B

Expansion. When a business adds product items or lines to its product mix, it is using the product-mix strategy of expansion. Contraction is a product-mix strategy in which a business removes, or deletes, product items or product lines from its product mix. Alteration is a product-mix strategy in which a business makes changes to its products or product lines. Trading up is a product-mix strategy in which a business adds higher-priced product items or lines to its mix.

SOURCE: PM:003

SOURCE: LAP-PM-003—Mix & Match (Nature of the Product Mix)

91. A

Bottle of conditioner. Product bundling involves combining two or more complementary products and selling them for one all-inclusive price. The price of the bundled products is usually lower than the combined price of the products sold separately. Often, the goal is to get customers to try a product that they might not have considered purchasing. Once the customers have tried it and liked the product, companies hope that customers will purchase the goods or services at another time. It would be most appropriate to bundle a bottle of shampoo with a bottle of conditioner because they are both hair products. A bottle of hand lotion, a bar of soap, and a tube of toothpaste are not complementary products of shampoo.

SOURCE: PM:041

SOURCE: Kerin, R.A., Hartley, S.W., & Rudelius, W. (2011). *Marketing* (10th ed.) [p. 349]. New York, NY: McGraw-Hill/Irwin.

92. B

We deal honestly and fairly with our customers and ourselves. A business's core values represent a business's primary values and provide the foundation on which its employees perform their work and conduct themselves. Although goals, strategies, tactics, and employees change, core values remain unchanged. Decreasing overall expenses is a goal. Demonstrating a customer service mindset is a competency or performance indicator. The use of social media is a tactic.

SOURCE: PM:214

SOURCE: National Park Service. (n.d.). *What are core values?* Retrieved November 13, 2017, from <http://www.nps.gov/training/uc/whcv.htm>

93. D

To develop an appropriate marketing strategy. Competitive advantage is the edge achieved by businesses that offer something better than their competitors. Businesses usually try to identify a product's competitive advantage in order to develop a marketing strategy to achieve the business's goal of selling the product to the target market. For example, a product may have a unique feature that makes it better than similar products. Businesses focus on promoting that feature when marketing the product. A business does not identify its product's competitive advantage to create a realistic trademark, evaluate the marketing research process, or to plan a distribution system.

SOURCE: PM:246

SOURCE: Sage, S. (2017). Identify your competitive advantages. Retrieved November 13, 2017, from <https://onstrategyhq.com/resources/competitive-advantages/>

94. B

A hospitality and tourism product includes all goods and experiences that guests encounter. In the hospitality and tourism industry, product encompasses a wide variety of things. Product includes tangible items, such as a meal in a hotel restaurant and the bed pillows in sleeping rooms. Product also includes service. Service might include facility cleanliness and the timeliness and courtesy of room service attendants. The level of amenities is also part of the guest's overall experience. Heated swimming pools, saunas, and athletic facilities often influence the level of guest satisfaction with the hotel stay. Although service is a very important part of the hospitality product, it is not necessarily true that it is the most important. For example, a restaurant might have an attentive wait staff, but without tasty food with an attractive presentation, the guest's overall experience might not be positive. Members of the hospitality and tourism industry should identify the needs and wants of the intended target market before developing a product.

SOURCE: PM:081

SOURCE: Kotler, P., Bowen, J.T., Makens, J.C., & Baloglu, S. (2017). *Marketing for hospitality and tourism* (7th ed.) [p. 232]. Boston, MA: Pearson Education, Inc.

95. B

Sales promotion. This refers to any promotional activity other than advertising, publicity, and personal selling. Examples of sales promotions include displays, coupons, and sweepstakes. Advertising is the nonpersonal, paid presentation of ideas, images, goods, or services. Public relations is the process of building goodwill toward an organization. Selling refers to the planned, personalized communication made by a sales representative to influence a customer's purchase decision and enhance future business opportunities.

SOURCE: PR:082

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 405-407). Columbus, OH: Glencoe/McGraw-Hill.

96. A

Lack of integration. One challenge that an organization might face when implementing quality management is a lack of integration throughout the entire company. Unless the entire organization participates in quality management, it will not be successful. Specific goals and plans are a good thing when it comes to quality management! A lack of money in the budget might be a challenge, but a budget surplus would also be good. Laws and regulations usually do not keep organizations from pursuing quality management.

SOURCE: QM:001

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

97. C

Hiring a family member who lacks necessary job skills. Nepotism is the practice of hiring employees on the basis of the relationship between the new hire and an employee. Hiring a family member who doesn't possess the skills to perform the job is an example of nepotism. When the family member does not have the appropriate skills to perform the job, it presents an ethical issue (favoritism) and can increase the business's financial risk. The business is paying someone who cannot perform the work efficiently, which means the business isn't getting the most for its payroll dollars. In addition, if the new hire does not have the skills to run equipment safely, s/he is more likely to break equipment or cause injury. As long as the activities are legal and do not harm others, communicating business information to customers, developing processes to test product durability, and striving to achieve higher sales than coworkers are ethical actions.

SOURCE: RM:041

SOURCE: Boone, G., & Kurtz, D.L. (2009). *Contemporary marketing 2009* (p. 101). Mason, OH: South-Western Cengage Learning.

98. C

Comfort. Some people prefer traveling to familiar places, which in turn, provides comfort. Adventure seekers tend to enjoy visiting different locations and participating in a variety of activities. The situation does not provide enough information to determine if price or prestige play role in the travel motives or decisions.

SOURCE: SE:220

SOURCE: Kotler, P., Bowen, J.T., Makens, J.C., & Baloglu, S. (2017). *Marketing for hospitality and tourism* (7th ed.) [pp. 164-170]. Boston, MA: Pearson Education, Inc.

99. A

To increase the number of families dining at Big Roy. Although Big Roy is potentially selling the gift certificates at a huge loss (\$25.00 in gift certificates for \$3.99), the restaurant expects to more than cover this loss through future sales. Big Roy is anticipating that when a child receives one of these gift certificates, her/his entire family will accompany the child to Big Roy. The restaurant's overall sales among families will increase because the child's parents will purchase meals for themselves and possibly dessert for everyone in the family. The restaurant's primary motivation is not likely to be to publicize its cakes and pies, feed underprivileged children, or generate any initial profit from the sale of each packet of gift certificates.

SOURCE: SE:479

SOURCE: Kotler, P., Bowen, J.T., & Makens, J.C. (2010). *Marketing for hospitality and tourism* (5th ed.) [pp. 412-413]. Upper Saddle River, NJ: Prentice Hall.

100. A

\$586.24. To calculate the amount charged to the hotel guest's credit card, first multiply the number of nights stayed by the room rate ($4 \times \$128 = \512). Then, multiply the dollar amount of the four-night stay by the sales tax rate ($\$512 \times 114.5\% = \586.24) or ($\$512 \times 14.5\%$ or $.145 = \$74.24$; $\$512 + \$74.24 = \$586.24$).

SOURCE: SE:329

SOURCE: Eliot, A. (2017, February 8). *How to calculate hotel tax*. Retrieved November 14, 2017, from <http://traveltips.usatoday.com/calculate-hotel-tax-61990.html>



DECA **MARKETING**

2018 PRACTICE EXAM BOOKLET



100 QUESTIONS AND ANSWERS

AS USED AT DECA'S 2018 ASSOCIATION CAREER DEVELOPMENT CONFERENCES



PRACTICE EXAM BOOKLET

MARKETING CAREER CLUSTER

THE MARKETING CAREER CLUSTER EXAM IS USED FOR THE FOLLOWING EVENTS:

ADVERTISING CAMPAIGN **ADC**

APPAREL AND ACCESSORIES MARKETING SERIES **AAM**

AUTOMOTIVE SERVICES MARKETING SERIES **ASM**

BUSINESS SERVICES MARKETING SERIES **BSM**

BUYING AND MERCHANDISING TEAM DECISION MAKING **BTDM**

FASHION MERCHANDISING PROMOTION PLAN **FMP**

FOOD MARKETING SERIES **FMS**

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PROFESSIONAL SELLING **PSE**

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SPORTS AND ENTERTAINMENT MARKETING SERIES **SEM**

SPORTS AND ENTERTAINMENT MARKETING TEAM DECISION MAKING **STDM**

SPORTS AND ENTERTAINMENT PROMOTION PLAN **SEPP**

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UNDERSTANDING THE DECA EXAMS

DECA currently uses seven industry-validated exams. Exams are developed based on National Curriculum Standards, available for download at <https://www.mbaresearch.org/index.php/curriculum-teaching/business-admin-standards>.

Each exam item corresponds to a performance indicator within an instructional area and is assigned a curriculum planning level. Items are prorated across all eligible performance indicators so that each instructional area (e.g., promotion) is represented in proportion to the total of all performance indicators. Each year, DECA provides an exam blueprint that details the number of questions per instructional area that will appear on each level of exam.

USING THE KEY

For each exam item, the key provides the correct answer and rationale, as well as an explanation as to why each of the three alternatives were incorrect. In addition, the key provides two sources. The first source is helpful in determining the instructional area, performance indicator and curriculum-planning level used for that item. The letters represent the instructional area and the number represents the specific performance indicator. Once the performance indicator is found in the National Curriculum Standards, you can then identify the curriculum-planning level. The second source provides the specific information used to create the exam item.

INSTRUCTIONAL AREAS

Business Administration Core

Used across all cluster exams.

- Business Law (BL)
- Communications (CO)
- Customer Relations (CR)
- Economics (EC)
- Emotional Intelligence (EI)
- Entrepreneurship (EN)
- Financial Analysis (FI)
- Human Resources Management (HR)
- Information Management (NF)
- Marketing (MK)
- Operations (OP)
- Professional Development (PD)
- Strategic Management (SM)

Business Management and Administration

- Knowledge Management (KM)
- Project Management (PJ)
- Quality Management (QM)
- Risk Management (RM)

Finance

- Financial-Information Management (FM)
- Risk Management (RM)

Marketing

- Channel Management (CM)
- Marketing-Information Management (IM)
- Market Planning (MP)
- Pricing (PI)
- Product/Service Management (PM)
- Promotion (PR)
- Selling (SE)

Hospitality and Tourism

- Channel Management (CM)
- Distribution (DS)
- Marketing-Information Management (IM)
- Marketing Planning (MP)
- Pricing (PI)
- Product/Service Management (PM)
- Promotion (PR)
- Selling (SE)

Not all instructional areas are used on all exams.

CURRICULUM-PLANNING LEVELS

Most exam items are assigned to the prerequisite, career sustaining and specialist levels.

- **Prerequisite (PQ):** Content develops employability and job-survival skills and concepts, including work ethics, personal appearance, and general business behavior.
- **Career Sustaining (CS):** Content develops skills and knowledge needed for continued employment in or study of business based on the application of basic academics and business skills.
- **Specialist (SP):** Content provides in-depth, solid understanding and skill development in all business functions.

The additional levels are **Supervisor (SU)**, **Manager (MN)** and **Owner (ON)**.

DEFINITIONS

Performance Indicators

Specific knowledge and skills students are expected to address and perform during their competition. Performance indicators are National Curriculum Standards which are taught in the classroom.

Instructional Areas

Broad areas of content knowledge (i.e., promotion, pricing, emotional intelligence, business law) that are comprised of many performance indicators.

Curriculum-Planning Areas

Curriculum-planning levels represent a continuum of instruction ranging from simple to complex. The levels can serve as building blocks for curriculum development in that students should know and be able to perform the performance indicators at one level before tackling more complex skills and knowledge at the next level. The levels can also be used as the basis for developing an unduplicated sequence of instruction for articulation between high school and postsecondary business courses.

Business Administration Core

The Business Administration Core is the foundation for all of DECA's competitive events. Performance indicators in the Business Administration Core are common to all career areas and competitive events.

Career Clusters

There are sixteen career clusters, each representing a distinct grouping of careers and industries based on the knowledge and skills they require. DECA supports four career clusters:

- Marketing
- Business Management and Administration
- Finance
- Hospitality and Tourism

1. A company that is being sued is given the opportunity to present evidence to defend itself. This is an aspect of
 - A. personal rights.
 - B. legislative history.
 - C. legal procedure.
 - D. business rules.

2. A primary responsibility of a federal regulatory agency is issuing radio and television licenses to qualified applicants. What type of authority does the agency have?
 - A. Control of supply
 - B. Control of rates
 - C. Control of conduct
 - D. Control of incorporation

3. A Japanese marketer wants to sell large quantities of DVD players in the United States. The channel of distribution this business would most likely use would be producer to
 - A. agent to consumer.
 - B. wholesaler to consumer.
 - C. wholesaler to retailer to consumer.
 - D. consumer.

4. One way that businesses use technology to move products efficiently through the distribution chain is by
 - A. implementing an automatic identification system.
 - B. developing company web sites to promote product.
 - C. tracking the shipping expenses in a database system.
 - D. encouraging the use of networked trading communities.

5. Channel members of a supply chain should be familiar with antitrust laws so they do not engage in activities that
 - A. limit monopolies.
 - B. hinder competition.
 - C. restrict efficiency.
 - D. prohibit authority.

6. Chadwell's Toy Palace is planning a "buy one, get one free" sale for some popular toys. What will the store need to do to ensure that there are enough products available to meet the changing demand?
 - A. Purchase higher quantities of the sale items in a timely manner
 - B. Hire additional warehouse staff for the duration of the sale
 - C. Change the distribution strategy from selective to intensive
 - D. Send copies of the promotional literature to the store's vendors

7. A large online seller partners with a credit card company to leverage each other's brand values, share marketing expertise and research, and exchange skills. The two companies are involved in
 - A. affiliate marketing.
 - B. affinity marketing.
 - C. cross linking.
 - D. social media marketing.

8. While attending a presentation, Jimmy indicates to the speaker that he would like to ask a question. Before stating his question, Jimmy briefly sums up the speaker's lecture. Which communication technique is Jimmy using?
 - A. Probing
 - B. Nonverbal
 - C. Paraphrasing
 - D. Gestures

9. A customer asks you a question about your store's return policy, and you don't know the answer. How should you respond?
- Tell that customer only what you remember about the policy.
 - Admit that you don't know the answer, and ask a colleague.
 - Distract the customer by asking him/her another question.
 - Process the customer's return, even if s/he doesn't have a receipt.
10. You have a customer on the phone who always ends up talking about his personal life for far too long. Today, he's telling you a long story about his recent vacation. However, you have several other calls on the line and tons of work to do. How should you handle this situation?
- Tell the customer you don't have time to talk about personal issues, so he should stay on topic.
 - Tell the customer you're happy to hear about his vacation, but you have to take another call.
 - Transfer the call to someone else who has more time to talk to the customer.
 - Talk to the customer as long as he wants to appear more interested.
11. Letters of inquiry should be as _____ as possible.
- vague
 - specific
 - verbose
 - demanding
12. What should the first section of an executive summary contain?
- A statement of the report's purpose
 - A recommended course of action
 - A letter of authorization
 - An acknowledgement of the report's sponsors
13. Which of the following would most likely be viewed by an employer as an acceptable use of your personal social media site for business purposes:
- Talking to your significant other about what's going on in the office
 - Chatting with a coworker online about your plans after work
 - Posting company news to help gain employees or clients
 - Posting photos of coworkers and customers
14. Demonstrating a customer-service mindset benefits employees by supporting their
- competitiveness.
 - need to be recognized.
 - careers.
 - efficiency at work.
15. Recently, Miranda Corbin met with a Brazilian entrepreneur to sign a business contract. When Miranda smiled and gave the entrepreneur the "OK" sign after the contract was signed, the entrepreneur frowned in disbelief and immediately left the room. Later, Miranda learned that Brazilians view the "OK" sign as an offensive gesture. Miranda could have avoided the embarrassing breach of etiquette by
- conducting research about the country's culture before her meeting.
 - learning to speak in the country's official language fluently.
 - taking courses about Brazilian literature and history.
 - touring the Brazilian embassy to obtain information about the country's regulations.
16. Noah wants to go on vacation, but when the price of plane tickets goes up, he decides to put off his trip. Noah's demand is
- complementary.
 - constant.
 - inelastic.
 - elastic.

17. A clothing manufacturer in the United States allows a company in Argentina to use its name and logo in exchange for a fee and royalties. This is an example of
- franchising.
 - a joint venture.
 - licensing.
 - exporting.
18. The Polar Bear Publishing Company, a publisher of children's books, has made adjustments to its promotion and pricing strategies to suit the current market. This is an illustration of which of the following characteristics of an adaptable organization:
- Flexibility
 - Cohesiveness
 - Cultural intelligence
 - Strong leadership
19. A government establishes an organization that monitors and ensures that businesses are complying with advertising laws. This organization is an example of a
- legislative body.
 - lobbying group.
 - regulatory agency.
 - watchdog corporation.
20. A small startup company decides to specialize its labor force. What is an advantage of this form of specialization?
- Decreased quality of work
 - Increased worker dependency
 - Lower production rates
 - Simplified worker training
21. According to the law of diminishing returns, what aspect of production decreases when fixed resources have reached their maximum level of efficiency?
- Product usefulness
 - Quality
 - Lead time
 - Outputs
22. During a job interview, the interviewer asks, "What have you done that shows your initiative?" Which of the following would be the best response:
- "I'm taking a computer class on my own time."
 - "I find work enjoyable and rewarding."
 - "I'm a team player with a positive attitude."
 - "I get along well with my present coworkers."
23. If Charlie blames his classmates for not completing their group project on time, he is not
- taking accountability.
 - communicating.
 - preventing bias.
 - following rules.
24. To effectively manage various work commitments, employees should
- first focus on the least important tasks.
 - ask coworkers to complete important activities.
 - reorganize work goals.
 - schedule enough time to complete activities.

25. Rowan's coworker tells her that he's looking for another job. He asks Rowan to keep their conversation confidential. Rowan should
- tell only her boss about the conversation.
 - not tell anyone about the conversation.
 - tell customers about Rowan's job search.
 - share the information only with trusted colleagues.
26. Which of the following are secondary dimensions of diversity:
- Family status, ethnicity, and communication style
 - Religion, work experience, and gender
 - Income, family status, and education level
 - Work experience, nationality, and age
27. People who try to avoid conflict are likely to be
- hostile.
 - passive.
 - controlling.
 - aggressive.
28. A particularly high stress level at a company can lead to a high rate of
- job satisfaction.
 - employee turnover.
 - productivity.
 - healthy employees.
29. One way for Sidney to motivate her team members to accomplish a certain goal in a specific amount of time is by
- taking over their activities.
 - removing unexpected obstacles.
 - providing an incentive.
 - delegating her responsibilities.
30. Acknowledging the power you possess to influence and affect other people is part of
- acknowledging your own biases.
 - avoiding shortcuts.
 - thinking before you act.
 - determining the needs of others.
31. A government charges a \$0.184 tax on each gallon of gasoline, regardless of location or price. This is an example of _____ tax.
- sales
 - excise
 - estate
 - capital gains
32. A business wants to start selling its products in foreign markets. Managers study financial information to determine if the company has the resources to undertake this new venture. This is an example of using financial information to
- plan business expansion.
 - reduce expenses.
 - monitor ongoing business operations.
 - check up on the competition.

33. Which of the following is the first step in a business's accounting cycle:
- A. Collecting the source documents
 - B. Journalizing transactions
 - C. Balancing the books
 - D. Preparing financial statements
34. What should accountants demonstrate when collecting accounting information and preparing financial documents?
- A. Empathy and flexibility
 - B. An innovative attitude
 - C. A collaborative mindset
 - D. Professional integrity
35. Which of the following is the accounting equation:
- A. $\text{Assets} = \text{Liabilities} - \text{Owners' Equity}$
 - B. $\text{Owners' Equity} = \text{Assets} \times \text{Liabilities}$
 - C. $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$
 - D. $\text{Liabilities} = \text{Owners' Equity} + \text{Assets}$
36. Why do finance professionals continue to act unethically, despite the consequences?
- A. The finance field is full of temptations and pressures to be unethical.
 - B. They are greedy and only care about making as much money as they can.
 - C. They are always rewarded for their unethical behavior.
 - D. There are no legal consequences for unethical actions.
37. What technology is the most effective way to interview a job applicant who is located 1,500 miles away from the company's corporate office?
- A. Text messaging
 - B. Videoconferencing
 - C. Web-based email
 - D. Intranet
38. LMN Company is losing market share to the RST Corporation. LMN can quickly obtain useful information about the RST's product offerings by
- A. evaluating industry standards.
 - B. analyzing economic reports.
 - C. obtaining feedback from RST's employees.
 - D. visiting RST's website.
39. In which of the following ways can a producer take advantage of information about an expanding market:
- A. By deleting current product lines
 - B. By increasing production
 - C. By laying off employees
 - D. By buying risk protection insurance
40. Kelli accesses a professional association's website to review information about employment trends in a specific industry. What type of research data is Kelli obtaining?
- A. Primary
 - B. Internal
 - C. Secondary
 - D. Intermediate

41. The TUV Company wants to conduct marketing research by surveying a sample of its vast customer base. What should companies use to reduce the possibility of bias?
- A. Referral sampling
 - B. Telephone interviews
 - C. Random sampling
 - D. Personal interviews
42. Which of the following is a technique that businesses can use to monitor their competitors' activities:
- A. Reviewing buying motives
 - B. Analyzing economic factors
 - C. Studying regional data
 - D. Reading annual reports
43. What is an effective data-collection method that provides accurate information about how people behave under normal circumstances?
- A. Interview
 - B. Survey
 - C. Experiment
 - D. Observation
44. An effective marketing-research questionnaire includes questions or statements that are written
- A. to address many issues or topics.
 - B. to reflect the researcher's personality.
 - C. in an objective way.
 - D. in an ambiguous way.
45. A marketing survey that contains questions that are to be answered on a scale of 1 to 5, with 1 being the worst and 5 being the best, is an example of
- A. sorting.
 - B. tabulating.
 - C. coding.
 - D. marking.
46. What do researchers often use to summarize and interpret vast amounts of numeric information?
- A. Research questionnaires
 - B. Descriptive statistics
 - C. Hypothetical samples
 - D. Independent variables
47. A research study participant providing incorrect information on a questionnaire is an example of a
- A. feedback method.
 - B. negative answer.
 - C. false positive.
 - D. response error.
48. A company needs to conduct marketing research before launching a new product, but its marketing department doesn't have a lot of money. If it wants to keep costs down, it should
- A. avoid doing marketing research.
 - B. conduct in-person interviews.
 - C. conduct online surveys.
 - D. develop a week-long focus group.

49. Natalie searched for 45 minutes to locate an important file folder, which she found under a pile of papers in an unmarked box that was stored under her desk. What action did Natalie fail to take that would have increased her efficiency and saved the company money?
- Staying organized
 - Staying on task
 - Using supplies wisely
 - Observing safety standards
50. Marketers plan where they need to go and how to get there efficiently in order to
- achieve satisfying connections.
 - lay out their strategies.
 - measure their success.
 - agree upon a goal.
51. The description of the quality, variety, and style of goods or services sold by your business should be included in your marketing plan's _____ section.
- product
 - price
 - place
 - promotion
52. A situation analysis reveals that Pullman Industries will need to increase its minimum wage to \$8.75 per hour in three months or face severe government fines for noncompliance. This is an example of a _____ factor that affects businesses.
- technological
 - regulatory
 - secondary
 - managerial
53. The primary reason for a business to forecast sales is to obtain information to use in
- advertising copy.
 - business planning.
 - staff training.
 - evaluating salespersons.
54. Which of the following is an example of unethical business behavior in relation to information management:
- Keeping employees' payroll records in unsecured computer databases
 - Telling employees that the business may monitor their telephone calls at work
 - Sharing customers' personal information with others with customers' permission
 - Using opt-in email to communicate product information with customers
55. How has technology changed the nature of competition?
- Competition has significantly decreased.
 - Companies must stay in step with new technologies.
 - Only big companies can stay competitive.
 - All competition is now conducted online.
56. A business wants to send a mailing to all customers who have ordered at least \$2,500 in merchandise in the past year. To obtain the appropriate list of customers, the business should set the query by
- product code and zip code.
 - last name and account number.
 - sales dollars and dates.
 - credit rating and location.

57. Which of the following is an example of an integrated software application:
- A. SMS
 - B. Java
 - C. Point-of-sale
 - D. URL
58. Ken is developing a web page for a new bed-and-breakfast inn. He wants to add information on the web page that describes local tourist attractions and restaurants. To allow website visitors the ability to visit these other websites from the bed-and breakfast inn's website, Ken should create
- A. a site map.
 - B. portals.
 - C. cookies.
 - D. hyperlinks.
59. You have a large amount of customer data at your office, and you want to sort through the information and find patterns. You should use data
- A. entry.
 - B. elimination.
 - C. mining.
 - D. creation.
60. What are the day-to-day activities required for a business to function?
- A. Finances
 - B. Production
 - C. Operations
 - D. Selling
61. Electronic sensors, closed-circuit television, locked display cases, and security guards are security devices used to help businesses prevent
- A. shoplifting.
 - B. malpractice.
 - C. burglary.
 - D. fraud.
62. Every project creates a(n)
- A. new product.
 - B. deliverable.
 - C. company.
 - D. advertising plan.
63. Which of the following is a tool that is specifically designed to schedule and track their projects:
- A. Pyramid diagram
 - B. Gantt chart
 - C. Bubble chart
 - D. Venn diagram
64. Which of the following is a characteristic of mass production:
- A. Standardization
 - B. Individuality
 - C. Limited quantities
 - D. Continuous operation
65. Which of the following is an example of a semi-variable expense:
- A. Maintenance
 - B. Property taxes
 - C. Overtime
 - D. Utilities

66. Jason likes to ask questions and learn new things. What personal trait of creativity does Jason possess?
- A. Determination
 - B. Independence
 - C. Open-mindedness
 - D. Curiosity
67. Which of the following is a challenge that entrepreneurs often face:
- A. Extra vacation time
 - B. Increased resources
 - C. Potential financial loss
 - D. Tax breaks
68. During a job interview, it is important to monitor nonverbal cues including your
- A. handshake and vocal intensity.
 - B. posture and eye contact.
 - C. diction and arm gestures.
 - D. clothing and pitch.
69. Which of the following is an example of career advancement within a company:
- A. When James reached his 25-year anniversary as production manager of Whitman Manufacturing, he decided to retire.
 - B. After RQW Technologies offered Dylan a similar management position and 15% salary increase, he resigned as systems manager with TechFi.com.
 - C. Audrey was hired as a sales coordinator, was promoted to salesperson, and is now sales manager of CTK Corporation.
 - D. Julia accepted a marketing manager position with GZA International because she became bored with her advertising coordinator position with Drexall Publishing.
70. Which of the following is an example of a businessperson obtaining professional development:
- A. Zoe reviews online publications to obtain information for a report that she is writing.
 - B. Theo attends a seminar about product-standard changes that are affecting his industry.
 - C. Nick asks his manager if he should attend a company meeting that is being held next month.
 - D. Talia organizes a community-service event that her employer sponsors every year.
71. Kwacky Kwackers needs a new package design for its crackers. What marketing professional would be responsible for creating the new package?
- A. Marketing research
 - B. Product management
 - C. Advertising
 - D. Channel management
72. One advantage of using certain software programs in the process of determining price is that these programs allow businesses to find out what effect different prices will have on the
- A. target market.
 - B. bottom line.
 - C. competition.
 - D. operating cost.
73. To prevent unfair loss-leader pricing practices, some governments have passed laws that require businesses to set prices that
- A. maintain price floors.
 - B. appeal to customers.
 - C. encourage coupon use.
 - D. maximize discounts.

74. Which of the following is prohibited by government regulation:
- A. Businesses that show the price per unit along with the total price of the item
 - B. Businesses that avoid agreeing on a price range for a product
 - C. Businesses that offer premiums without explaining the terms to the customer
 - D. Businesses that charge the same price to similar customers in similar situations
75. Which of the following is an example of a business behaving ethically in an effort to protect consumers:
- A. Explaining the new manufacturing process
 - B. Wrapping products in plain paper
 - C. Placing informative commercials on television
 - D. Using tamper-resistant packaging
76. When engaging in the Six Thinking Hats idea-generation technique, the red hat focuses on the
- A. creation of new ideas.
 - B. available facts and data.
 - C. emotions, feelings, and intuition.
 - D. negative aspects of the situation.
77. During the idea-generating process, a business should first consider how the product would fulfill the _____ needs.
- A. industry's
 - B. business's
 - C. customers'
 - D. managers'
78. "Your money back if not satisfied" is an example of a
- A. guarantee.
 - B. warranty.
 - C. recourse.
 - D. strategy.
79. Franklin Juice Company produced and aired television commercials that stated that drinking its new beverage daily would prevent the common cold and headaches. What federal agency would charge the company for providing false, misleading, and deceptive advertising?
- A. Consumer Affairs Department
 - B. Food and Drug Administration
 - C. Federal Trade Commission
 - D. Consumer Product Safety Commission
80. Which of the following product mix strategies is a business using when it makes changes to aspects of its product items, such as packaging or pricing:
- A. Collaboration
 - B. Contraction
 - C. Expansion
 - D. Alteration
81. A characteristic of product bundling is that a business sells several products together for a(n)
- A. reduced price.
 - B. higher interest rate.
 - C. higher profit margin.
 - D. unlimited time.
82. Ensuring that customers have the correct perception of a product is one of the goals of product
- A. management.
 - B. development.
 - C. positioning.
 - D. screening.

83. It is important for a brand name to be
- A. easily remembered.
 - B. as long as possible.
 - C. open to interpretation.
 - D. accompanied by a symbol.
84. Stakeholders, employees, customers, and the media are important considerations when a business defines its
- A. product image.
 - B. corporate brand.
 - C. advertising program.
 - D. financial assets.
85. Which of the following is an example of a purchase experience touchpoint:
- A. Warranty programs
 - B. Word-of-mouth
 - C. Customer satisfaction surveys
 - D. Direct sales
86. Which of the following is a reason that a very large company might spend billions of dollars on promotion to create a specific company image:
- A. To explain issues to customers
 - B. To limit customer awareness
 - C. To develop customer loyalty
 - D. To provide customers with information
87. A promotional mix usually contains a combination of
- A. advertising, sales promotion, publicity, and personal selling.
 - B. pricing, personal selling, advertising, and sales promotion.
 - C. display, advertising, publicity, and pricing.
 - D. customer services, pricing, publicity, and personal selling.
88. What do many businesses use to send electronic advertising messages to thousands of customers at the same time?
- A. Pop-up ads
 - B. Email
 - C. Search engine optimization
 - D. Banner ads
89. If a business advertises inaccurate information in a newspaper advertisement, government regulations might require the business to
- A. pay a fine to the newspaper.
 - B. place corrective advertising in the newspaper.
 - C. change its product specifications.
 - D. sign a consent decree.
90. One reason why television is popular with advertisers is because it is the
- A. medium that delivers more memorable, believable ads.
 - B. only broadcast medium that offers local programming.
 - C. second-most influential type of advertising media.
 - D. least expensive type of advertising media.
91. What best describes the goal of amplified word-of-mouth?
- A. Improving the quality of goods and services the business offers
 - B. Encouraging customers to provide both positive and negative feedback
 - C. Building loyal relationships with the customers
 - D. Providing information to activists to share with others

92. Your new advertising client is describing what s/he wants in a print ad. S/He keeps emphasizing that "a picture is worth a thousand words." Based on this statement, what element of the print ad should you focus on?
- A. Identification
 - B. Copy
 - C. Headline
 - D. Illustration
93. Why is it important to coordinate the elements in advertisements?
- A. To simplify the message
 - B. To analyze the objective
 - C. To strengthen the theme
 - D. To locate the audience
94. What is one of the functions of certain types of public relations activities?
- A. Sales management
 - B. Product research
 - C. Market segmentation
 - D. Damage control
95. Sears buys trucks to make deliveries. These trucks are an example of products that are sold for
- A. use in the production of other goods.
 - B. use in the operation of the business.
 - C. resale to the industrial user.
 - D. resale to the ultimate consumer.
96. To be effective in developing relationships with customers, the service that salespeople provide must
- A. include customers' employees.
 - B. save money for customers.
 - C. be the same for all customers.
 - D. meet customers' needs.
97. What is a benefit to the salesperson of building a clientele?
- A. Obtaining referrals from loyal customers
 - B. Reducing selling costs
 - C. Supporting the company image
 - D. Securing customer acceptance of higher prices
98. A salesperson tells a customer that s/he has the legal right to cancel the contract within three days of signing the agreement without penalty. This is an example of a
- A. tying agreement.
 - B. cooling-off law.
 - C. return policy.
 - D. reciprocity law.
99. During a sales presentation on a new line of shirts, the customer asks a question about the product that you cannot answer. Who should be able to answer the customer's question quickly and accurately?
- A. The buyer
 - B. The manufacturer's representative
 - C. Another customer
 - D. The department manager
100. Which of the following is the motivational theory that suggests people's buying needs are classified in order of importance from basic to complex:
- A. Adam's Equity Theory
 - B. McClelland's Acquired Needs Theory
 - C. Maslow's Hierarchy of Needs Theory
 - D. Vroom's Expectancy Theory

1. C

Legal procedure. Procedural law controls the workings of courts and the method by which rights are enforced. Legal procedure means that rights must be enforced in court, so the business is guaranteed an opportunity to present evidence to defend itself. This is not because of legislative history, personal rights, or business rules.

SOURCE: BL:070

SOURCE: Hazard, G., Jescheck, H., Yeazell, S.C., & Weigend, T. (2017, January 20). *Procedural law*. Retrieved November 6, 2017, from <http://www.britannica.com/topic/procedural-law>

2. A

Control of supply. Administrative law is a branch of law that addresses the rules and regulations that have been established by governmental agencies. The legislative branch of the government (i.e., U.S. Congress and Canadian Parliament) establishes governmental agencies and gives them authority to enact and enforce regulations for three specific administrative functions. One administrative function is the control of supply for specific activities. In the United States, the Federal Communications Commission (FCC) is responsible for issuing radio and television licenses to applicants that meet the agency's standards. The control of rates involves regulating the prices for services such as utilities. Control of conduct focuses on the disclosure of information by businesses to consumers. Incorporation is the process of establishing a corporation as a form of business ownership.

SOURCE: BL:074

SOURCE: Bamford, C.E., & Bruton, G.D. (2011). *Entrepreneurship: A small business approach* (pp. 143-144). New York, NY: McGraw Hill.

3. C

Wholesaler to retailer to consumer. This channel would be the most efficient because of the distances and amount of product involved. The wholesaler can buy in large quantities from the producer and sell smaller quantities to the retailer, who will then sell consumers as few or as many DVD players as desired. By definition, wholesalers do not sell directly to consumers. Agents may be found in the channel but would not relate directly with a consumer.

SOURCE: CM:003

SOURCE: LAP-CM-003—Channel It (Channels of Distribution)

4. A

Implementing an automatic identification system. An automatic identification system uses electronic bar coding symbols to transmit information. Businesses often use bar coding as a way to keep track of their inventory and reorder stock. Bar coding eliminates the need to process inventory manually, which takes much more time and is subject to a higher rate of error. Although tracking shipping expenses through a database system and developing web sites require technology to operate, products do not necessarily move through the distribution chain more efficiently. Use of networked trading communities can potentially increase the efficiency of product movement. However, merely encouraging use of networked systems does not increase product movement efficiency.

SOURCE: CM:004

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C. (2012). *Marketing essentials* (pp. 373-374, 567, 573). Columbus, OH: McGraw-Hill Education.

5. B

Hinder competition. Antitrust laws are regulations that prevent a person or company from taking any actions to restrain free trade and competition in the marketplace. Businesses should understand the types of business activities that violate antitrust laws, so they do not engage in them. If a business requires tying agreements or attempts to create a monopoly, it may be violating antitrust laws. The government fines a business when it violates antitrust laws. Actions that restrict efficiency or prohibit authority do not violate antitrust laws.

SOURCE: CM:005

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C. (2012). *Marketing essentials* (p. 506). Columbus, OH: McGraw-Hill Education.

6. A

Purchase higher quantities of the sale items in a timely manner. Channel management is the process by which marketers ensure that products are distributed to customers efficiently and effectively. Coordinating channel management with other marketing activities is important because the store must have items available to sell to the customers. This involves ordering the appropriate amount of items and ensuring that the items are delivered to the store before the promotional event or sale. Stores that promote goods they do not have in stock often annoy the customers who want to buy the items. A selective distribution strategy is a distribution pattern in which a producer sells a product through a limited number of intermediaries in a geographic location. An intensive distribution strategy involves a producer selling a product through every available intermediary. A business would not change its overall distribution strategy for a single promotional event. Hiring additional warehouse staff and sending copies of promotional literature to vendors will not ensure that the store has enough products available to meet the demand for the items during the sale.

SOURCE: CM:007

SOURCE: Monczka, R.M., Handfield, R.B., Giunipero, L.C., & Patterson, J.L. (2009). *Purchasing and supply chain management* (4th ed.) [pp. 117, 119, 156]. Mason, OH: South-Western Cengage Learning.

7. B

Affinity marketing. Affinity marketing is a partnership between multiple businesses to provide goods in exchange for access to a new market. Affiliate marketing is the process of promoting and selling another business's products in exchange for a sales commission. Cross linking is promoting your company on another company's website and allowing them to promote their company on your website. Social media marketing is promoting your company over social media channels.

SOURCE: CM:021

SOURCE: Marketing-Schools.org. (2012). *Affinity marketing*. Retrieved November 6, 2017, from <http://www.marketing-schools.org/types-of-marketing/affinity-marketing.html>

8. C

Paraphrasing. Paraphrasing involves restating a message in other words in order to confirm or clarify its meaning. Nonverbal communication techniques include gestures, nodding, smiling, etc. Probing is seeking to uncover what others think, feel, or know.

SOURCE: CO:082

SOURCE: Seeds for Change. (n.d.). *Active listening*. Retrieved November 6, 2017, from <http://www.seedsforchange.org.uk/activelistening>

9. B

Admit that you don't know the answer, and ask a colleague. If you don't know the answer, it's best to admit that to your customer. However, you should also try to help the customer by asking a colleague or referring the customer to a place where s/he can find the answer. You should not tell a customer information that may not be correct. You should not distract the customer or process the customer's return without verifying the return policy.

SOURCE: CO:060

SOURCE: Ruder, G. (2014, October 20). *Top techniques for effectively answering questions at work*. Retrieved November 6, 2017, from <http://www.celebritystaff.com/blog/2009/11/05/top-techniques-for-effectively-answering-questions-at-work>

10. B

Tell the customer you're happy to hear about his vacation, but you have to take another call. It's important to be as professional and polite as possible, even if a talkative caller is taking up too much of your work time. By saying something courteous yet assertive, like, "I'm happy to hear about your vacation, but I have to take another call now," you're letting the caller know that you appreciate his personal stories, but that you also have work to do. This customer brings money to your business, so you don't want to be rude or risk offending him. You shouldn't tell the customer that you don't have time for him, even if he's just telling personal stories. You also shouldn't transfer the call to another person, as that would be considered rude both to the customer and your coworker. Although it's important to sound interested when you're talking to a customer, you shouldn't talk to them for too long, especially not if you have important work to do. It's necessary to strike a good balance between making a customer connection and asserting yourself.

SOURCE: CO:114

SOURCE: Bucki, J. (2017, February 15). *Customer service closing statements: End a phone call professionally*. Retrieved November 6, 2017, from <https://www.thebalance.com/end-phone-calls-professionally-2533712>

11. B

Specific. A letter of inquiry is typically a brief email or written letter used to request information, appointments, funding, or other assistance from letter recipients. Business people frequently write letters of inquiry to customers, vendors, and other organizations. Letters of inquiry should be as specific and concise as possible. When writing a letter of inquiry, you should provide pertinent details to the recipient but not overwhelm him/her with unnecessary information. Letters of inquiry should not be vague, verbose (wordy), or demanding.

SOURCE: CO:040

SOURCE: Bizfluent. (2017, October 2). *How to write an inquiry letter*. Retrieved November 6, 2017, from <https://bizfluent.com/how-2048859-write-inquiry-letter.html>

12. A

A statement of the report's purpose. The executive summary provides an overview of the entire report and contains the most important information included in the body of the report. The first section of the executive summary should inform the reader about the purpose of the report—the reason the report exists. For example, if the report addresses a specific business problem, the report should cite the problem in the purpose statement of the executive summary. Recommendations are addressed in the recommendations section of the report. A letter of authorization might be included in a proposal that a business submits to a potential client. By signing the letter of authorization, the client provides approval to proceed with an activity or project. The first section of an executive summary does not acknowledge sponsors. Sponsors support activities, events, or projects rather than reports.

SOURCE: CO:091

SOURCE: Ward, S. (2017, September 7). *Executive summary of the business plan*. Retrieved November 6, 2017, from <https://www.thebalance.com/executive-summary-of-the-business-plan-2948012>

13. C

Posting company news to help gain employees or clients. Although company policies differ, using social media for business purposes is becoming more and more common. Many companies urge employees to use social media to gain employees and clients. Chatting with coworkers about after hour plans, talking to your significant other, and posting photos of coworkers and customers are most likely for personal use and may not be appropriate depending on the work environment.

SOURCE: CO:206

SOURCE: Russell, J. (2017, July 27). *How to write a social media policy for your company*. Retrieved November 6, 2017, from <https://blog.hootsuite.com/social-media-policy-for-employees>

14. C
Careers. Employees who demonstrate a customer-service mindset often receive compliments from customers, positive performance evaluations, raises, and/or promotions. Efficiency, competitiveness, and the need to be recognized vary from person to person.
SOURCE: CR:004
SOURCE: LAP-CR-004—Set Your Mind to It (Customer-Service Mindset)
15. A
Conducting research about the country's culture before her meeting. Businesspeople should try to learn as much as they can about a client's culture, customs, and social values before interacting with them. By understanding and being aware of cultural differences, businesspeople can adapt their communication styles to make a positive impression on their clients and not offend them by using gestures that the culture finds offensive. Learning to speak basic phrases in the country's language and learning about the country's literature and history might be helpful and interesting; however, these actions would not have helped Miranda learn about the current cultural and social habits that differ from her native country. Also, touring the Brazilian embassy to learn about the country's regulations would not have helped Miranda understand that certain gestures should not be used while meeting with Brazilians.
SOURCE: CR:019
SOURCE: Nicol, J. (1998-2017). *Brazil business etiquette & culture*. Retrieved November 6, 2017, from <http://www.cyborlink.com/besite/brazil.htm>
16. D
Elastic. When demand is elastic, consumers adjust demand for products based on price. This means that demand changes when prices change. When prices go up, consumers often cut back and buy less. This is what Noah does when the price of plane tickets goes up. Inelastic demand exists if the demand for a good or service is constant, even if the product's price changes. Elastic demand is not constant. Complementary refers to products that are usually used together.
SOURCE: EC:005
SOURCE: LAP-EC-011—It's the Law (Supply and Demand)
17. C
Licensing. Licensing occurs when one company allows another to produce and market its products in exchange for royalties. A joint venture is an arrangement that involves two or more businesses entering into a relationship by combining complementary resources, such as technology, skills, capital, or distribution channels, for the benefit of all parties. Franchising is a contractual agreement between a parent company and a franchisee to distribute goods or services. Exporting is selling domestic goods in a foreign nation.
SOURCE: EC:104
SOURCE: LAP-EC-104—Stretch Your Boundaries (The Global Business Environment)
18. A
Flexibility. The Polar Bear Publishing Company's willingness to adjust its promotion and pricing strategies to reflect the current market is a sign of its flexibility, or ability to adapt to changes. Cohesiveness refers to working together smoothly as a team. Cultural intelligence means being sensitive to the customs and traditions of people from different cultural backgrounds. The changes the company made may or may not be in response to strong leadership.
SOURCE: EC:107
SOURCE: LAP-EC-107—Keep the Change (Adapting to Markets)
19. C
Regulatory agency. Established by the government, a regulatory or watchdog agency is an organization that monitors business activities and ensures that businesses follow the law. Some regulatory agencies have the authority to impose fines or other types of punishment on businesses that violate the law. The legislative body consists of government officials who develop and enact the laws. Lobbying groups are special-interest organizations that work to influence government policies. The government does not establish corporations to monitor businesses and enforce laws.
SOURCE: EC:008
SOURCE: LAP-EC-016—Regulate and Protect (Government and Business)

20. D
Simplified worker training. Simplified worker training is an advantage of specialization by stage of production or tasks because employees are able to focus on one piece of the total job instead of learning multiple tasks. Worker dependency is a disadvantage of specialization because employees need to rely on each other to complete a task. Production rates normally increase through specialization, as does the quality of work.
SOURCE: EC:014
SOURCE: LAP-EC-007—Divide and Conquer (Specialization and Division of Labor)
21. D
Outputs. The law of diminishing returns is an economic principle stating that after a certain point, hiring additional employees will result in a decrease in the overall level of production. Most often, available resources are finite, which means that there are fixed amounts of resources (e.g., equipment) available to produce goods and services. Overall productivity reaches its peak when there are a certain number of employees using all of the available resources to do the work. When there are too many laborers and not enough fixed resources, resource efficiency and output decreases. The reduction of outputs does not necessarily affect product quality, order lead time, or product usefulness.
SOURCE: EC:023
SOURCE: LAP-EC-031—Know Your Limits (Law of Diminishing Returns)
22. A
"I'm taking a computer class on my own time." Initiative is the willingness to act without having to be told to do so. This individual is improving his/her skills without having been asked to do so by the company. Finding work enjoyable and rewarding, being a team player with a positive attitude, and getting along well with coworkers are admirable traits but not examples of initiative.
SOURCE: EI:024
SOURCE: LAP-EI-002—Hustle! (Taking Initiative at Work)
23. A
Taking accountability. Taking accountability means being responsible for your choices, actions, and decisions—and not blaming others when things go wrong. To treat his group fairly, Charlie should not blame them for not completing the project on time. He should accept his fair share of the responsibility. In this situation, there is no indication that Charlie is not communicating, preventing bias, or following rules.
SOURCE: EI:127
SOURCE: LAP-EI-127—Fair or Foul? (Demonstrating Fairness)
24. 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: LAP-EI-077—Commit to It! (Managing Commitments in a Timely Manner)
25. B
Not tell anyone about the conversation. If Rowan's coworker asks her to keep their conversation confidential, she should not tell anyone what they discussed. This means not telling her boss, her customers, or even a trusted colleague.
SOURCE: EI:103
SOURCE: Ashe-Edmunds, S. (2016, November 9). *What is the meaning of confidentiality in the workplace?* Retrieved November 6, 2017, from <http://work.chron.com/meaning-confidentiality-workplace-21886.html>

26. C
Income, family status, and education level. Secondary dimensions of diversity are differences that may change at various points throughout one's lifetime and include such characteristics as language, religion, income, geographic location, family status, communication style, and education level. Primary dimensions of diversity are inborn differences that cannot be changed and affect a person's entire life and include such characteristics as age, gender, race/ethnicity, nationality, physical traits, and abilities (both mental and physical).
SOURCE: EI:033
SOURCE: LAP-EI-011—Getting To Know You (Cultural Sensitivity)
27. B
Passive. One of the reasons some people are not assertive is that they want to avoid conflict at all costs. They think if they stand up for themselves, conflict will result. These people become passive, failing to exercise their own rights and needs. Aggressive people often cause conflict by the way they treat others. They are likely to have a hostile attitude toward others and try to control them.
SOURCE: EI:008
SOURCE: LAP-EI-018—Assert Yourself (Assertiveness)
28. B
Employee turnover. Finding, interviewing, and hiring employees is a costly and time-consuming process, so most employers want to avoid it as much as possible. But, because stressed-out employees quit far more often than happy employees, high-stress companies often have to spend lots of time and money replacing them. A high stress level at work does not lead to job satisfaction, productivity, or healthy employees.
SOURCE: EI:028
SOURCE: LAP-EI-025—Keep Your Cool (Stress Management)
29. C
Providing an incentive. An incentive is something that will fulfill a desire or need. Incentives often help motivate team members to finish a project or perform a task, which helps the business achieve its goals. Incentives may include anything from a free lunch and comp time to a large bonus. Taking over activities and delegating responsibilities do not necessarily motivate others to take a certain course of action. And, while it would be nice to be able to remove unexpected obstacles, it's not possible to do so.
SOURCE: EI:059
SOURCE: LAP-EI-059—Raise Them Up (Motivating Others)
30. C
Thinking before you act. Acknowledging the power you possess to influence and affect other people is part of thinking before you act. It's the first step in the process of assessing the long-term value and impact of your actions on others. Avoiding shortcuts, acknowledging your own knowledge gaps and biases, and determining the needs of others are all steps that occur later in the process.
SOURCE: EI:137
SOURCE: LAP-EI-137—Choose for the Future (Assessing the Long-Term Value and Impact of Actions on Others)
31. B
Excise. Excise taxes are specific, targeted taxes that are applied to specific goods and use a flat rate. In contrast, sales tax applies to almost every purchase and is a percentage of the sale price. Sales taxes also vary by state and by the type of item bought. Estate tax is imposed on the transfer of property upon the death of the owner. Capital gains tax is charged on profits made from the sale of assets such as stock or real estate.
SOURCE: FI:067
SOURCE: Fay, B. (2017). *Types of taxes*. Retrieved November 6, 2017, from <https://www.debt.org/tax/type/>

32. A
Plan business expansion. Moving into foreign markets is a type of business expansion, and managers must ensure the company can afford it. Moving into foreign markets is not a way to reduce expenses, monitor ongoing business operations, or check up on the competition.
SOURCE: FI:579
SOURCE: LAP-FI-009—By the Numbers (The Need for Financial Information)
33. A
Collecting the source documents. The accounting cycle is the process that a business uses to maintain its financial records. The first step involves collecting all of the necessary financial records or source documents—checks, receipts, invoices, purchase orders, etc. Without this basic information, the business cannot journalize the transactions, balance the books, or prepare financial statements, which are subsequent steps in the accounting cycle.
SOURCE: FI:085
SOURCE: LAP-FI-085—Show Me the Money (Nature of Accounting)
34. D
Professional integrity. Demonstrating integrity involves adhering to an established set of personal ethics and sound moral principles. Ethics are the basic principles that govern an individual's behavior. The role of ethics in accounting is to serve as a guide for professional conduct. This is important because accounting involves keeping and interpreting financial records, which managers and stakeholders use to make decisions about the business. Therefore, accounting professionals must demonstrate professional integrity to ensure that the information they collect and present is accurate and objective. Although innovation, collaboration, empathy, and flexibility are admirable traits, preparing accurate and objective financial information does not require accounting professionals to demonstrate these characteristics.
SOURCE: FI:351
SOURCE: LAP-FI-351—With Due Care (The Role of Ethics in Accounting)
35. C
 $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$. The accounting equation states that a business's assets are equal to its liabilities plus owners' equity. This means that a business obtains all of its assets through two sources—borrowing and investment. None of the other equations shown are the accounting equation.
SOURCE: FI:093
SOURCE: LAP-FI-010—The Right Balance (The Nature of Balance Sheets)
36. A
The finance field is full of temptations and pressures to be unethical. Unfortunately, the finance field is full of temptations and pressures to engage in unethical behavior. Financial professionals are confronted with a wide range of ethical dilemmas. Most financial professionals are not greedy and singularly concerned with making money. Financial professionals are not always rewarded for unethical behavior. Finally, there can be legal consequences for unethical actions.
SOURCE: FI:355
SOURCE: LAP-FI-355—Money Morals (The Role of Ethics in Finance)
37. B
Videoconferencing. Holding a video conference allows the interviewer to see the applicant and his/her reactions to the questions. Text messaging and email applications involve typing on a smartphone or a computer. These methods are time consuming and do not allow the interviewer to see or hear the applicant. An intranet is a business's internal computer network.
SOURCE: HR:412
SOURCE: Vulcan, N. (2017, July 5). *How to prepare for a Skype interview*. Retrieved November 6, 2017, from <https://careertrend.com/how-5648281-prepare-skype-interview.html>

38. D

Visiting RST's website. A business needs to determine why it is losing market share to another company so it can take corrective action. Visiting the competitor's website is a quick, inexpensive way to learn about a competitor's activities. The website is likely to post photos of its products and list product specifications, customer testimonials, and other information that the business can use to evaluate the competitor's activities. Economic reports and industry standards will not provide specific information about the competitor's products and activities. RST's employees are unlikely to provide information to a competitor.

SOURCE: IM:012

SOURCE: LAP-IM-012—Data Do It (Need for Marketing Data)

39. B

By increasing production. An expanding market may include an increase in product lines, quality, and sales. An expanding market also implies a positive outlook and potential. Laying off employees and deleting current product lines usually accompany a negative outlook. Buying risk insurance is good business practice but does not indicate an expanding or a contracting market.

SOURCE: IM:001

SOURCE: LAP-IM-002—Get the Facts Straight (Marketing-Information Management)

40. C

Secondary. Secondary data are information collected for purposes other than the project at hand. Researchers often find relevant, timely secondary information about trends, statistics, and regulations about a specific trade or industry on professional association websites. Primary are facts collected for a specific problem or project at hand. Internal data comes from within the business, such as sales and customer data. Intermediate is not a type of marketing-research data.

SOURCE: IM:281

SOURCE: LAP-IM-015—What's the Source? (Obtaining Marketing-Research Data)

41. C

Random sampling. Because it isn't feasible to survey a large target market, researchers often survey a representative group or sample of the target market. Random sampling exists when each member of the sample group has an equal chance or the same opportunity to be selected to participate in the survey. An advantage to random sampling is that the data are less likely to be biased or skewed. Researchers might use interviews (e.g., personal, telephone) when they want to obtain more in-depth information. The disadvantage to using the interview method is there is a higher risk of interviewer bias. Referral sampling is commonly called snowball sampling. This method involves obtaining recommendations of other potential sample-group members from the selected sample respondents.

SOURCE: IM:285

SOURCE: LAP-IM-285—Take Your Pick (Nature of Sampling Plans)

42. D

Reading annual reports. Businesses often monitor their competitors' activities in order to make marketing decisions that will help them to stay competitive. Businesses can obtain valuable information by reading their competitors' annual reports that often list major customers and describe successful promotional activities. Annual reports also include information about profitability, sales volume, new product development, and expansion. Businesses can use this information to develop similar products or to expand their sales area. Economic factors involve the state of the local economy. Regional data include geographic and demographic information about the area. Buying motives are the reasons or benefits that cause people to make purchases to satisfy wants and needs.

SOURCE: IM:184

SOURCE: LAP-IM-184—Data Diving (Identifying Marketing Data)

43. D
Observation. Observation is a marketing-research method that gathers data by watching consumers. It is an effective research approach that provides information about what they do and how they interact with others. People do not know they are being observed so they behave in a normal way that provides useful information. The survey, experiment, and interview methods involve contact with people so they may not provide the most truthful or accurate information about what they do.
SOURCE: IM:289
SOURCE: LAP-IM-017—Hunting and Gathering (Data-Collection Methods)
44. C
In an objective way. The goal of marketing research is to obtain honest, reliable, and valid information to facilitate decision making. For this to happen, researchers must develop objective, unbiased questionnaires. This means that the questionnaires should not be worded in a way that influences the respondents' answers. The questions or statements should be written clearly and should address one topic or issue at a time so that respondents are not confused. The questionnaires should not reflect the researcher's personality, which may affect the questionnaire's objectivity.
SOURCE: IM:418
SOURCE: Zikmund, W.G., & Babin, B.J. (2010). *Exploring marketing research* (10th ed.) [pp. 374-377]. Mason, OH: South-Western Cengage Learning.
45. C
Coding. Coding is the process of assigning a numeric value to the various responses on a marketing questionnaire or survey. Some questionnaires contain built-in codes, such as when the respondent is asked to rate agreement with a question on a scale of 1 to 5. The numbers from 1 to 5 are the numeric codes. For other types of questionnaires, researchers often establish a master code. For example, there are six possible responses to a certain question and the third answer has a numeric value of 3, but that number is not printed on the questionnaire. Tabulating the responses occurs after the surveys are completed. Sorting and marking do not assign numeric values to each response on a marketing questionnaire.
SOURCE: IM:062
SOURCE: Zikmund, W.G., & Babin, B. (2010). *Essentials of marketing research* (4th ed.) [p. 353]. Mason, OH: South-Western Cengage Learning.
46. B
Descriptive statistics. Researchers often use descriptive statistics to summarize and interpret the vast amounts of numeric information they collect. Descriptive statistics include measurements such as mean, mode, median, range, and standard deviation. These types of measurements help researchers to summarize numeric information in terms of number of responses, frequency of use, average distribution, and various other relationships. Researchers often use questionnaires to obtain numeric information. Researchers do not use hypothetical samples or independent variables to summarize and interpret numeric information.
SOURCE: IM:191
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 182-183). Columbus, OH: McGraw-Hill Education.
47. D
Response error. One of the issues associated with collecting research information is the possibility that some of the information will be incorrect. A participant providing incorrect information is an example of a response error that may affect the accuracy of the research results. There are many reasons why a participant might give an incorrect answer, such as not understanding the question. A participant providing incorrect information on a questionnaire is not an example of a negative answer, a false positive, or a feedback method.
SOURCE: IM:292
SOURCE: Churchill, G.A., Brown, T.J., & Suter, T.A. (2010). *Basic marketing research* (7th ed.) [p. 380]. Mason, OH: South-Western Cengage Learning.

48. C
Conduct online surveys. Some methods of marketing research are more expensive than others, and it's important for marketers to take their budgets into account when selecting a method. Online surveys are often a less expensive option than in-person interviews. A week-long focus group would likely be expensive. The company should not avoid doing marketing research entirely.
SOURCE: IM:428
SOURCE: Sincero, S.M. (2012, October 16). *Online surveys*. Retrieved November 6, 2017, from <https://explorable.com/online-surveys>
49. A
Staying organized. Employees can help their employers reach their objectives by working efficiently. To work efficiently, employees should be organized and have a system for keeping track of their work and supplies. Because Natalie's workspace was not organized, she spent a lot of time looking for a file instead of working on something more productive. There is not enough information provided to determine if Natalie has problems staying on task, using supplies wisely, or observing safety standards.
SOURCE: MK:015
SOURCE: LAP-MK-002—Act Now! (Employee Actions and Company Goals)
50. A
Achieve satisfying connections. Agreeing upon a goal, laying out their strategies, and measuring their success are steps marketers take toward reaching their ultimate aim of providing satisfying connections between producers and customers.
SOURCE: MP:001
SOURCE: LAP-MP-002—Pick the Mix (Nature of Marketing Strategies)
51. A
Product. The product section should also describe your competition and how you expect to meet and surpass it, as well as addressing any aspect of a product that involves risk. The price section should identify the range of prices to be offered. The place section should address location, suppliers, and inventory management. The promotion section should describe how efforts will be coordinated to increase sales.
SOURCE: MP:007
SOURCE: LAP-MP-007—A Winning Plan (Nature of Marketing Plans)
52. B
Regulatory. A business conducts a situation analysis to determine the firm's current business situation and the direction in which the business is headed. A comprehensive situation analysis involves evaluating internal and external conditions. A regulation change, such as a minimum-wage increase, is an example of an external change that affects a business. The situation presented is not an example of a technological, secondary, or managerial factor that affects businesses.
SOURCE: MP:008
SOURCE: NetMBA. (2002-2010). *Situation analysis*. Retrieved November 6, 2017, from <http://www.netmba.com/marketing/situation>
53. B
Business planning. A business uses the projected sales income to make major business decisions such as scheduling production, setting prices, purchasing materials and equipment, and hiring staff. Information used in training staff and preparing advertising copy comes from other sources within the business. Analyzing past sales, rather than forecasting sales, would be helpful in evaluating salespersons.
SOURCE: MP:013
SOURCE: LAP-MP-005—Futurecast (The Nature of Sales Forecasts)

54. A

Keeping employees' payroll records in unsecured computer databases. Businesses have an ethical obligation to store their confidential information (e.g., payroll records) in secure and confidential ways. One way to protect confidential information is to limit others' accessibility to it. Requiring qualified employees to use computer passwords to access the confidential information can reduce the risk of unethical behavior—such as snooping or spying. Telling employees about telephone monitoring policies, requesting customers' permission to share their information with others, and using opt-in email to communicate with customers are ethical actions.

SOURCE: NF:111

SOURCE: Burrow, J.L., & Kleindl, B. (2012). *Business management* (13th ed.) [pp. 312-313]. Mason, OH: South-Western, Cengage Learning.

55. B

Companies must stay in step with new technologies. To remain competitive, companies must stay in step with creating and using the newest technologies. Technology has increased the intensity of business competition and has allowed smaller businesses to compete with larger ones. Not all competitive business activities are conducted online.

SOURCE: NF:003

SOURCE: LAP-NF-004—TECH-tastic (Technology's Impact on Business)

56. C

Sales dollars and dates. A database software program allows a business to sort customer information by various criteria—customer name, sales volume, customer type, zip code, etc. Queries are database fields that the business uses to sort the data. The type of data that the business wants to retrieve or analyze determines the database query (sorting mechanism) that the business uses. To obtain the desired customer list, the query should include the minimal sales dollars (\$2,500) and the desired dates (e.g., April 2, 2010 - March 31, 2011). The product codes, the customers' last names, account numbers, zip codes, cities, and credit ratings will not yield the desired results.

SOURCE: NF:009

SOURCE: Microsoft. (2017). *Access 2010: Database tasks*. Retrieved November 7, 2017, from <https://support.office.com/en-us/article/Access-2010-database-tasks-268acfed-2484-4822-acb3-c30e58045588?CorrelationId=bd49ee9b-f3a7-4708-a2c7-1d8b4f9048b2&ui=en-US&rs=en-US&ad=US&ocmsassetID=HA101829991>

57. C

Point-of-sale. There are many point-of-sale software applications that enable businesses to perform a variety of functions beyond the point of sale. Some of these functions include placing orders, controlling inventory, placing special orders, etc. SMS is an abbreviation for short messaging service and is used to send text messages on a variety of cell phones. Java is a computer-programming language. URL or uniform resource locator is the website's web address.

SOURCE: NF:088

SOURCE: Foster, B. (2013, August 16). *7 reasons to switch to a point-of-sale system*. Retrieved November 7, 2017, from <http://www.infinitypos.com/7-reasons-to-switch-to-a-point-of-sale-system>

58. D

Hyperlinks. A hyperlink is a component of an electronic document that can be clicked on in order to jump to another place within the document or into a different document. By linking the inn's website with the website of area attractions, the site visitor can immediately go to an attraction's website to obtain further information such as location, hours, services, etc. A portal is a popular starting point for surfing the Web (e.g., Yahoo!). Cookies are text files that are put on a website visitor's hard disk and then later retrieved during subsequent visits to the site in order to track Internet behavior. A site map is a flowchart that puts information on the Web in a logical format, so that Internet users can find what they are looking for.

SOURCE: NF:042

SOURCE: Mineo, G. (2017, November 7). *How to create a link to jump to a specific part of a page [quick tip]*. Retrieved November 7, 2017, from <https://blog.hubspot.com/marketing/jump-link-same-page>

59. C

Mining. Data mining involves processing information and finding patterns. If you want to find patterns in your customer data, you should use data mining, not data elimination, entry, or creation.

SOURCE: NF:151

SOURCE: Buzzle. (2016, October 19). *The amazingly varied advantages of data mining in different fields*. Retrieved November 7, 2017, from <http://www.buzzle.com/articles/advantages-of-data-mining.html>

60. C

Operations. Operations are the day-to-day activities required for continued business functioning. These activities include buying the necessary materials and supplies, hiring employees to do the work, maintaining the facilities, etc. Without these activities, there would be no business. Production is the process or activity of producing goods and services. Finances involve the funds needed to achieve the goals of the business. Selling is a marketing function that involves determining client needs and wants and responding through planned, personalized communication that influences purchase decisions and enhances future business opportunities.

SOURCE: OP:189

SOURCE: LAP-OP-189—Smooth Operations (Nature of Operations)

61. A

Shoplifting. Shoplifting is the theft of goods by customers. Customers may steal goods from counters, displays, dressing rooms, or any place they find items. Security devices help prevent or reveal these thefts. Malpractice is negligent or illegal behavior of a professional person such as a doctor, lawyer, accountant, etc. Burglary is illegal entry into a building to commit a theft. Fraud is deceiving or cheating a business out of money or property.

SOURCE: OP:013

SOURCE: Cyprus, S. (2017, October 15). *What are the different aspects of business security?* Retrieved November 7, 2017, from <http://www.wisegEEK.com/what-are-the-different-aspects-of-business-security.htm>

62. B

Deliverable. Every project creates a deliverable, a quantifiable result. This might be a new product, but it could also be an improved product, a new business process, etc. Every project does not create a new company or an advertising plan.

SOURCE: OP:158

SOURCE: LAP-OP-006—Projected to Win (Nature of Project Management)

63. B

Gantt chart. Developed by Henry Gantt, the Gantt chart is a type of bar chart that is specifically designed to graphically depict a project's work breakdown structure in a horizontal format in relation to time. Project managers often use Gantt charts to schedule and track the progress of their projects. A pyramid diagram or chart presents data in a hierarchical format. A bubble chart is a type of scatter chart that is often used to compare data. A Venn diagram indicates the overlapping relationships among finite sets of data. Pyramid diagrams, bubble charts, and Venn diagrams are not tools that are specifically designed to schedule and track projects.

SOURCE: OP:002

SOURCE: Kloppenborg, T. J. (2015). *Contemporary project management: Organize/plan/perform* (3rd ed.) [pp. 192-193]. Stamford, CT: Cengage Learning.

64. A

Standardization. Standardization is the process of setting criteria for products so that they will be uniform. Mass production is the production of a few products in large quantities. This method of production requires the use of standard parts and standardized methods of assembly such as an assembly line. Mass-produced products are identical to each other rather than having individuality. Mass production is an intermittent production process since it is halted from time to time.

SOURCE: OP:017

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

65. C

Overtime. Overtime is a semi-variable expense. Wages are fixed until a certain point (e.g., 40 hours); after that, they become variable according to how many extra hours are worked. Property taxes, maintenance, and utilities are all examples of fixed expenses.

SOURCE: OP:024

SOURCE: LAP-OP-009—Watch Your (Over) Head (Overhead/Operating Costs)

66. D

Curiosity. Curiosity is a creative trait that involves a desire to question and learn things. Independence is the ability to think and act on your own and complete tasks without the direction of others. Determination involves staying with something until it is finished and not giving up easily. An open-minded person has the ability to see different views and perceptions.

SOURCE: PD:012

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

67. C

Potential financial loss. Entrepreneurs face the possibility of uncertain income, irregular paychecks, and potential financial loss. Increased resources and tax breaks are opportunities for would-be business owners. Entrepreneurs do not usually have extra vacation time; instead, they may have to work long hours and give up vacation time.

SOURCE: PD:066

SOURCE: LAP-PD-066—Own Your Own (Career Opportunities in Entrepreneurship)

68. B

Posture and eye contact. Employers are more likely to hire enthusiastic people who appear confident in their abilities. Your gestures and posture communicate a lot about how you feel about yourself, so it is important to watch your nonverbal cues during a job interview. Using a firm handshake and exhibiting good posture indicate that you are self-confident. Maintaining eye contact and nodding your head show the interviewer that you are listening to him/her. And your clothing can communicate your personality and the level of care that you take with your appearance. Crossing your arms may suggest that you are uncomfortable or that you disagree with something the other person is saying. Vocal intensity, pitch, and diction are important verbal cues that you should monitor during the interview.

SOURCE: PD:028

SOURCE: GCFlearnGree. (1998-2017). *Interview skills: What to do during an interview*. Retrieved November 7, 2017, from <https://www.gcflearnfree.org/interviewingskills/what-to-do-during-an-interview/1/>

69. C

Audrey was hired as a sales coordinator, was promoted to salesperson, and is now sales manager of CTK Corporation. Many companies promote from within, so the creation of new jobs opens the door for current employees to be considered for a promotion. The opportunity for promotion often occurs when employees retire or leave the company or the company expands and creates new positions. Each time Audrey was promoted within her company, she worked in the same business and her responsibilities increased, which is how careers often advance. There is not enough information provided to know if James held other positions within the company before he became production manager. Dylan's job change was a lateral move to another company. Julia's job change involved obtaining a more responsible position with another company.

SOURCE: PD:034

SOURCE: Kurtus, R. (2016, December 26). *Basics of career advancement*. Retrieved November 7, 2017, from http://www.school-for-champions.com/career/basics_of_career_advancement.htm#WgHhCmiPKM9

70. B

Theo attends a seminar about product-standard changes that are affecting his industry. Professional development consists of steps that an individual takes to enhance or improve skills or traits that are needed to excel in her/his career or profession. Attending a seminar to learn about changes that are occurring in your field or industry is one form of professional development. Zoe and Talia are performing work-related tasks, and Nick is asking a work-related question.

SOURCE: PD:036

SOURCE: Scholnik, J. (2013, September 19). *5 benefits of joining a professional association*. Retrieved November 7, 2017, from <http://college.usatoday.com/2013/09/19/5-benefits-of-joining-a-professional-association>

71. B

Product management. Product managers create, test, and decide how a product will be packaged. They direct and coordinate all aspects of the product. Advertisers develop messages and images to catch customers' attention, inform them of products, and persuade them to buy. They use a variety of media to communicate with customers. Some of these media are the Internet, radio, television, newspapers, magazines, billboards, and catalogs. Marketing researchers are responsible for determining what customers need and want and why customers do what they do. Channel management is the processes by which marketers ensure that products are distributed to customers efficiently and effectively.

SOURCE: PD:024

SOURCE: LAP-PD-021—Career Opportunities in Marketing

72. B

Bottom line. Certain types of computer software programs enable businesses to experiment with prices before deciding on the actual price to charge. A business can plug in different prices for various items to find out what effect each price will have on the bottom line, or net outcome. Businesses use computer software programs to determine which price will be the most profitable as well as the most appealing to customers before setting the price. The target market is the particular group of customers a business seeks to attract. Competition is the rivalry between two or more businesses to attract scarce customer dollars. Operating cost is all of the expense involved in running a business.

SOURCE: PI:016

SOURCE: Bain & Company Guide. (1996-2017). *Price optimization models*. Retrieved November 7, 2017, from <http://www.bain.com/publications/articles/management-tools-price-optimization-models.aspx>

73. A

Maintain price floors. Loss-leader pricing occurs when a business prices and sells a product below cost. This can negatively affect the competitive environment because small businesses cannot afford to price goods and services at the same price as loss-leader products. This restrains competition and drives small companies out of business. To prevent this situation from occurring, some governments pass laws mandating certain products be sold at a minimum price or price floor. Governments do not pass laws requiring businesses to price products that appeal to customers, encourage coupon use, or maximize discounts.

SOURCE: PI:017

SOURCE: KnowThis.com. (2017). *External factors: Government regulation*. Retrieved November 7, 2017, from <https://www.knowthis.com/pricing-decisions/external-factors-government-regulation>

74. C

Businesses that offer premiums without explaining the terms to the customer. There are federal laws that affect pricing by regulating the ways in which prices can be advertised. Their chief purpose is to prevent any kind of deceptive advertising that would be misleading to customers. As an example, businesses may not offer premiums without explaining the terms under which the item is free to the customer. In other words, if the customer must make a purchase to obtain the premium, this must be explained in the promotion. The other alternatives are endorsed by federal or state laws.

SOURCE: PI:002

SOURCE: LAP-PI-003—Make Cents (Factors Affecting Selling Price)

75. D

Using tamper-resistant packaging. Many businesses produce products that might be harmful to consumers if the products are tampered with or become contaminated. To protect consumers, businesses often use tamper-resistant packaging which makes it extremely difficult for someone to get to the product without damaging the packaging. As a result, customers are able to easily determine if this type of packaging has been tampered with, which warns them not to buy the products. Using tamper-resistant packaging is an ethical procedure that businesses follow in an effort to protect their products and ensure the safety of their customers. Products usually are not wrapped in plain paper. Placing informative commercials on television and explaining the new manufacturing process are not ways of protecting consumers.

SOURCE: PM:040

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (p. 741). Columbus, OH: Glencoe/McGraw-Hill.

76. C

Emotions, feelings, and intuition. The Six Thinking Hats technique is a creative-thinking method that utilizes different ways of approaching a problem. Each of the six hats represents one aspect of the situation. The red hat focuses on the emotional and intuitive aspects of the situation. The white hat looks at the available facts and data. The green hat is used in relation to creating new ideas. The black hat looks at all of the negative aspects of the situation.

SOURCE: PM:127

SOURCE: LAP-PM-127—Unleash Your Mind (Techniques for Generating Product Ideas)

77. C

Customers'. When generating product ideas, a business must consider how the end-user (customer) intends to use the product. If the product does not fulfill a need or want, the customer is less likely to buy it. The business might consider how the product would fulfill its own needs (e.g., profit), but if the product does not fulfill the customers' needs, the customer will not buy it and the business will not earn a profit. Although it is possible to consider the industry's needs and the managers' needs, the business should always first consider how the product would benefit the customer.

SOURCE: PM:128

SOURCE: Business Queensland. (2017, July 17). *Generating and screening ideas for new products*. Retrieved November 7, 2017, from <https://www.business.qld.gov.au/running-business/growing-business/becoming-innovative/developing-products/new-products/ideas>

78. A

Guarantee. A guarantee is a promise made by the seller to the customer that the seller will refund the customer's purchase price if the product does not perform as expected. A warranty is a promise made by the seller to the customer that the seller will repair or replace a product that does not perform as expected. Recourse is someone or something to which one can turn for help. A strategy is a plan of action for achieving goals or objectives.

SOURCE: PM:020

SOURCE: LAP-PM-004—Promises, Promises (Warranties and Guarantees)

79. C

Federal Trade Commission. The regulatory agency established by the federal government and given the authority to enforce consumer-protection laws is the Federal Trade Commission. This agency has the most influence on marketing activities. The FTC is responsible for holding Franklin Juice Company responsible for its advertising and holding the company accountable. The Food and Drug Administration is the federal agency that holds producers responsible for any injury that the business's products may cause. The Consumer Affairs Department is a division of local government that assists consumers in handling problems. The Consumer Product Safety Commission is the regulatory agency established by the federal government to enforce product safety laws.

SOURCE: PM:017

SOURCE: LAP-PM-007—Protect and Serve (Consumer Protection)

80. D

Alteration. Product mix is the particular assortment of goods and services that a business offers in order to meet its market's needs and its company's goals. Product mix strategies are the plans the business implements for achieving the company's goals for marketing its products. Alteration is a product mix strategy in which a business makes changes to its products or product lines. Examples of alteration include changing the product's color, changing the appearance of the product's packaging, and changing the product's pricing. Contraction is a product mix strategy in which a business removes or deletes items from the product line. Expansion is a product mix strategy in which a business adds additional items or product lines to its product mix. Collaboration is not a product mix strategy.

SOURCE: PM:003

SOURCE: LAP-PM-003—Mix & Match (The Nature of the Product Mix)

81. A

Reduced price. Product bundling is the practice of putting together a number of goods/services to create a one-price package. Most often, the bundled package is priced so it costs the customer less than if s/he purchased each product separately. The goal of product bundling is to increase sales and to get customers to try something that they normally wouldn't purchase. The interest rate is the percentage figure used in calculating interest charges, which are money payments for borrowed money. Product bundling does not always provide the business with a higher profit margin, nor does it always require the business to consider interest rates. The amount of time a business bundles particular products depends on the type of product and the business's objectives.

SOURCE: PM:041

SOURCE: Berry, T. (2013, July 12). *Product bundling*. Retrieved November 7, 2017, from <https://www.mplans.com/articles/product-bundling>

82. C

Positioning. Product positioning is the consumer's image or impression of a product as compared to that of competitive products. One of the goals of product positioning is to make sure that consumers perceive a product in the way that the business intended. This involves communicating information about the product's attributes and characteristics so customers will have a clear perception of its image. Product screening is the process of considering each idea for a new product and discarding those that seem unworkable. Product development is the stage in the creation of a new product in which a working model may be tested, modified, and retested, and production costs are estimated and final details of the product are planned. Product management involves monitoring and developing one or more existing products.

SOURCE: PM:042

SOURCE: Richards, L. (2011, September 18). *The importance of product positioning to the marketing plan*. Retrieved November 7, 2017, from smallbusiness.chron.com/importance-product-positioning-marketing-plan-24275.html

83. A

Easily remembered. In order for a brand name to be successful, the name should be easy for the public to remember. A good brand name should also be a reasonable length. Many brands do incorporate a company symbol, or logo, but that is not necessary. A brand name should be distinct, not open to interpretation by consumers.

SOURCE: PM:021

SOURCE: LAP-PM-006—It's a Brand, Brand, Brand World! (Nature of Product Branding)

84. B

Corporate brand. A corporate brand is the combined impressions, images, or experiences associated with a company or parent entity. Because a corporate brand may have several different products and/or product lines under its umbrella, the company may need to appeal to a variety of constituents. Stakeholders, employees, the media, and its various customers and target markets are a few of the constituents that the company must consider when it makes business decisions, which affect the company's overall image. Because the company may have several product lines or companies under the corporate umbrella (brand), product image, advertising, and assets may vary.

SOURCE: PM:206

SOURCE: LAP-PM-020—Corporate Identity (Nature of Corporate Branding)

85. D

Direct sales. Touchpoints are the interactions that customers have with the business, and they can be divided into three categories: pre-purchase, purchase, and post-purchase experiences. Direct sales would occur during a purchase experience. Other examples of purchase experience touchpoints are physical stores and contact with customer representatives. Word-of-mouth is an example of a pre-purchase touchpoint. Customer satisfaction surveys, and warranty programs are examples of post-purchase experience touchpoints.

SOURCE: PM:207

SOURCE: Hult Marketing. (2013, October 31). *Purchase touchpoints: Maximizing the brand experience*. Retrieved November 7, 2017, from <http://blog.hultmarketing.com/blog/purchase-touchpoints-maximizing-the-brand-experience>

86. C

To develop customer loyalty. One way that promotion benefits very large businesses is by developing customer loyalty. Some large companies spend billions of dollars on promotion to create specific company images. Consumers identify with these images and see themselves in the roles or lifestyles shown in the promotions. Some customers are so loyal that they will only purchase certain products from the business. Businesses do not create a specific company image in order to limit customer awareness, provide customers with information, or explain issues to customers.

SOURCE: PR:001

SOURCE: LAP-PR-002—Razzle Dazzle (Nature of Promotion)

87. A

Advertising, sales promotion, publicity, and personal selling. The promotional mix is the combination, or blend, of marketing communication channels that a business uses to send its messages to consumers. It includes such channels as advertising, sales promotion, publicity, and personal selling. Pricing is a marketing function that involves the determination of a price or an amount to charge a customer or client for a product or service. Customer services include such items as delivery and gift wrap.

SOURCE: PR:003

SOURCE: LAP-PR-001—Spread the Word (Nature of the Promotional Mix)

88. B

Email. Email is the electronic transmission of messages across computer networks. Many businesses use this technology to send advertising messages to thousands of customers at the same time. Email advertising is an inexpensive way of contacting customers. It allows businesses to send the same message or to customize the message for specific consumers. Pop-up ads are promotional messages that appear in a separate browser window. Search engine optimization the process of designing and submitting web pages so that they can be found easily by spiders in order to obtain a good position in the search results. Banner ads are promotional messages appearing on the internet, usually at the top of websites.

SOURCE: PR:100

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 444-449). Columbus, OH: McGraw-Hill Education.

89. B

Place corrective advertising in the newspaper. It is likely that the business would be required to place corrective advertising in the same newspaper to advise readers that the original information was incorrect. The business would pay a fine to a government agency rather than to the newspaper. Unless there is a problem with the product, the business would not need to change its product specifications. A consent decree is a document that requires the business to stop running the advertisement without admitting any wrongdoing.

SOURCE: PR:101

SOURCE: Federal Trade Commission. (2015, June 15). *Truth in advertising*. Retrieved November 7, 2017, from <https://www.ftc.gov/news-events/media-resources/truth-advertising>

90. A

Medium that delivers more memorable, believable ads. The experience of color, sound, and action makes television ads easy to remember and believe. However, these qualities also make the ads more expensive to produce. Also, it is costly to advertise on television because it can reach such a large audience. Radio is another type of broadcast medium that offers local programming. Television is the most influential type of advertising media.

SOURCE: PR:007

SOURCE: LAP-PR-003—Ad-quipping Your Business (Types of Advertising Media)

91. D

Providing information to activists to share with others. Word-of-mouth promotion involves customers who tell others about their satisfaction with the business. Amplified word-of-mouth promotion involves the use of proactive efforts (campaigns) in which the business provides specific information to customers (activists) to pass along to their friends, family, and business contacts. On the other hand, organic word-of-mouth promotion occurs naturally. Because customers are satisfied with the business and its products, they tell others about this satisfaction in the course of normal conversation. For example, if a business shows a sincere interest in the customer by asking for feedback, taking actions to ensure customer loyalty, or improving products, the customer is likely to share those positive experiences with others.

SOURCE: PR:247

SOURCE: Myers, J. (2016, September 29). *What is word-of-mouth advertising?* Retrieved November 7, 2017, from <https://yourbusiness.azcentral.com/wordofmouth-advertising-5692.html>

92. D

Illustration. This is a photograph, drawing, painting, or graphic. Since the client emphasizes picture in your discussion, you should give careful consideration to the illustration when designing the ad. Copy is the text of an ad that delivers the sales message. Headline is text set in large type and usually positioned at the top of the advertisement. Identification identifies the product or the advertiser who may be the producer and/or the seller of the product.

SOURCE: PR:014

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 469-470). Columbus, OH: McGraw-Hill Education.

93. C

To strengthen the theme. The elements of an advertisement include the headline, copy, illustrations, and signature. It is important to coordinate these elements to strengthen the theme of the advertisement. All of the elements should reinforce and promote the theme in order for the advertisement to be effective. It is not important to coordinate the elements in advertisements to analyze the objective, simplify the message, or locate the audience.

SOURCE: PR:251

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 471-475). Columbus, OH: Glencoe/McGraw-Hill.

94. D

Damage control. In some cases, businesses use public relations activities to counter negative publicity or to respond to negative information. This is an example of controlling the damage that may have been caused by a specific incident. For example, if the media reports that a product has been tampered with and resulted in injury to some customers, a business would use public relations activities to reassure the public that every attempt was being made to keep the product safe. This helps to control the negative information and maintain good relations with the public. Product research, market segmentation, and sales management are not functions of public relations activities.

SOURCE: PR:252

SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). *Advertising & integrated brand promotion* (5th ed.) [pp. 660-661]. Mason, OH: South-Western Cengage Learning.

95. B

Use in the operation of the business. Using the trucks to make deliveries to customers is part of the operation of the business. The trucks are not being used in the production of other goods, and they are not being resold to ultimate consumers or industrial users.

SOURCE: SE:017

SOURCE: LAP-SE-117—Sell Away (The Nature and Scope of Selling)

96. D

Meet customers' needs. One way to develop long-term relationships with customers is to provide quality service that meets customers' needs and makes them feel appreciated. In many cases, the type of service provided must be tailored to fit the needs of the customer. For example, one customer might need an order delivered overnight while another customer needs to return a defective item. Salespeople should determine what the customer needs and then provide that service. Not all services need to save money for customers, although many services do not add cost. Services need to be tailored to the customer rather than the same for all customers. Services usually do not include customers' employees unless the service involves training employees to use a new type of product.

SOURCE: SE:076

SOURCE: LAP-SE-130—Go Beyond the Sale (Customer Service in Selling)

97. A

Obtaining referrals from loyal customers. Loyal customers often provide salespeople with leads for locating and gaining access to new clients. This can greatly increase the salesperson's opportunities for making sales. All of the other alternatives are benefits to the business of building a clientele. It can help to hold down selling costs because it costs more to make an initial sale than a repeat sale. It also can provide word-of-mouth advertising that builds and promotes company image and convinces loyal customers that higher prices are acceptable because of other benefits they receive from dealing with the business.

SOURCE: SE:828

SOURCE: LAP-SE-115—Keep Them Loyal (Key Factors in Building Clientele)

98. B

Cooling-off law. A cooling-off law protects consumers who purchase products as a result of high-pressure or fear-based sales tactics. The law provides the buyers a limited amount of time to think about their purchases, and allows them an opportunity to withdraw from the purchase agreement with the seller. A tying agreement is an illegal agreement requiring a customer to buy other products in order to obtain desired goods and services. Return policies are limits established by a business's management staff for accepting merchandise for return. Reciprocity occurs when a seller expects a buyer to provide something of equal importance in return for a product or service.

SOURCE: SE:108

SOURCE: Federal Trade Commission. (2015, August). *Buyer's remorse: When the FTC's Cooling-Off Rule may help*. Retrieved November 7, 2017, from <https://www.consumer.ftc.gov/articles/0176-buyers-remorse-when-ftcs-cooling-rule-may-help>

99. D

The department manager. The most reliable information would be obtained most quickly from the department manager. Another customer may not know the answer or may relate information that is not totally correct. During a sales presentation would be an inappropriate time to contact the manufacturer's representative. The buyer is a good source of product information, but s/he may not be readily accessible during a sales presentation.

SOURCE: SE:062

SOURCE: LAP-SE-131—Get Informed (Acquiring Product Information for Use in Selling)

100. C

Maslow's Hierarchy of Needs Theory. To effectively sell products to customers, salespeople must understand the factors that motivate buying decisions. Many content-motivation theories examine the underlying factors that affect motivation. Maslow's Hierarchy of Needs Theory suggests that motivation is related to five levels of needs—from basic to complex. Maslow's theory states that basic needs must first be met before a person is motivated to fulfill the next level of needs. For example, a person must have physiological needs met (food, air, shelter) before the person is motivated to go after the next level of needs (safety). The Acquired Needs, Equity, and Expectancy theories are other types of motivational theories.

SOURCE: SE:359

SOURCE: NetMBA. (2002-2010). *Maslow's hierarchy of needs*. Retrieved November 7, 2017, from <http://www.netmba.com/mgmt/ob/motivation/maslow>



 **DECA**
**PERSONAL
FINANCIAL
LITERACY**

2018 PRACTICE EXAM BOOKLET



100 QUESTIONS AND ANSWERS

AS USED AT DECA'S 2018 ASSOCIATION CAREER DEVELOPMENT CONFERENCES



PRACTICE EXAM BOOKLET

PERSONAL FINANCIAL LITERACY

**THE PERSONAL FINANCIAL LITERACY EXAM IS USED
FOR THE FOLLOWING EVENT:**

PERSONAL FINANCIAL LITERACY **PFL**



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UNDERSTANDING THE DECA PERSONAL FINANCIAL LITERACY EXAM

The 100-item Personal Financial Literacy Exam is based on the National Standards in K-12 Personal Finance Education, created and maintained by the Jump\$tart Coalition® for Personal Financial Literacy.

Students will be assessed on their understanding of:

- Credit and Debt
- Employment and Income
- Financial Decision Making
- Investing
- Risk Management and Insurance
- Spending and Saving

The National Standards are available at jumpstart.org.

1. Before a business and a customer can enter into a valid contract, the offer to do something in return for payment must be
 - A. implied.
 - B. in writing.
 - C. accepted.
 - D. expressed.

2. Ownership investments are ideal for investors who are
 - A. risk-tolerant.
 - B. just beginning to invest.
 - C. risk-averse.
 - D. close to retirement.

3. One of the responsibilities of finance professionals is to provide clients with services that the clients usually are
 - A. incapable of understanding.
 - B. not willing to purchase.
 - C. unable to obtain by themselves.
 - D. convinced they do not need.

4. Which of the following is an example of a nonrenewable resource:
 - A. Soil
 - B. Gold
 - C. Sunlight
 - D. Wind

5. A gap between unlimited wants and limited resources creates
 - A. resources.
 - B. economics.
 - C. wants.
 - D. scarcity.

6. Distribution examines how income is divided between
 - A. consumers and producers.
 - B. consumers and resource owners.
 - C. producers and resource owners.
 - D. producers and economizers.

7. Recognizing and eliminating a risk is a way to _____ a risk.
 - A. retain
 - B. control
 - C. avoid
 - D. transfer

8. Which of the following risks can be covered by insurance:
 - A. A car accident
 - B. Obsolescence
 - C. Interest rate fluctuations
 - D. Changing customer needs

9. What is one way that price stability indicates the condition of the economy?
 - A. Absence of inflation or deflation
 - B. Reduction in taxes and spending
 - C. Increase in the money supply
 - D. Decrease in consumer buying power

10. Most economists agree that inflation occurs when
 - A. currency exchange rates fluctuate.
 - B. there is too much competition in the marketplace.
 - C. there is not enough consumer demand.
 - D. the money supply grows faster than the economy does.

11. If the other party becomes very emotional during a negotiation, which of the following tactics is most likely to help get the meeting back on track:
 - A. Distraction
 - B. Confrontation
 - C. Silence
 - D. Arbitration

12. After Sarah reaches an agreement and establishes terms with Greg, she should
 - A. identify a fair compromise.
 - B. change Greg's negotiating style.
 - C. assess the negotiating session.
 - D. determine Greg's position and interests.

13. Olivia is assessing the risks associated with starting a new business. She is considering how her professional reputation will be affected if her new business is not successful. What type of risk is Olivia considering?
 - A. Legal
 - B. Market
 - C. Economic
 - D. Career

14. Which of the following is a common form of financial exchange:
 - A. Liabilities
 - B. Investments
 - C. Insurance
 - D. Cash payment

15. Which of the following would be the most appropriate item to purchase with a credit card:
 - A. Pack of gum
 - B. Airline ticket
 - C. Magazine
 - D. Small pizza

16. Which of the following is a source of unearned income:
 - A. Fees
 - B. Wages
 - C. Dividends
 - D. Commissions

17. For an investment to yield positive results at the end of the investment period, the earnings should
 - A. grow by at least 10%.
 - B. exceed the rate of inflation.
 - C. be accrued on a debt security.
 - D. be documented appropriately.

18. You win \$35,000 in the lottery. If you invest your winnings in a savings account that earns 3.5% simple interest per year, how much money will you have a year from now?
 - A. \$35,035
 - B. \$33,775
 - C. \$36,225
 - D. \$38,500

19. Every year since she was born, Sophia's grandparents invested \$100 on her birthday. Sophia is now 18 and the investment has grown large enough to pay for most of her college expenses. Her grandparents explain that this is because her money has grown in two ways: by earning interest, and then by earning interest on that interest. This is an example of
- present value.
 - simple interest.
 - compound interest.
 - inflation.
20. Glenn is investing \$1,000 today and must decide which investment will make him the most money in the next 10 years. Which investment should he choose?
- An investment that receives 10% simple interest annually
 - An investment that receives 5% interest compounded annually
 - An investment that receives 5% simple interest semi-annually
 - An investment that receives 5% interest compounded semi-annually
21. An arrangement that allows customers to purchase and use goods or services and pay for them at a future time is referred to as a _____ sale.
- cash
 - budget
 - credit
 - layaway
22. Mr. and Mrs. Smith are planning to purchase a new, 24-foot camper trailer. Which of the following types of credit would be best for the Smiths if they now have less than half the purchase price:
- Open credit
 - Revolving credit
 - Regular credit
 - Installment credit
23. Which of the following could Lynn do to lower the risk of identity theft:
- Use secure web browsers when purchasing online
 - Share bank account information with others
 - Keep written records of all major cash purchases
 - Write account passwords in a personal planner
24. Philip needs a car to drive to his new job, but he does not have enough cash in his savings account to cover the cost yet. Philip's situation shows why
- saving money is not an effective practice.
 - it is a good idea to build a strong credit rating.
 - credit is often necessary to make large purchases.
 - credit is a marketing-information tool.
25. A formal legal agreement between a lender and a borrower usually includes a
- proposal for disbursement.
 - tax code listing.
 - repayment schedule.
 - guarantee of eminent domain.
26. Why do many people invest in certain types of life insurance policies?
- To name important beneficiaries
 - To obtain disability income
 - To pay for private health care
 - To meet future financial needs

27. Molly and Tim have just had their first baby, Tommy. On top of their other financial considerations, such as saving for their retirement, they will now have to start saving and investing for Tommy's
- life insurance.
 - retirement.
 - college education.
 - health insurance.
28. Don has worked at a factory for over 30 years and is looking forward to his retirement. Which of the following is the best way for him to insure a financially secure retirement:
- Ignore his factory's savings plan
 - Count on receiving an inheritance
 - Save more than he spends
 - Retire later than planned
29. The single most important aspect of making a financial plan and setting goals is
- making enough money.
 - learning to make hard choices.
 - getting started now.
 - choosing a career path.
30. When setting your financial goals, you should choose goals that are
- unrealistic and specific.
 - realistic and general.
 - realistic and specific.
 - unrealistic and general.
31. On his way home from work, Jason stops at the gas station to buy a magazine and a pack of gum. The magazine and gum are examples of _____ expenses.
- essential
 - non-essential
 - fixed
 - variable
32. Which of the following are examples of expenses that should be considered when developing a personal budget:
- Rent, entertainment, and insurance
 - Insurance, dividends, and utilities
 - Food, utilities, and salary
 - Entertainment, wages, and utilities
33. Which of the following factors influences the time value of money:
- World events
 - Financial needs
 - Banks
 - Interest rates
34. Investing involves using money to _____, while saving involves putting money away for _____ use.
- contribute interest; public
 - spend money; current
 - make money; future
 - collect interest; historical

35. Which of the following is a long-term financial goal:
- A. Obtaining funds so you can make a down payment on a house now
 - B. Investing 18% of your annual income so you can retire at the age of 60
 - C. Saving money for a vacation that will take place in six months
 - D. Allocating funds from your monthly income to pay for utilities
36. When your grandparents were young, gasoline prices were less than a dollar per gallon. Today, gasoline prices are much higher. This is the result of
- A. compounding growth.
 - B. interest.
 - C. inflation.
 - D. investment.
37. At first, Houston was worried about his student loan debt, but when he compared the amount of debt to the amount of all of his assets, he realized that he was in solid financial shape. This is an example of why it is a good idea to
- A. avoid taking any loans.
 - B. determine net worth.
 - C. over-emphasize debts.
 - D. focus on income alone.
38. Lalita receives a check as a birthday gift. Before she deposits it in the bank, she signs her name on the back of the check in black ink. Lalita is _____ the check.
- A. withdrawing
 - B. registering
 - C. writing
 - D. endorsing
39. The line on a check that reads "Pay to the order of" is where you write
- A. the recipient's name.
 - B. the payment amount in numeric form.
 - C. the payment amount in word form.
 - D. your signature.
40. Which of the following would be most useful to Gina when she wants to review her financial deposits, withdrawals, and transfers:
- A. Bank statement
 - B. Bank overdraft
 - C. Financial protection
 - D. Financial transaction
41. Sheila pays the minimum payment shown on her credit card bill each month. For the remaining amount on the bill she will be charged a(n)
- A. annual percentage rate.
 - B. annual fee.
 - C. late fee.
 - D. overdraft fee.
42. Transaction fees and interest rates are important considerations when you are
- A. selecting a credit card provider.
 - B. establishing your credit rating.
 - C. preparing your bank statements.
 - D. organizing a loan application.

43. The primary reason that people review their personal credit reports is to
- change or update their credit ratings.
 - verify that the credit agencies have correct information.
 - ensure that they obtain bank loans.
 - eliminate the risk of identity theft.
44. Why is it important for individuals to periodically validate their credit histories?
- To avoid being denied credit
 - To understand credit laws
 - To find out about different types of credit
 - To protect themselves from slander
45. What is the first step Cameron should take to protect himself from identity theft after he loses his wallet?
- Change the passwords for his online banking accounts
 - Contact the appropriate government agency to replace the credit cards
 - Advise the proper law enforcement authorities about the loss
 - Cancel all of his credit and debit cards
46. Legal ownership of purchases does not pass to the purchaser until all payments have been made if the purchaser uses _____ credit.
- regular
 - revolving
 - installment
 - trade
47. It is important to protect against identity theft to prevent unauthorized individuals from
- sending you information online.
 - obtaining credit in your name.
 - improving your credit rating.
 - trying to sell you a product.
48. Which of the following is generally the least expensive way to pay bills online:
- Using a bank's online bill paying service to pay your bills
 - Paying your accounts at the billers' websites
 - Obtaining the services of an e-bill specialist to pay your bills
 - Having a service collect and scan your bills, and then email them to you when the bills are due
49. Preparing wills and setting up guardianships are types of financial services that often are provided by
- beneficiaries.
 - executors.
 - courts.
 - attorneys.
50. Which of the following is a type of financial services provider:
- Commercial bank
 - Stock market
 - Taxation department
 - Retirement community
51. Marcus wants to invest a portion of his money in long-term securities to finance his son's college education and his own retirement. To help him make the best investment decisions, Marcus should obtain the services of a
- certified financial planner.
 - loan officer.
 - licensed tax accountant.
 - credit-union representative.

52. If Diedra wants to open a savings account to save money for her dream vacation, she should place her money in a deposit-taking institution, such as a(n)
- A. investment bank or mortgage company.
 - B. savings and loan bank or investment bank.
 - C. retail bank or credit union.
 - D. mortgage company or credit union.
53. Which of the following statements is true of good investment brokers:
- A. They control an investor's money.
 - B. Most of them are research analysts.
 - C. They are responsible for making sure the investor makes money.
 - D. They are an investor's personal link to the stock exchange.
54. Which of the following is an important business factor to consider when choosing an investment:
- A. Time horizon
 - B. Company's comparison to competition
 - C. Minimization of taxes
 - D. Risk tolerance
55. What factor might a financial advisor consider when helping clients select investments?
- A. Commission
 - B. Depreciation
 - C. Liquidity
 - D. Prestige
56. Investors continue to purchase the Cutting Edge company's stock even though its stock price is increasing. As a result, the company's _____ value is also increasing.
- A. underlying
 - B. accounting
 - C. intrinsic
 - D. market
57. Quantitative measures such as ratios are helpful because they
- A. do not have to be used in context.
 - B. show the relationship between numbers on a company's financial statements.
 - C. can be used to compare companies in different industries.
 - D. are figured the same way no matter what the source.
58. Which of the following should you determine before you invest for the long-term:
- A. What your advisor recommends you do
 - B. What others are doing
 - C. What you want to accomplish
 - D. What will affect your investment in the short-term
59. Which part of a company's annual report is most valuable for potential investors to examine?
- A. Letter to the shareholders
 - B. Auditor's report
 - C. Listing of management/directors
 - D. Financial statements
60. Seamus is calculating the value of all the outstanding Google stock owned by Google's shareholders. Seamus is determining
- A. revenue.
 - B. liability.
 - C. shareholder's equity.
 - D. cash flow.

61. Mr. Daly bought a vacation cottage on lakefront property. What type of investment did Mr. Daly purchase?
- A. Securities
 - B. Ownership
 - C. Stock
 - D. Escrow
62. One business promising to do something for another business in return for receiving compensation is an example of a
- A. contract.
 - B. benefit.
 - C. treaty.
 - D. enterprise.
63. How should you begin researching an investment you might select?
- A. Compare the company's strengths and weaknesses.
 - B. Read the company's profile and annual report.
 - C. Purchase a product the company produces.
 - D. Visit the company's headquarters.
64. Which of the following is a fundamental clue that it may be time to sell the stock you hold in a particular company:
- A. The company is involved in questionable accounting practices.
 - B. The company hires a vice president of human resources.
 - C. The company's stock price falls significantly within a two-week period.
 - D. The company changes its business strategy.
65. Is it possible to buy insurance to protect your belongings if you don't own your home, but lease it from someone else?
- A. Yes, you can buy life insurance.
 - B. Yes, you can buy renter's insurance.
 - C. No, leased properties cannot be insured.
 - D. No, insurance must be purchased by the owner.
66. Ethan has health insurance through his employer. Each time Ethan needs medical attention, he must write a check in the amount of \$25.00 to the doctor's office to cover his out-of-pocket expense. This out-of-pocket expense is Ethan's
- A. total premium.
 - B. copayment.
 - C. surrender charge.
 - D. waiver.
67. Jack broke his left leg in a snowboarding accident and won't be able to work for three months. What type of insurance will help Jack cover his living expenses while he is recovering from his accident?
- A. Health
 - B. Disability
 - C. Liability
 - D. Term life
68. Malcolm has health insurance through his employer and must pay \$1,500 for his medical services before his insurance will begin paying for them. The \$1,500 that Malcolm must pay is the insurance
- A. deductible.
 - B. copay.
 - C. premium.
 - D. reserve.

69. What dimension of risk involves measuring the likelihood that an event will occur?
- Scoring
 - Impact
 - Probability
 - Quantifying
70. Julie's grandparents have offered to give her a \$1,000 gift at either the beginning or end of college. Why should she take the gift at the beginning of college?
- She can start earning interest sooner.
 - Inflation will increase the value over time.
 - She will pay fewer taxes before she begins college.
 - She shouldn't; she should wait until after college.
71. Because Joel stopped paying his student loans, creditors have started taking part of his paycheck to pay off his debt. This is an example of
- wage garnishment.
 - repossession.
 - bankruptcy.
 - debt consolidation.
72. Marvin is drawing up his will. He wants to leave all of his money to his daughter, so he claims her as his
- executor.
 - beneficiary.
 - probate.
 - conservator.
73. What is a possible consequence of probate?
- It prevents beneficiaries from paying taxes.
 - It keeps property from being appraised.
 - It can be expensive and time-consuming.
 - It can change the executor of a will.
74. Camille is conducting research for a report that she is writing about the mercury levels in fish. Which of the following is the most reliable source for Camille to use:
- A recent blog entry that was written by Dr. Harold Corning, a retired brain surgeon
 - A chapter from a high-school physics textbook that was published in 2001
 - An online article that was written last month by a well-known marine biologist
 - A 2014 newsletter from a nonprofit organization that studies the effects of air pollution
75. Which of the following is a characteristic of an article that contains valid information:
- It is published on a very popular blog.
 - It has citations and references to reputable journals.
 - It is part of a persuasive political pamphlet.
 - It was written at least ten years ago.
76. A major purpose of establishing personal goals is to
- achieve success in life.
 - decrease personal needs.
 - identify your wants.
 - get help from others.
77. Writing your goals down helps you to _____ them.
- share
 - change
 - measure
 - remember

78. A problem can be described as a
- A. factor that affects your decision.
 - B. situation that you want to change.
 - C. feature that you do not desire.
 - D. selection that fits your objective.
79. You're trying to decide which college to attend. What type of decision are you making?
- A. Limited
 - B. Extensive
 - C. Routine
 - D. Problematic
80. A high degree of self-understanding will help an individual to
- A. control other people's behavior.
 - B. ensure success on the job.
 - C. select an appropriate career.
 - D. satisfy unmet needs.
81. Which of the following would be most likely to help you to determine whether you can be successful in a particular line of work:
- A. Contacting businesses that are part of the industry
 - B. Asking your counselor about opportunities in the field
 - C. Taking courses required of those who do this kind of work
 - D. Talking to someone who is currently employed in this field
82. When considering employment opportunities in business, it is important to remember that each career option varies in terms of earning potential, skills, and _____ requirements.
- A. educational
 - B. gender
 - C. intensity
 - D. health
83. Kevin is interested in a career in public relations. He visited three local firms to obtain industry information and make important contacts. What career search tool did Kevin use?
- A. Employment interview
 - B. Occupational review
 - C. Industry analysis
 - D. Informational interview
84. As Serena was evaluating which career option would best suit her, she determined that one thing she is naturally good at is solving mathematical problems. This is an example of a(n)
- A. habit.
 - B. aptitude.
 - C. benefit.
 - D. procedure.
85. Which of the following is a good source of detailed information about specific career opportunities in business:
- A. Websites of professional organizations
 - B. Classified ads in urban newspapers
 - C. Community-college student centers
 - D. Corporate human-resource departments

86. What should you avoid doing when filling out an employment application?
- Signing your name
 - Specifying certain jobs
 - Providing exact data
 - Leaving blank spaces
87. Many employment applications ask individuals the reason that they left their previous jobs. Which of the following is an acceptable response:
- Structured environment
 - Seasonal position only
 - Terminated for cause
 - Disliked the manager
88. When individuals complete job applications online, they are often expected to
- take a test.
 - attach a resume.
 - send a photograph.
 - use a code name.
89. Which of the following is a guideline for writing a job application letter:
- Mention your other prospects.
 - Provide as much information as possible.
 - Be brief and to the point.
 - Include a list of references in the letter.
90. When preparing letters of application for jobs, individuals who have very little work experience should stress their
- references.
 - personality.
 - education.
 - activities.
91. Which of the following is the correct procedure to follow in listing references on a job résumé:
- Obtain the permission of the people whose names you use.
 - Put personal friends at the top of the list.
 - List your references with your work experience.
 - Use initials rather than first names.
92. Paul prepared a job résumé that addressed how his background and qualifications would meet the specific requirements of the job he wanted. Paul's résumé is an example of a _____ résumé.
- traditional
 - chronological
 - generalized
 - targeted
93. Which of the following is a banking service that allows customers to pay their bills without any paper money exchanging hands:
- Electronic funds transfer
 - Debt consolidation
 - Lines of credit
 - Certificates of deposit

94. Gavin was looking at his phone while driving and accidentally ran into a fence. What kind of auto insurance coverage is suitable for this situation?
- Comprehensive
 - Uninsured motorist
 - Liability
 - Medical payments
95. Which of the following might be covered under long-term care insurance:
- Bills for emergency surgery
 - Home modifications such as ramps
 - Expenses associated with funeral services
 - Costs of home repairs after a fire
96. Jill bought stock directly from Coca-Cola for a very low fee. She is participating in
- a direct stock purchase plan.
 - a securities exchange.
 - the over-the-counter market.
 - direct trading.
97. Hackett Toy Company has introduced a new doll which has moving eyes and lips. Reports of injuries caused by the doll have begun pouring into the company. What action should the company take to provide consumer protection?
- Require the doll to be tested.
 - Recall or ban the doll.
 - Provide warnings and instructions.
 - Review safety standards for dolls.
98. What can businesses do to reduce risks associated with personal injuries and product damage due to improper product use?
- Use recyclable packaging
 - Offer a service guarantee
 - Implement a return policy
 - Provide detailed written instructions
99. What is one of the main purposes of a business plan?
- To explain company goals
 - To list distribution methods
 - To develop credit policies
 - To provide research facts
100. In which section of the business plan will Elena put extra supporting information?
- Table of contents
 - Appendices
 - Executive summary
 - Company description

1. C
Accepted. Contracts are agreements between two or more parties stating that one party is to do something in return for something provided by another party. Several elements must be present for a contract to be valid. First, one party must make an offer to do something, such as sell a product for a certain price and deliver it on a certain date. Then, the other party must accept that offer. A valid contract cannot be formed unless the offer is accepted. The offer may be made verbally or in writing. Express and implied are types of contracts that may be formed once the offer is accepted.
SOURCE: BL:002
SOURCE: FD
SOURCE: Laurence, B. (2017). *Contracts 101: Make a legally valid contract*. Retrieved October 27, 2017, from <http://www.thinkstockphotos.com/image/stock-photo-hand-and-red-pen-grading-successful-essay/491450145>
2. A
Risk-tolerant. Ownership investments generally carry more risk than lending investments. Therefore, they are ideal for risk-tolerant investors, rather than risk-averse investors. Ownership investments may or may not work for those just beginning to invest or those close to retirement—it just depends on the situation.
SOURCE: FI:077
SOURCE: IN
SOURCE: LAP-FI-077—Invest for Success (Types of Investments)
3. C
Unable to obtain by themselves. Financial professionals provide many types of services that clients may be unable to obtain by themselves. For example, financial professionals analyze financial data and are able to provide information about the strength and safety of various products. Clients often do not have the ability to track the growth of these products and rely on professionals for guidance and advice. Finance professionals do not provide clients with services that clients usually are not willing to purchase, incapable of understanding, or convinced they do not need.
SOURCE: CR:012
SOURCE: FD
SOURCE: Friedberg, B.A. (2017, September 20). *What do financial advisors do?* Retrieved October 27, 2017, from <http://www.investopedia.com/articles/personal-finance/050815/what-do-financial-advisers-do.asp>
4. B
Gold. Gold is a nonrenewable resource because the supply is running out and it does not re-form quickly enough to replenish our supply. In contrast, soil, sunlight, and wind are considered renewable resources because their supply replenishes at a fast enough rate that they are not in danger of running out.
SOURCE: EC:003
SOURCE: FD
SOURCE: LAP-EC-014—Be Resourceful (Economic Resources)
5. D
Scarcity. Scarcity occurs when there are not enough resources to meet people's wants. Resources are considered limited because there are not enough of them for everyone to have as much of them as they wish. Economics is the study of how to meet unlimited, competing wants with limited resources.
SOURCE: EC:001
SOURCE: FD
SOURCE: LAP-EC-006—Are You Satisfied? (Economics and Economic Activities)

6. C

Producers and resource owners. Distribution examines how producers and resource owners divide the income that they receive from consumers. Anyone who uses goods and services is a consumer. Producers are individuals who make or provide goods and services to consumers. Resource owners are individuals and organizations who provide human resources, natural resources, or capital goods for use in production. An economizer is someone who strives to obtain the greatest satisfaction from his/her limited resources.

SOURCE: EC:001

SOURCE: FD

SOURCE: LAP-EC-006—Are You Satisfied? (Economics and Economic Activities)

7. C

Avoid. A risk can sometimes be recognized and then avoided or eliminated completely. To retain a risk would be to keep it. To control a risk means to take measures to reduce the risk. To transfer the risk means passing it to another.

SOURCE: EC:011

SOURCE: RM

SOURCE: LAP-EC-003—Lose, Win, or Draw (Business Risk)

8. A

A car accident. Pure risks, which include hazard and operational risks, are considered insurable risks. This means that businesses are able to take out insurance against these risks. For example, a company can purchase auto insurance to protect company vehicles if they get in an accident. Speculative risks, however, are considered uninsurable. These risks, which include strategic and financial risks, are unpredictable, so companies cannot take out insurance to protect themselves. Obsolescence and changing customer needs are strategic risks, while interest rate fluctuations are a financial risk.

SOURCE: EC:011

SOURCE: RM

SOURCE: LAP-EC-003—Lose, Win, or Draw (Business Risk)

9. A

Absence of inflation or deflation. When prices are stable, there are no large changes in prices either up or down. This means that prices are fairly constant. Price stability is an indication of the condition of the economy because when prices are stable, the economy is stable. Therefore, inflation and deflation do not occur. Inflation is a rapid rise in prices, and deflation is a rapid decrease in prices. Price stability does not necessarily mean there is a reduction in taxes and spending, an increase in the money supply, or a decrease in consumer buying power.

SOURCE: EC:083

SOURCE: FD

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

10. D

The money supply grows faster than the economy does. Most economists agree that inflation occurs when a country's overall money supply grows faster than the economy does. Inflation can sometimes occur when there is not *enough* competition in the marketplace or when there is *too much* consumer demand. The fluctuation of currency exchange rates does not cause inflation.

SOURCE: EC:083

SOURCE: FD

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

11. C

Silence. Silence is a negotiating strategy that involves listening but not speaking. This strategy is appropriate to use when a situation becomes emotionally heated or when the other party does not like a specific message. A confrontational attitude may escalate the negotiation into an argument and may not be an appropriate tactic to use if the other party is highly agitated or emotional. Trying to distract the other party does not get the negotiation back on track and may anger the other party. Arbitration is the process of involving a neutral third party to facilitate a negotiation. Arbitration is used in legal situations, and is not a tactic that a person uses to diffuse a current situation.

SOURCE: EI:062

SOURCE: FD

SOURCE: LAP-EI-008—Make It a Win-Win (Negotiation in Business)

12. C

Assess the negotiating session. Once Sarah and Greg reach an agreement and establish terms, the negotiation is complete. This is the stage when the negotiator, Sarah, assesses how the session went. When she reviews or evaluates her actions, she can make adjustments for the next negotiating session. Sarah can't change Greg's negotiating style after the session occurs. Sarah and Greg reach a fair compromise during their negotiation, not afterwards. For optimal success, she should know Greg's position and interests before the negotiation begins.

SOURCE: EI:062

SOURCE: FD

SOURCE: LAP-EI-008—Make It a Win-Win (Negotiation in Business)

13. D

Career. When starting a new business, there is always risk—the possibility of loss or failure. When an entrepreneur leaves a successful career with a reputable company to start a business, there is the risk that the entrepreneur may unintentionally do something to damage her/his reputation. A poor reputation may hinder the entrepreneur's ability to go back to the career if the new venture fails. Olivia is not considering market, economic, or legal risks. Market risks relate to the business's customers or target market and may involve considerations such as product acceptance. Economic risks relate to factors that affect the business cycle (e.g., interest rates and unemployment rates). Legal risks relate to government regulations.

SOURCE: EN:010

SOURCE: EI

SOURCE: VanDeren, J. (2016, October 19). *Career risks: What they are and why we have to take them*. Retrieved October 27, 2017, from <https://blogs.cfainstitute.org/investor/2016/10/06/career-risks-what-they-are-and-why-we-have-to-take-them>

14. D

Cash payment. There are several forms of financial exchange and paying in cash is one of the most common forms. Financial exchange involves paying for a good or service. Individuals often pay in cash, especially for products that are inexpensive. Also, many individuals prefer to pay in cash because that prevents them from buying products they cannot afford. An investment is a financial product that an individual might pay for with cash. Insurance is a contractual agreement in which the insurer will pay for specified losses incurred by the insured in return for installment payments, also known as a premium.

SOURCE: FI:058

SOURCE: SS

SOURCE: Texas Education Agency. (2012). *Different forms of financial exchange*. Retrieved October 27, 2017, from <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=6&cad=rja&uact=8&ved=0ahUKEwjim4mspZHXAhVn6oMKHbHzAHcQFghCMAU&url=http%3A%2F%2Fdata.cteunt.org%2Fcontent%2Ffiles%2Fmarketing%2Fprinciples-business-marketing-finance%2Funit-6-principles-of-money%2F6-35-financial-exchange%2F6.35-guided-exercise-template.pptx&usg=AOvVaw1iD5PnrZUBKtHEDYZtaoFP>

15. B

Airline ticket. Many lending institutions and retailers offer credit cards, which allow individuals or businesses to purchase now and pay later. Because credit-card holders often pay high interest rates and other fees, they must be careful when using their credit cards so they don't charge more than they can pay off in a reasonable timeframe. Using credit cards to make large-dollar purchases often makes it easier to change or cancel transactions such as airfare. In fact, many businesses prefer credit cards as a payment method. Using a credit card to purchase a pack of gum, a magazine, or a small pizza is not a good idea, especially if the transaction fee is higher than the price of the good or service.

SOURCE: FI:058

SOURCE: CD

SOURCE: Gans, E. (2014, May 19). *When to use your credit card - and when to not*. Retrieved October 27, 2017, from <https://www.thesimpledollar.com/when-to-use-your-credit-card>

16. C

Dividends. Unearned income is money obtained from non-employment related sources. Dividends are sums of money paid to an investor or stockholder as earnings on an investment and are one way of obtaining unearned income. Other examples of unearned income are financial gifts such as a trust fund or inheritance. Wages are money payments for labor on an hourly, daily, or weekly basis. A commission is a percentage of the total sale amount paid to the individual or business that makes the sale. Fees are charges that customers pay for services that businesses offer. Fees are earned income for businesses and expenses for their customers.

SOURCE: FI:061

SOURCE: EI

SOURCE: Tatum, M. & Harris, B. (2017, October 19). *What is unearned income?* Retrieved October 27, 2017, from <http://www.wisegeek.com/what-is-unearned-income.htm>

17. B

Exceed the rate of inflation. When making investments, it is important to consider the time value of money, which is the difference between the money's current purchasing power in relation to its purchasing power at a future date. Earnings from investments can come in different forms, such as accumulated interest from debt securities or dividends from equity securities. At the end of the investment period, a successful investment will yield more money than the investor started with. However, it is important to consider the rate of inflation—which is an increase in prices of goods and services. If inflation increases more rapidly than the investment earns (e.g., 10%) during the investment period, then the value of money earned will not yield the desired results. Documents and forms do not affect the time value of money.

SOURCE: FI:062

SOURCE: IN

SOURCE: Carther, S. (2017, May 18). *Understanding the time value of money*. Retrieved October 27, 2017, from <http://www.investopedia.com/articles/03/082703.asp>

18. C

\$36,225. To determine the future value of your money, multiply the amount that you invest by the interest rate on the account ($\$35,000 \times 3.5\% = \$1,225$). Then, add your interest gained to your principal amount ($\$1,225 + \$35,000 = \$36,225$).

SOURCE: FI:062

SOURCE: EI

SOURCE: Carther, S. (2017, May 18). *Understanding the time value of money*. Retrieved October 27, 2017, from <http://www.investopedia.com/articles/03/082703.asp>

19. C

Compound interest. Accounts that earn interest on the lump sums deposited (\$100 per year in this example) as well as the interest earned in prior years are called compound interest accounts. Simple interest is calculated on lump sums only. Present value is the current value of one or more future cash payments, discounted at some appropriate interest rate. Inflation is a rise in the general level of prices of goods and services in an economy over a period of time. While inflation has caused the price of college to increase, it is not calculated into how Sophia's account earns interest.

SOURCE: FI:062

SOURCE: IN

SOURCE: Basic-mathematics.com. (2008-2016). *Simple vs. compound interest*. Retrieved October 27, 2017, from <http://www.basic-mathematics.com/simple-vs-compound-interest.html>

20. D

An investment that receives 5% interest compounded semi-annually. An investment that is compounded at 5% semi-annually will accumulate more interest than an investment that receives 5% compounded annually, 5% simple interest semi-annually, or even 10% simple interest annually.

SOURCE: FI:062

SOURCE: IN

SOURCE: Investopedia. (2017, September 21). *Compound interest*. Retrieved October 27, 2017, from <http://www.investopedia.com/terms/c/compoundinterest.asp>

21. C

Credit. There are different kinds of credit accounts that allow customers to buy now and pay later. These include budget accounts which are usually short-term credit arrangements, but the sales are not referred to as budget sales. In a cash sale, the full price is paid at the time of purchase. A layaway sale is a type of credit sale in which the customer does not take possession of the good or service until all payments have been made.

SOURCE: FI:002

SOURCE: CD

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

22. D

Installment credit. Installment credit is a type of credit account set up to handle one total amount of credit that is to be paid off in regular installments. It is commonly used to purchase large, expensive items. Revolving credit is a type of credit account that limits the total amount of money that may be owed and charges interest on outstanding balances. Open or regular credit allows credit users to buy at any time during a set period, usually 30 days.

SOURCE: FI:002

SOURCE: CD

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

23. A

Use secure web browsers when purchasing online. Identity theft occurs when an individual obtains and uses another person's information (e.g., credit cards) without that person's consent. To reduce the risk of identity theft, people should use secure web browsers to make purchases. Because Internet sales transactions often require a person to provide credit card information, it is important to make sure that the web browsers are secure. Using secure websites reduces the risk of computer hackers obtaining confidential information for fraudulent purposes. Another way to reduce the risk of identity theft is to memorize passwords. If a personal planner is stolen, the risk of identity theft goes up because the passwords are written down. Also, people should not share bank account numbers with others. When more people know an individual's banking information, the risk of identity theft increases. Everyday cash transactions do not require a purchaser to provide personal information and, therefore, do not pose a high risk for identity theft.

SOURCE: FI:073

SOURCE: FD

SOURCE: StaySafeOnline. (2017). *Online shopping*. Retrieved October 27, 2017, from <https://staysafeonline.org/stay-safe-online/online-safety-basics/online-shopping>

24. C

Credit is often necessary to make large purchases. For most people, it is difficult to pay cash for large, expensive items, especially when just starting a new job, as in Philip's case. Paying with credit can help Philip buy the car he needs. It is a good idea to build a good credit rating, but Philip's situation is not specifically an example of this. Philip's situation is not an example of how saving money is not an effective practice. It is also not an example of how credit is a marketing-information tool.

SOURCE: FI:002

SOURCE: SS

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

25. C

Repayment schedule. Individuals and businesses usually borrow money from financial institutions for large purchases, such as business equipment. A borrower must apply for the loan with the lender and provide the lender with necessary financial status information. The lender reviews this information to determine if the potential borrower is a good risk and is likely to pay back the loan. If the lender determines that the borrower meets the necessary criteria, the application is accepted and the loan process begins. The lender develops a formal document (contract) that the borrower must sign. The document contains information regarding the loan repayment terms and schedules. The contract does not include a tax code list, a proposal (request) for disbursement, or a guarantee of eminent domain.

SOURCE: FI:063

SOURCE: SS

SOURCE: Fay, B. (2017). *What is a loan agreement?* Retrieved October 27, 2017, from <https://www.debt.org/credit/loans/contracts/>

26. D

To meet future financial needs. There are many types of life insurance available to meet an individual's future financial needs. Some types of life insurance have cash value and can be redeemed at the end of the payment period. Other types are intended to make a lump sum payment to beneficiaries upon an individual's death. Many people decide what their financial needs or goals are in the future, and then invest in the types of life insurance policies that will meet those needs. Disability insurance, rather than life insurance, provides income to those who become disabled. Certain types of health insurance will pay for private health care. Individuals name their beneficiaries when purchasing life insurance policies, but that is not why they invest in those policies.

SOURCE: FI:064

SOURCE: RM

SOURCE: Kimbrell, G. (2012). *Succeeding in the world of work* (p. 285). Columbus, OH: McGraw-Hill Education.

27. C

College education. Most new parents begin saving for their children's college education after they are born, but some begin earlier. Tommy will likely have to pay for his own retirement and life insurance. As soon as he is born, he will likely be put on their health insurance until he can afford his own.

SOURCE: FI:064

SOURCE: FD

SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2009). *Personal finance* (9th ed.) [pp. 8-12]. New York, NY: McGraw-Hill Irwin.

28. C

Save more than he spends. By saving for retirement, he is ensuring that his life post-retirement is about the same standard as pre-retirement. Counting on an inheritance is risky. Investing in his factory's savings plan might be a smart step for Don, especially if the factory will match his contributions. Retiring later than planned will not make his retirement any more secure if Don does not practice wise saving habits now.

SOURCE: FI:064

SOURCE: FD

SOURCE: Brandon, E. (2013, June 3). *10 ways to pay for retirement*. Retrieved October 27, 2017, from <https://money.usnews.com/money/retirement/articles/2013/06/03/10-ways-to-pay-for-retirement-2>

29. C

Getting started now. The single most important aspect of making a financial plan and setting goals is getting started *now*. Learning to make hard choices, making enough money, and choosing a career path are important aspects of goal setting, but they are not as important as simply getting started.

SOURCE: FI:065

SOURCE: FD

SOURCE: Wilhoit, T. (2017, August 29). *Why you should start financial planning early*. Retrieved October 27, 2017, from <http://www.investopedia.com/advisor-network/articles/why-you-should-start-financial-planning-early/>

30. C

Realistic and specific. When setting goals, it's important to be as specific as possible. You should determine an amount, a purpose, and a timeframe for the money you plan to save. It's also important to be realistic. You don't want to get discouraged by setting a goal you have no chance of reaching.

SOURCE: FI:065

SOURCE: FD

SOURCE: Benve, R. (2017, July 6). *How to set SMART personal financial goals*. Retrieved October 27, 2017, from <https://toughnickel.com/personal-finance/How-to-Set-Personal-Financial-Goals-Budgeting>

31. B

Non-essential. The gum and the magazine are extras. An example of an essential expense would be paying the rent or car loans. Rent and car loans are also examples of fixed expenses. Variable expenses are also essential expenses, but they vary from month to month. Some examples are heating and electric bills, and gasoline.

SOURCE: FI:066

SOURCE: SS

SOURCE: Brunot, T. (2017, July 27). *How to identify "essential" and "nonessential" expenses*. Retrieved October 27, 2017, from <https://pocketsense.com/identify-essential-nonessential-expenses-12211191.html>

32. A

Rent, entertainment, and insurance. Individuals develop personal budgets to help them manage their money. A budget is an estimation of income and expenses. Expenses are money that a person spends and may include rent, entertainment, insurance, food, and utilities. Salaries (wages) and dividends are sources of income.

SOURCE: FI:066

SOURCE: FD

SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2009). *Personal finance* (9th ed.) [p. 89]. New York, NY: McGraw-Hill Irwin.

33. D

Interest rates. The value of your money changes over time due to many factors—inflation, interest rates, compounding, and even tax rates. That's why it's so important to save and invest wisely. The time value of money is not influenced by financial needs, banks, or world events.

SOURCE: FI:270

SOURCE: IN

SOURCE: Investopedia. (2016, February 18). *Time value of money - TVM*. Retrieved October 27, 2017, from <http://www.investopedia.com/terms/t/timevalueofmoney.asp>

34. C

Make money; future. To protect your financial well-being, it is important to both save and invest your money. Investing involves using money to make money. Investing helps you to reach your long-term goals, such as having enough money on which to live after retirement. There are many investment options available. For example, you may purchase bonds and earn interest, or you may purchase stock and earn dividends. Saving involves taking a portion of your current income and putting it away to use in the future. Saving is important for reaching personal short-term goals, such as taking vacations, or for unexpected situations, such as repairing your car. People do not invest money to spend it or to contribute interest. People do not save money for current, public, or historical use.

SOURCE: FI:270

SOURCE: SS

SOURCE: The Money Advice Service. (n.d.). *Should I save or invest my money?* Retrieved October 27, 2017, from <https://www.moneyadvice.org.uk/en/articles/should-i-save-or-invest>

35. B

Investing 18% of your annual income so you can retire at the age of 60. Long-term goals take longer than a year to accomplish. Investing a percentage of income over time so you have enough money for retirement is a step towards achieving a long-term financial goal. Saving money for a vacation that will occur in six months and obtaining funds to make a down payment on a house now are short-term goals. Allocating funds to cover bills is an aspect of personal budgeting.

SOURCE: FI:270

SOURCE: IN

SOURCE: Schwan, L. (2017, March 10). *Short-term or long-term, budget and save for your goals.* Retrieved October 27, 2017, from <https://www.nerdwallet.com/blog/finance/short-vs-long-term-goals/>

36. C

Inflation. Inflation is the increase in the cost of goods and services over time. Interest is the reward earned for saving or lending money. Compounding growth can be explained as earning interest on your interest. Investment is using money to make more money.

SOURCE: FI:270

SOURCE: SS

SOURCE: Investopedia. (2017, August 16). *Inflation.* Retrieved October 27, 2017, from <http://www.investopedia.com/terms/i/inflation.asp>

37. B

Determine net worth. Determining net worth involves comparing all assets to all liabilities to measure your financial well-being. Determining your net worth can give you a better picture of how financially sound you are by comparing all of your debts to all of your assets, rather than focusing only on debts, income, etc. Houston's example does not demonstrate why it is a good idea to avoid taking any loans, over-emphasizing debts, or focusing on income alone.

SOURCE: FI:562

SOURCE: SS

SOURCE: Mercadante, K. (2017, May 16). *6 reasons you should know your net worth and how to calculate it.* Retrieved October 27, 2017, from <https://investorjunkie.com/33673/know-net-worth-calculate/>

38. D

Endorsing. Signing the back of a check is considered endorsing it. Lalita must do this if she wants to deposit the check into her account. You keep track of checks in a check register. Lalita did not write the check. Instead, the person who gave her the check wrote it. Lalita is not making a withdrawal.

SOURCE: FI:560

SOURCE: SS

SOURCE: Hands on Banking. (2017). *The parts of a check.* Retrieved October 27, 2017, from <https://handsonbanking.org/youngadults/getting-started/learn/the-parts-of-a-check/>

39. A

The recipient's name. When you see the phrase "Pay to the order of," ask yourself, "To whom do I make this check out?" and fill in the answer. The payment amount in numeric form, the payment amount in word form, and your signature are all components of a signed check, but they go in different places on the check.

SOURCE: FI:560

SOURCE: SS

SOURCE: Pritchard, J. (2016, September 18). *How to write a check*. Retrieved October 27, 2017, from <https://www.thebalance.com/how-to-write-a-check-4019395>

40. A

Bank statement. Account holders interested in reviewing their financial transactions typically use a bank statement. These transactions include deposits, withdrawals, and transfers. This is not an example of overdraft protection, which is a service banks offer customers.

SOURCE: FI:070

SOURCE: SS

SOURCE: Investopedia. (2015, July 25). *Bank statement*. Retrieved October 27, 2017, from <http://www.investopedia.com/terms/b/bank-statement.asp>

41. A

Annual percentage rate. The annual percentage rate (APR) is the interest paid on the portion of the bill Sheila does not pay each month. An annual fee is a once-a-year payment made to the credit card company that permits the person to use the company's credit card. A late fee is issued when a person does not submit any payment at all by the monthly due date. An overdraft fee is charged by a bank when a customer writes a check for more money than is in his/her checking account.

SOURCE: FI:071

SOURCE: CD

SOURCE: Gerson, E.S., & Woolsey, B. (2017). *Picking the right card: Comparing the various types of credit cards*. Retrieved October 27, 2017, from <http://www.creditcards.com/credit-card-news/help/types-of-credit-cards-6000.php>

42. A

Selecting a credit card provider. Comparison shopping will help you determine which credit card providers offer the lowest interest rates and have minimal transaction fees. Doing some research before applying for and accepting the terms of a credit card can help you save money on credit. Credit bureaus collect your credit history to calculate your credit rating (score). Banks prepare your bank statements, and lending institutions develop and organize the loan applications that applicants complete.

SOURCE: FI:071

SOURCE: CD

SOURCE: Mapping Your Future, Inc. (2017). *Use your credit cards wisely*. Retrieved October 27, 2017, from <https://mappingyourfuture.org/money/creditcards.cfm>

43. B

Verify that the credit agencies have correct information. Credit is the arrangement by which individuals or businesses can purchase now and pay later. A credit agency is a business that maintains files of credit information on individuals and businesses. It is important to make sure that credit agencies have accurate information about your credit history because other businesses purchase the reports to make decisions about extending credit to you or providing a loan to you. Although people can provide information to improve their credit ratings, it is the credit agencies that change or update the information. Good credit reports can increase the chances of obtaining a bank loan, but reviewing the reports cannot ensure that people obtain bank loans. People who monitor their credit reports can reduce the risk of identity theft, but cannot eliminate the risk.

SOURCE: FI:072

SOURCE: CD

SOURCE: Practical Money Skills for Life. (2010). *Your credit history - The record of how well you handle credit*. Retrieved October 27, 2017, from http://www.whatsmyscore.org/downloads/pdf/PMS_Guide_CreditHistory.pdf

44. A

To avoid being denied credit. Individuals should periodically validate their credit histories to make sure that the information is correct. In some cases, inaccurate or false information may appear in a credit history, which will result in an individual being denied credit. To make sure this doesn't happen, individuals should review the information and contact the credit bureau to change or remove inaccurate information. Individuals do not validate their credit histories to understand credit laws, find out about different types of credit, or protect themselves from slander.

SOURCE: FI:072

SOURCE: CD

SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2009). *Personal finance* (9th ed.) [pp. 182-184]. New York, NY: McGraw-Hill Irwin.

45. D

Cancel all of his credit and debit cards. Identity theft occurs when somebody uses another individual's name and personal information (e.g. credit cards) for fraudulent purposes. The first thing Cameron should do when he realizes he has lost his wallet is to cancel his credit cards. By canceling the credit cards, Cameron will protect himself in the event that someone finds his wallet and attempts to use the credit cards. Financial institutions and businesses (e.g., retailers) issue credit cards, not government agencies. Cameron should contact the proper law enforcement authorities (e.g., police) if he thinks his wallet is stolen. He can report a lost wallet, and he can also change the passwords for his online banking accounts. However, the first thing he should do is to cancel his credit and debit cards.

SOURCE: FI:073

SOURCE: FD

SOURCE: Michael, P. (2012, April 30). *10 things you should do immediately after losing your wallet*. Retrieved October 27, 2017, from <http://www.wisebread.com/10-things-you-should-do-immediately-after-losing-your-wallet>

46. C

Installment. Installment credit is often used to make major purchases such as cars and trucks. The title of ownership will carry the purchaser's name, but the seller may hold the title or have a claim against it until all installment payments are complete. Regular and revolving credit purchases pass legal ownership to the buyer at the time of purchase. Trade credit is credit extended by one business to another business.

SOURCE: FI:002

SOURCE: CD

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

47. B

Obtaining credit in your name. Identity theft occurs when someone illegally obtains another person's information and uses that information to assume the other person's identity. It is important to protect against identity theft to prevent unauthorized individuals from using your information to obtain credit in your name. In most cases, the unauthorized person has no intention of paying for the credit, so the debt will be listed on your credit report, which may have a negative effect on your credit rating. It is not important to protect against identity theft to prevent unauthorized individuals from sending you information online or trying to sell you a product.

SOURCE: FI:073

SOURCE: CD

SOURCE: Campbell, S.R. (2010). *Foundations of personal finance: Teacher's Edition* (p. 348). Tinley Park, IL: Goodheart-Willcox Company.

48. B

Paying your accounts at the billers' websites. Although billers allow you to pay your bills at their websites for free, it will take you longer to go to each biller's website, enter your credit card information, and pay each bill. Using the services of others to expedite bill payment will generally cost a monthly fee; however, these services will take less time to use.

SOURCE: FI:565

SOURCE: CD

SOURCE: Dove, L.L. (2010, February 2). *Is it safe to pay bills online?* Retrieved October 27, 2017, from <https://money.howstuffworks.com/personal-finance/online-banking/is-it-safe-to-pay-bills-online2.htm>

49. D

Attorneys. Certain types of financial services often require the assistance of attorneys. For example, most people hire attorneys to help them prepare their wills to make sure that their assets are distributed properly. Also, some people set up guardianships to manage assets for minor children. Attorneys usually provide these types of financial services because wills and guardianship papers are legal documents. To protect the assets, it is important that these documents be prepared correctly. Executors are the individuals who carry out the terms of the will. Wills and guardianship papers often are filed with the appropriate court. Beneficiaries are the heirs.

SOURCE: FI:075

SOURCE: FD

SOURCE: Tatum, M. (2017, October 10). *What does an attorney do?* Retrieved October 27, 2017, from <http://www.wisageek.com/what-does-an-attorney-do.htm>

50. A

Commercial bank. A commercial bank provides a variety of financial services to individuals and businesses. Besides providing savings accounts and other savings options, banks also make loans and offer credit cards. Many large banks have trust departments and help individuals plan for retirement. Depending on the size of the bank, it may be possible to obtain all necessary financial services from that institution. The stock market itself does not provide financial services. A taxation department collects various types of taxes. A retirement community provides housing rather than financial services.

SOURCE: FI:075

SOURCE: SS

SOURCE: Campbell, S.R. (2010). *Foundations of personal finance: Teacher's Edition* (pp. 179-181). Tinley Park, IL: Goodheart-Willcox Company.

51. A

Certified financial planner. Financial planners help clients develop investment plans and prepare for the future. Financial planners recommend and sell financial products such as mutual funds, stocks and bonds, insurance, etc. When selecting a financial planner, it is important to make sure that s/he has the appropriate training and certification to provide financial services. Tax accountants, loan officers, and credit-union representatives do not usually have the credentials to provide in-depth financial advice and select appropriate investments for clients.

SOURCE: FI:075

SOURCE: FD

SOURCE: Ryan, J.S. (2010). *Managing your personal finances* (6th ed.) [p. 251]. Mason, OH: South-Western Cengage Learning.

52. C

Retail bank or credit union. Savings and loan banks, retail banks, and credit unions are depositing-taking institutions. A credit union is a nonprofit financial cooperative set up to provide savings and credit services to its members, who own the credit union. Retail banks offer a variety of services for consumers including checking and savings accounts, credit cards, and automobile loans. A savings and loan bank is a financial institution that offers savings accounts and makes loans to borrowers, most of which are for real-estate purchases. An investment bank is a financial intermediary that underwrites securities and facilitates mergers. A mortgage company specializes in real-estate (property) loans.

SOURCE: FI:075

SOURCE: SS

SOURCE: Spaulding, W.C. (1982-2017). *Types of depository institutions*. Retrieved October 27, 2017, from <http://thismatter.com/money/banking/depository-institutions-types.htm>

53. D

They are an investor's personal link to the stock exchange. Investment brokers are licensed and registered "middlemen"—without them, you can't invest. Brokers are the only people who are authorized to buy and sell securities, so they are an investor's personal link to the stock exchange. Brokers are not research analysts. Research analysis is a separate part of a brokerage house where in-depth investigation of companies and industries takes place. Brokers are salespeople—they get paid to make transactions for investors. Brokers are responsible for providing suitable investment council at all times, but this doesn't necessarily mean they're responsible for making the investor money. It just means that the advice a broker gives has to make sense for the present financial situation. Good brokers realize that the investor is ultimately in control of his or her own money. While a broker can make suggestions for the investor to consider, s/he shouldn't pressure the investor into making any decisions.

SOURCE: FI:076

SOURCE: FD

SOURCE: Elmerraji, J. (2017, February 13). *Picking your first broker*. Retrieved October 27, 2017, from <http://www.investopedia.com/articles/younginvestors/06/firstbroker.asp>

54. B

Company's comparison to competition. How a company stacks up to its competition is an important business factor to consider when choosing an investment. Time horizon, minimization of taxes, and risk tolerances are all personal factors you must consider.

SOURCE: FI:279

SOURCE: IN

SOURCE: Pinkasovitch, A. (2016, January 31). *How to pick a stock*. Retrieved October 27, 2017, from <http://www.investopedia.com/articles/basics/11/how-to-pick-a-stock.asp?lgl=rira-baseline>

55. C

Liquidity. Liquidity refers to the ease with which you can convert your investment dollars back into cash. When helping clients select investments, financial advisors should consider the clients' need for liquidity. Some clients may need to be able to get back cash quickly, while others have the ability to buy investments that they cannot turn into cash for a long time. Financial advisors usually do not consider depreciation, commission, or prestige when helping clients select investments.

SOURCE: FI:279

SOURCE: IN

SOURCE: Merrill Edge. (2017, October 27). *3 ways to select investments: Which is right for you?* Retrieved October 27, 2017, from <https://www.merrilledge.com/article/3-ways-select-investments>

56. D

Market. Valuing a stock based on how much investors are willing to pay for it is called market value. It is an economic value, not an accounting value. It also does not take into consideration intrinsic or underlying value.

SOURCE: FI:280

SOURCE: IN

SOURCE: Investopedia. (2016, March 22). *Market value*. Retrieved October 27, 2017, from <http://www.investopedia.com/terms/m/marketvalue.asp>

57. B

Show the relationship between numbers on a company's financial statements. They are invaluable in understanding how a company operates. Quantitative measures such as ratios *do* need to be used in context in order to be meaningful. They should *not* be used to compare companies in different industries because industries have unique characteristics. Ratios are not always figured the same way among different sources.

SOURCE: FI:280

SOURCE: IN

SOURCE: Hayes, A. (2017, October 10). *Ratio analysis: Using financial ratios*. Retrieved October 27, 2017, from <http://www.investopedia.com/university/ratio-analysis/using-ratios.asp>

58. C

What you want to accomplish. Before you invest for the long-term, determine what you want to accomplish and how much risk you are willing to face. Then, consider the risk/return tradeoff, so you can decide if the investment suits your goals and your risk tolerance. What others are doing, what your advisor recommends, and what your investment will do in the short-term are not relevant to long-term investing.

SOURCE: FI:283

SOURCE: IN

SOURCE: Securities and Exchange Commission. (n.d.). *Financial navigating in the current economy: Ten things to consider before you make investing decisions*. Retrieved October 27, 2017, from <https://www.sec.gov/investor/pubs/tenthingstoconsider.htm>

59. D

Financial statements. A company's annual report contains a wealth of information about the organization. While much of this information is at least tangentially helpful to individuals interested in investing in the company, the financial statements contained in the annual report are probably the most valuable, important sources of corporate financial data. Many potential investors review the financial statements to learn more about the company's financial "health," its profitability over a specific period of time, the amount of money it has, and the way in which the company manages its money. The auditor's report is essentially a statement of assurance that the data contained in the financial statements are accurate and presented in accordance with specific government rules and regulations. The listing of management/directors contains information about the company's senior executives and board of directors. The letter to the shareholders is narrative information from company management about what the company did that year, what they consider to be important achievements, and some ideas about where they plan to go next. Traditionally, the letter to the shareholders is very upbeat, regardless of how well (or how poorly) the company is actually doing.

SOURCE: FI:274

SOURCE: IN

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

60. C

Shareholder's equity. Shareholder's equity is determined by subtracting the liabilities from the assets on a balance sheet. Liability is what the company owes. Revenue is money that is earned. Cash flow consists of the money that comes into and flows back out of a company.

SOURCE: FI:274

SOURCE: IN

SOURCE: Investopedia. (2016, January 21). *Shareholders' equity*. Retrieved October 27, 2017, from <http://www.investopedia.com/terms/s/shareholdersequity.asp>

61. B

Ownership. Investments in which individuals purchase a portion or all of an item are called ownership investments. Mr. Daly purchased real estate, which is property that consists of buildings and/or land. Real estate is a type of ownership investment. Securities are the legal owning or lending agreements between individuals, businesses, or governments. Stocks are shares or units of ownership in a corporation. Escrow is a type of account in which money is held in a trust until the money can be transferred to the designated receiver.

SOURCE: FI:077

SOURCE: IN

SOURCE: LAP-FI-077—Invest for Success (Types of Investments)

62. A

Contract. Contracts are agreements among two or more parties stating that one party is to do something in return for something provided by another party. If one business promises to do something for another business in return for receiving compensation, the two businesses have a contract. Then, the businesses are obligated to fulfill their part of the contract. In most cases, contracts benefit both parties, although promising to do something in return for receiving compensation is not necessarily a benefit. Treaties are trade agreements among two or more countries. An enterprise is another term for a business.

SOURCE: BL:002

SOURCE: FD

SOURCE: Laurence, B. (2017). *Contracts 101: Make a legally valid contract*. Retrieved October 27, 2017, from <http://www.thinkstockphotos.com/image/stock-photo-hand-and-red-pen-grading-successful-essay/491450145>

63. B

Read the company's profile and annual report. To begin researching an investment, read the company's profile and annual report—looking for clues about the company's style, strategy for growth, and unique competitive challenges. Do not begin your research by comparing the company's strengths and weaknesses, by purchasing the company's products, or by visiting the company's headquarters. Those things can come later, if you want to pursue them.

SOURCE: FI:284

SOURCE: IN

SOURCE: Kennon, J. (2016, August 29). *How to research stocks and choose good investments*. Retrieved October 27, 2017, from <https://www.thebalance.com/how-to-research-stocks-and-choose-good-investments-4056941>

64. A

The company is involved in questionable accounting practices. A fundamental clue that it may be time to sell the stock you hold in a particular company is a rise in the company's "troubles"—such as legal issues, shady CEOs, questionable accounting practices, and disagreements among key executives. Changing the company's business strategy and hiring a vice president of human resources can be positive company changes. Short-term stock price drops are not necessarily indicative of a long-term change in profitability.

SOURCE: FI:284

SOURCE: IN

SOURCE: Adams, K. (2009, October 22). *Signs that it might be time to sell*. Retrieved October 27, 2017, from <http://www.investopedia.com/articles/basics/09/time-to-sell.asp>

65. B

Yes, you can buy renter's insurance. Renter's insurance is a form of liability coverage that can be purchased by those who rent or lease property to cover their possessions. The owner of the property should buy homeowner's insurance to cover the property. Life insurance would not protect your belongings as it is not paid out until the death of the policyholder.

SOURCE: FI:081

SOURCE: RM

SOURCE: Understand Insurance. (2017). *Landlord and renters insurance*. Retrieved October 27, 2017, from <http://understandinsurance.com.au/types-of-insurance/landlord-and-renters-insurance#tab-2>

66. B

Copayment. Health insurance covers such medical expenses as hospital bills, doctors' fees, and lab charges. Employers negotiate contracts with health insurance companies to obtain favorable or discounted group rates. Depending on the terms of the contract, the employers and employees pay a portion of the health insurance premium. A copayment is a predetermined out-of-pocket expense that the insured (employee) often pays at the time of service to cover a portion of the health-care provider's fee. The balance of the health-care provider's fee is applied to the employee's annual deductible or is covered by the insurance company after the deductible has been met. A surrender charge is a fee charged to a policyholder by a life insurance company when the insurance policy or annuity is surrendered or waived for its cash value.

SOURCE: FI:081

SOURCE: RM

SOURCE: Investopedia. (2015, September 3). *Co-pay*. Retrieved October 27, 2017, from <http://www.investopedia.com/terms/c/copay.asp#axzz1nDRJfKES>

67. B

Disability. Disability insurance provides a percentage of a worker's normal wages to the worker when s/he cannot work because of an illness or injury. Often, businesses obtain disability coverage for their employees as a component of their benefits package. Health insurance covers such medical expenses as hospital bills, doctors' fees, lab charges, and other medical costs. Liability insurance protects against lawsuits that result from injuries to others. Term-life insurance provides insurance coverage at a fixed rate for a limited amount of time. The beneficiary receives payment upon the death of the insured during that time.

SOURCE: FI:081

SOURCE: RM

SOURCE: World Institute on Disability. (2017, September 22). *Short-term and long-term disability insurance: The basics*. Retrieved October 27, 2017, from http://mn.db101.org/mn/programs/income_support/std_ltd/program.htm

68. A

Deductible. Qualified employees have the option of purchasing health insurance through their employers. This often involves a monthly fee, which is taken out of the employee's pay. Additionally, most employees are expected to pay a deductible. This means that an individual will need to pay a set amount (e.g., \$1,500) for medical services before the insurance company will begin paying for doctor's appointments, prescriptions, surgery, etc. A copay is a set amount of money that the insured must pay (e.g., \$25) for each doctor's office visit or prescription purchased. A premium is the fee paid to an insurance company for insurance coverage for a particular period of time. Insurance reserves refer to the amount of liquid assets that an insurer must have available to handle or cover insurance claims.

SOURCE: FI:081

SOURCE: RM

SOURCE: Blue Cross Blue Shield and Blue Care Network of Michigan. (1996-2017). *How do deductibles, coinsurance, and copays work?* Retrieved October 27, 2017, from <http://www.bcbsm.com/index/health-insurance-help/faqs/topics/how-health-insurance-works/deductibles-coinsurance-copays.html>

69. C

Probability. Risk has two dimensions—probability and impact. Probability is the likelihood that an event will occur. Probability is measured as a percentage and ranges from zero to 100%. Impact is the effect or influence of an event. The impact of events varies in terms of time, cost, and effects on health, human life, etc. The combination of probability and impact determine the severity of the risk. To determine the severity of the risk, managers quantify or score risks based on their probability and impact.

SOURCE: FI:084

SOURCE: RM

SOURCE: MindTools. (1996-2017). *Risk impact/probability chart*. Retrieved October 27, 2017, from https://www.mindtools.com/pages/article/newPPM_78.htm

70. A

She can start earning interest sooner. If Julie were to wait until after college to accept the gift, she would miss out on four years of interest payments that she could be earning. Therefore, she should accept the gift as soon as possible so that she can maximize her interest returns. Inflation does not increase the value of money over time; rather, it decreases the value. Julie will not necessarily pay fewer taxes on the gift before she begins college; taxes are dependent on many other factors.

SOURCE: FI:238

SOURCE: EI

SOURCE: Carther, S. (2017, May 18). *Understanding the time value of money*. Retrieved October 27, 2017, from <http://www.investopedia.com/articles/03/082703.asp>

71. A

Wage garnishment. Wage garnishment occurs when part of a paycheck is taken to pay off a person's debts. Joel's paycheck is being garnished so that creditors can get the money he owes on his loans. Repossession occurs when a person's property is seized to pay off a debt. For example, if a person isn't paying his/her car loan, the car may be repossessed. If a person has debts s/he cannot pay, s/he can file for bankruptcy, which can result in a court order forgiving most of her/his debts. However, bankruptcy can have long-lasting repercussions, including difficulty in obtaining a loan, home, or insurance. Debt consolidation involves using some form of credit (e.g., second mortgage, home equity line of credit, etc.) to pay off multiple other debts.

SOURCE: FI:568

SOURCE: CD

SOURCE: United States Department of Labor. (2016, November). *Fact sheet #30: The federal wage garnishment law, Consumer Credit Protection Act's Title III (CCPA)*. Retrieved October 27, 2017, from <https://www.dol.gov/whd/regs/compliance/whdfs30.htm>

72. B

Beneficiary. A beneficiary is a person who receives funds from a trust, will, or insurance policy. Marvin's daughter is his beneficiary, since he's leaving her all of his money. An executor is the person who is in charge of making sure the will is carried out. Probate is the process of determining whether or not a will is valid. A conservator is appointed when a person becomes incapacitated and needs someone to make decisions for him/her.

SOURCE: FI:572

SOURCE: SS

SOURCE: EstatePlanning.com. (2017). *What is estate planning?* Retrieved October 27, 2017, from <https://www.estateplanning.com/What-is-Estate-Planning/>

73. C

It can be expensive and time-consuming. Going through the probate process involves paperwork, court appearances, and legal fees. Avoiding the probate process can prevent the loss of time and money.

Probate does not keep property from being appraised; rather, it includes an appraisal process. Probate does not prevent beneficiaries from paying taxes, nor does it change the executor of a will. In the case that there is no executor, a judge will appoint someone.

SOURCE: FI:572

SOURCE: SS

SOURCE: Nolo. (2017). *Probate FAQ*. Retrieved October 27, 2017, from <http://www.nolo.com/legal-encyclopedia/probate-faq.html>

74. C

An online article that was written last month by a well-known marine biologist. An important consideration when evaluating the usefulness, validity, and timeliness of written information is the topic at hand and the author's expertise. A marine biologist studies aquatic life forms, so an article written by this individual is more likely to contain information about fish than a physics textbook, a retired brain surgeon's blog entry, or a newsletter from an organization that studies the effects of air pollution.

SOURCE: NF:079

SOURCE: FD

SOURCE: Southern Illinois University: School of Law Library. (n.d.). *Evaluating websites and other information resources*. Retrieved October 27, 2017, from <http://www.law.siu.edu/lawlib/guides/eval.htm>

75. B

It has citations and references to reputable journals. If an article is valid, it should cite its sources and include references to other valid studies, articles, or books. Being published on a popular blog does not necessarily mean an article contains valid information. If an article is in a persuasive political pamphlet, it may be biased, which means that the information will not necessarily be valid. If an article was written at least ten years ago, it may not be timely, which could affect its validity.

SOURCE: NF:079

SOURCE: FD

SOURCE: Cooper, M. (2017, April 4). *How to determine the validity of a research article*. Retrieved October 27, 2017, from <http://classroom.synonym.com/determine-validity-research-article-5035804.html>

76. A

Achieve success in life. Success has been defined as reaching the goals you have set for yourself. By establishing well-defined goals, you can greatly increase the chances of achieving success in life. Before you can set appropriate goals, you must identify your wants and then be willing to take action to satisfy those wants. Setting goals does not decrease personal needs or necessarily involve getting help from others.

SOURCE: PD:018

SOURCE: FD

SOURCE: LAP-PD-016—Go for the Goal (Goal Setting)

77. D

Remember. Putting the goal down in black and white makes the goal real, and it also serves as a reminder. Sharing is telling others about your goals, which helps you to be committed to your goals. Writing goals down will not help you to measure them, and it does not change them.

SOURCE: PD:018

SOURCE: FD

SOURCE: LAP-PD-016—Go for the Goal (Goal Setting)

78. B

Situation that you want to change. A problem is a situation that you want to change. A decision is a selection that fits your objective. A problem is not a feature you do not desire, nor a factor that affects your decision—though, you may *feel* as if undesirable features and influencing factors cause a problem.

SOURCE: PD:017

SOURCE: FD

SOURCE: LAP-PD-017—Weigh Your Options (Decision-Making)

79. B

Extensive. Decisions that demand a lot of careful consideration, such as deciding which college to attend, are known as extensive decisions. Limited decisions refer to decisions that require a little time to look at each alternative, and routine decisions are ones you hardly have to think about at all. Neither applies to your college search, since you'll likely be spending a great deal of time deciding where to go. Problematic isn't a term used to describe decision-making styles.

SOURCE: PD:017

SOURCE: FD

SOURCE: LAP-PD-017—Weigh Your Options (Decision-Making)

80. C

Select an appropriate career. Self-understanding is comprehending one's personal abilities, interests, values, attitudes, and personality traits, and recognizing their effects on one's behavior. Since selecting a career involves determining how much satisfaction can be obtained in an occupation and comparing that information to individual needs, self-understanding is a major advantage in making this important decision. It is a trait that effectively controls one's own behavior, not the lives of others. Success is not ensured through self-understanding, but it may be assisted. Self-understanding helps to identify unmet needs which could lead to satisfying them.

SOURCE: PD:013

SOURCE: EI

SOURCE: Clark, B., Basteri, C.G., Gassen, C., & Walker, M. (2014). *Marketing dynamics* (3rd ed.) [pp. 608-609]. Tinley Park, IL: Goodheart-Willcox.

81. C

Taking courses required of those who do this kind of work. Whether you can complete the courses successfully will tell you whether you can succeed in a particular field. For example, doing well in basic and advanced accounting courses would indicate you have a good chance of being successful as an accountant. Talking to someone in the field, asking your counselor for information about job opportunities, and contacting businesses in the field are good ways of gathering information; but they are not predictors of success.

SOURCE: PD:013

SOURCE: EI

SOURCE: Torpey, E. (2015, January). *Career planning for high schoolers*. Retrieved October 30, 2017, from <https://www.bls.gov/careeroutlook/2015/article/career-planning-for-high-schoolers.htm>

82. A

Educational. Some positions require a person to obtain more education and training than others. For example, in some countries, a person must go to a four-year college and then to law school to become a lawyer. Other positions require extensive technical or vocational training. In general, gender, intensity, and health requirements are not primary factors when considering different factors that affect career options and selection.

SOURCE: PD:022

SOURCE: EI

SOURCE: Torpey, E. (2015, January). *Career planning for high schoolers*. Retrieved October 30, 2017, from <https://www.bls.gov/careeroutlook/2015/article/career-planning-for-high-schoolers.htm>

83. D

Informational interview. The informational interview is used to learn about careers, get advice on preparing for careers, obtain industry information, and make contacts with people working in the field of interest. Employment interviews are used to screen applicants for jobs. Occupational review and industry analysis are not career search tools.

SOURCE: PD:023

SOURCE: EI

SOURCE: Doyle, A. (2016, November 19). *How an informational interview can help your career*. Retrieved October 30, 2017, from <https://www.thebalance.com/how-an-informational-interview-can-help-your-career-2058564>

84. B

Aptitude. An aptitude is a natural talent for learning a specific skill. Because math comes easy to Serena, she has an aptitude for it. Because she is good in math, Serena might consider a career that involves math, such as financial planning, engineering, or accounting. A habit is a repetitive behavior. A benefit is a specific advantage or reason for doing something. A procedure is the step-by-step process that a person follows when performing a specific task.

SOURCE: PD:023

SOURCE: EI

SOURCE: McKay, D.R. (2016, September 24). *What is aptitude?* Retrieved October 30, 2017, from <https://www.thebalance.com/what-is-aptitude-526175>

85. A

Websites of professional organizations. Most business specialties have a professional organization, such as the National Association of Business Economics. Today, many professional organizations also have a website that includes information about the type of jobs in the profession. Many websites also provide information about the training necessary for jobs in the profession and a listing of members who may have positions available. Classified ads in urban newspapers and community-college student centers are not good sources of detailed information about specific careers. Corporate human-resource departments only provide information about careers in their businesses.

SOURCE: PD:025

SOURCE: EI

SOURCE: LAP-PD-015—Go for It! (Careers in Business)

86. D

Leaving blank spaces. When completing an employment application, you should answer all the questions and fill in all the blanks. If the question does not pertain to you, write "NA" for not applicable. If you do not know the answer, write "unknown." By filling in all the spaces, you indicate to the employer that you have read all the questions even if you don't have the answers. Employment applications usually require your signature. You should always specify the job for which you are applying and provide exact data on the employment application.

SOURCE: PD:027

SOURCE: EI

SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (p. 596). Columbus, OH: Glencoe/McGraw-Hill.

87. B

Seasonal position only. Many employment applications ask applicants the reason for leaving a previous job. An acceptable answer is because the position was seasonal. Many teenagers work in seasonal or part-time positions and can freely state that they left because their services were no longer needed. Applicants should not answer with negative comments about previous employers such as not liking the manager or finding the work environment too structured. Those may be the true reasons for leaving, but applicants should keep that information to themselves. Applicants probably would not want to indicate that they had been terminated for cause.

SOURCE: PD:027

SOURCE: EI

SOURCE: Skillings, P. (2017, April 2). *How to answer: Why did you leave your last job?* Retrieved October 30, 2017, from <https://biginterview.com/blog/2013/04/why-did-you-leave-your-last-job.html>

88. B

Attach a resume. Many businesses make it possible for individuals to complete job applications online. This system speeds up the process of obtaining and reviewing applications. Part of the online application process often includes attaching a current resume, which provides the business with additional information about the applicant. When individuals apply online, they should be prepared to attach a resume if requested. If an applicant is selected for an interview, that person may be expected to take a test. Individuals who complete job applications online are not expected to send a photograph or use a code name.

SOURCE: PD:027

SOURCE: EI

SOURCE: Doyle, A. (201, July 3). *Learn how to apply for jobs online*. Retrieved October 30, 2017, from <https://www.thebalance.com/how-to-apply-for-jobs-online-2061598>

89. C

Be brief and to the point. Your letter of application should be limited to no more than a few paragraphs. The purpose of the letter is to let the company know that you are interested in further discussion about the job opening and that you are qualified for the position. The letter should not include a list of references, as those belong in your résumé. You should never mention that you are applying for other jobs or that you may be called for other job interviews.

SOURCE: PD:030

SOURCE: EI

SOURCE: Doyle, A. (2017, June 1). *What is a letter of application?* Retrieved October 30, 2017, from <https://www.thebalance.com/what-is-a-letter-of-application-2062031>

90. C

Education. Individuals should stress their education and achievements at school when they have very little work experience. Prospective employers are interested in finding out if the applicants have the training and ability to perform well on the job. If applicants explain that they have the educational background to do the work, prospective employers are often willing to interview them. Information about references is listed in a resume. Letters of application usually do not contain information about an individual's personality or activities unless those activities relate directly to the job.

SOURCE: PD:030

SOURCE: EI

SOURCE: Doyle, A. (2017, August 22). *How to explain an employment gap on your résumé*. Retrieved October 30, 2017, from <https://www.thebalance.com/how-to-explain-a-gap-on-your-resume-2063188>

91. A

Obtain the permission of the people whose names you use. Never give someone's name as a reference on a résumé unless you have asked the person if s/he is willing to be listed. This is not only courteous, but it gives the person time to think about what s/he should say about you if asked. References should be previous employers, instructors, or others who can verify your job skills, not personal friends who may not be able to answer questions about your skills. Initials may be used if the first name is unknown, but it is better to use the first name for the most accurate identification of the person.

SOURCE: PD:031

SOURCE: EI

SOURCE: wikiHow. (2017, August 2). *How to include references on a résumé*. Retrieved October 30, 2017, from <https://www.wikihow.com/Include-References-on-a-Resume>

92. D

Targeted. Some jobs have certain requirements that applicants should respond to by preparing résumés that provide specific information about the applicant's qualifications. For example, a person applying for a sales position might mention experience in the restaurant business if the job was related to selling supplies to restaurants. Writing the résumé to target specific types of jobs might give an applicant an advantage over someone who provided a general résumé. A chronological résumé lists an applicant's education and experience in order according to date, beginning with the most recent. A functional résumé emphasizes major accomplishments according to importance rather than date. A generalized résumé contains broad, general information rather than specific information. Generalized, chronological, and functional résumés are frequently used résumé formats.

SOURCE: PD:031

SOURCE: EI

SOURCE: Grayson, B. (2009, June 11). *How to create a personalized résumé*. Retrieved October 30, 2017, from <http://ezinearticles.com/?How-to-Create-a-Personalized-Resume&id=2463545>

93. A

Electronic funds transfer. Electronic funds transfer (EFT) is a service that allows the bank to transfer funds from one account to another account without the exchange of paper money. Customers often use EFT to pay their bills (e.g., utilities, mortgage). Typically, customers authorize the bank to transfer funds from their savings or checking accounts to the payees' accounts on a specific day of the month. The advantage of electric funds transfer is that the customer saves postage and check-writing fees. Debt consolidation involves merging the debt owed to multiple entities and making a single payment to a financial institution, which usually charges a lower interest rate. A line of credit is a type of short-term loan that banks often provide to individuals and businesses. The loan amount is available for the customer to use when it is needed. Typically, the customer does not pay interest on the amount of money that it does not use. Certificates of deposit are a type of investment.

SOURCE: PD:154

SOURCE: SS

SOURCE: Federal Trade Commission. (2012, August). *Electronic banking*. Retrieved October 30, 2017, from <https://www.consumer.ftc.gov/articles/0218-electronic-banking#electronic>

94. C

Liability. Liability insurance pays for costs related to another person's injuries and/or damage to another person's property. Gavin would likely need liability coverage to pay for repairs to the fence. Uninsured motorist coverage pays your bills when a driver without insurance hits you. Comprehensive coverage is used to pay for costs associated with theft, fire, vandalism, and natural disaster. Medical payments coverage is used if you, your passengers, or family members are injured in an accident.

SOURCE: PD:319

SOURCE: RM

SOURCE: Allstate Insurance Company. (2016, November). *Typical components of an auto insurance policy*. Retrieved October 30, 2017, from <https://www.allstate.com/tools-and-resources/car-insurance/components-auto-insurance.aspx>

95. B

Home modifications such as ramps. Long-term care insurance covers expenses associates with chronic illnesses, disabilities, or other conditions that require help over an extended period of time. Long-term care insurance policies can cover a wide range of expenses, including the cost of making adaptations to make a home safer and more accessible (such as a ramp). Bills for emergency surgery are covered by medical insurance. Expenses associated with funeral services can be covered by life insurance. Costs of home repairs after a fire are covered by home insurance.

SOURCE: PD:333

SOURCE: RM

SOURCE: AARP Education & Outreach. (2016, May). *Understanding long-term care insurance*. Retrieved October 30, 2017, from <https://www.aarp.org/health/health-insurance/info-06-2012/understanding-long-term-care-insurance.html>

96. A

A direct stock purchase plan. When Jill buys stock directly from Coca-Cola, she is participating in a direct stock purchase plan. A direct stock purchase plan is a plan in which investors buy securities directly from the issuing company, bypassing commission fees. A securities exchange is a place (physical or virtual) where stocks are traded by brokers who represent buyers and sellers. The over-the-counter market is a place for trading securities outside of a formal exchange. Direct trading is trading among investors without the use of a licensed broker.

SOURCE: PD:236

SOURCE: IN

SOURCE: Roth, J.D. (2012, June 20). *How to invest using direct stock purchase plans*. Retrieved October 30, 2017, from <https://www.forbes.com/sites/moneybuilder/2012/06/20/how-to-invest-using-direct-stock-purchase-plans/#4f57fa282715>

97. B

Recall or ban the doll. Product recall is the removal from the marketplace of a product that is defective or hazardous to consumers. This doll should be recalled before further injuries occur. Testing products before they enter the marketplace, reviewing safety standards, and providing warnings and instructions are consumer protection measures that should already have taken place.

SOURCE: PM:017

SOURCE: FD

SOURCE: LAP-PM-007—Protect and Serve (Consumer Protection)

98. D

Provide detailed written instructions. To protect customers, businesses must advise customers about how to use their products safely. Complex products that require assembly or that have multiple functions should provide detailed written instructions to help the customer assemble or use the product correctly. When the product is assembled or used correctly, there is less risk of injury to the product user and less risk associated with product damage. Offering a service guarantee, implementing a return policy, and using recyclable packaging are not actions that will help reduce the risk of personal injuries and product damage.

SOURCE: PM:017

SOURCE: FD

SOURCE: LAP-PM-007—Protect and Serve (Consumer Protection)

99. A

To explain company goals. A business plan is the written document that is developed before starting a business. It explains the goals and objectives of the company and how the company intends to achieve those goals. Before a business can operate successfully, it needs to have a clear understanding of what it is and what it hopes to accomplish. Without specific goals, businesses often fail. Business plans are not intended to develop credit policies, list distribution methods, or provide research facts.

SOURCE: SM:007

SOURCE: EI

SOURCE: Kurtz, D. (2013). *Contemporary marketing*. (p. A-20). Mason, OH: South-Western Cengage Learning.

100. B

Appendices. At the end of the document are the appendices—the extra bits of information that describe or lend support to a point made in the document. The table of contents lists all of the business plan's sections with corresponding page numbers, so that information is easily accessible. The executive summary gives an overview of the entire document. The company description accurately portrays the new company or venture, provides a history of the company, and shows the current business structure, among other things.

SOURCE: SM:007

SOURCE: EI

SOURCE: LAP-SM-007—Plan Now, Succeed Later (Nature of Business Plans)

