Principles of Business Administration

2013 EXAM

International Career Development Conference, 2013

This comprehensive exam was developed by MBAResearch and Curriculum Center®, under contract with DECA, Inc.
1. Which of the following statements is true of legally binding contracts:
   A. They are not valid unless written.
   B. They clearly outline both sides of an agreement.
   C. Breaking one results in a lawsuit and possibly jail time.
   D. They are enforceable for legal and illegal acts.

2. Which of the following is an example of a policy that's influenced by environmental law:
   A. In many places, seatbelts are required by the government.
   B. Drinking water must meet state, provincial, and federal quality standards.
   C. Medicine must be approved to be marketed to the public.
   D. Drivers must obey posted speed limits.

3. Which of the following statements is true of corporations:
   A. They function independently of their owners.
   B. They cannot sue or be sued.
   C. Owners are liable for the corporation's actions.
   D. They have limited life spans.

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

5. Which of the following statements regarding company policies is true:
   A. Company policies and procedures are the same thing.
   B. Company policies identify general company rules.
   C. Company policies describe emergency measures.
   D. Company policies identify very specific employee actions.

6. Asking questions is important because it
   A. gives you a chance to voice your opinion.
   B. can clear up misunderstandings.
   C. helps you become a passive participant in the conversation.
   D. helps your brain process speech more quickly.

7. Which of the following is a correct interpretation of a common nonverbal cue:
   A. Clenched fists can signal intelligence and awareness.
   B. Crossed arms can signal friendliness and availability.
   C. Fidgeting can signal nervousness or impatience.
   D. Eye contact can signal anger or irritation.

8. To evaluate any idea objectively, it is important to consider
   A. personal opinions.  C. market research.
   B. potential problems.  D. competitors’ activities.

9. One way to effectively contribute to a group discussion when you don’t know much about the topic being discussed is to
   A. quickly form an opinion to share with the group.
   B. bring up a different topic that you know more about.
   C. let the more informed group members handle the conversation.
   D. ask questions to clarify what someone else is saying.
10. Elizabeth is giving a speech about Abraham Lincoln. She starts with his early political life, moves on to his time as president, and then ends with his death. What common organizational pattern is she using for her speech?
   A. Chronological  C. Spatial
   B. Topical  D. Cause-and-effect

11. Alma is preparing a presentation about her department’s budget to make to the company president. She wants to use a visual representation of the budget that shows parts in relation to the whole. Alma should consider using a
   A. pie chart.  C. line graph.
   B. table.  D. bar graph.

12. Maria, a human resources manager, wants to send a message to everyone in her office about an upcoming change in the company's insurance policy. She should deliver this message
   A. in a memo.  C. through a letter.
   B. verbally.  D. with an informal e-mail.

13. 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:  C. To Whom It May Concern:
   B. Dear Mr. Smith:  D. Dear Alex Smith:

14. Jerald works for a cancer charity, and he’s in charge of writing a letter asking for donations. He’s determined his objective (raising money), and he has a list of potential donors to whom to send letters. He wants to grab the reader’s attention in the first line of his letter, so he should
   A. tell a joke to break the ice.
   B. ask the reader a provocative question.
   C. say something general so it applies to more people.
   D. explain the history of the charity.

15. An effective executive summary
   A. is written for people who won’t read the whole document.
   B. includes every point from the business report.
   C. uses technical terminology to show the writer’s expertise.
   D. features complex compound sentences.

16. To participate effectively in a staff meeting, you should
   A. answer e-mails during slow points so you don’t waste any company time.
   B. bring up any personal concerns so that they can be discussed with the group.
   C. read important documents and do research ahead of time so you’re prepared.
   D. share your opinion on each topic discussed so your manager knows you’re paying attention.

17. What should you do if a customer is being difficult or demanding?
   A. Promise to give the customer a significant discount.
   B. Ignore him/her, and focus on another customer.
   C. Tell the customer that his/her attitude is inappropriate.
   D. Continue to treat him/her with courtesy and respect.

18. When doing business with clients from another culture, you should always be sure to
   A. take the opportunity to tell the other person how you do things in your culture.
   B. research the culture and history of the people with whom you’re doing business.
   C. use humor to ease tension and make everyone more comfortable.
   D. always speak English, since it’s considered the international language of business.

19. How can you reassure difficult customers?
   A. Offer to let them speak to your manager.
   B. Let them have what they want.
   C. Carefully explain why they’re wrong.
   D. Show that you’re on their side.
20. Elizabeth has many ways of interacting with her favorite store. She can visit it in person and speak to an employee, check out the store’s web site online, receive one of its e-mail newsletters, or look at its Facebook page. The ways Elizabeth interacts with the store are
   A. touch points.  C. brand interactions.
   B. contact spots.  D. customer exchanges.

21. Alison likes to shop at a certain grocery store. She could possibly find better prices at other stores, but she feels comfortable with this one. Rather than shopping around, Alison prefers
   A. business process management.  C. advocacy.
   B. relationship buying.  D. corporate culture.

22. Although there are many grocery stores near her, Sara always shops at a particular one. This is because the baggers at her preferred store help the customers carry groceries out to their cars. By offering to help customers carry their groceries, the store is increasing ________ utility.
   A. form  C. place
   B. task  D. time

23. Rob was planning to go on a cruise. However, when prices went up significantly, he decided to delay his trip. This is an example of what type of demand?
   A. Necessary  C. Utility
   B. Inelastic  D. Elastic

24. A manufacturer wants to ensure that each product it makes meets certain standards so that customer complaints and product returns will be kept at minimal levels. Meeting this goal depends on the part of operations known as
   A. inventory management.  C. purchasing.
   B. strategic management.  D. quality control.

25. A clothing company keeps track of fashion trends so that it knows which styles will sell next season. Which of the following is the company most likely to use to collect information about these trends:
   A. Cultural intelligence  C. Environmental scanning
   B. Lobbying  D. Social responsibility

26. Carol is a helpful, facilitative manager. She doesn’t insist on rigid job descriptions for her employees, and she focuses more on outcomes than she does on traditional business functions. Carol is a/n ________ manager.
   A. reactive  C. innovative
   B. proactive  D. competitive

27. Which of the following characteristics is true of a private enterprise system:
   A. Property and income are distributed equally.
   B. Unemployment and poverty are eliminated.
   C. The government owns and controls the economic resources.
   D. Businesses are free to choose what they wish to produce.

28. Which of the following risks can be covered by insurance:
   A. Changing customer needs  C. Interest rate fluctuations
   B. Obsolescence  D. A car accident

29. The Food and Drug Administration, or FDA, tests foods, cosmetics, and drugs to prevent the sale of unsafe items. What type of government control is this?
   A. Monopoly  C. Regulatory
   B. Licensing  D. Wage/Price
30. How do unions benefit businesses?
   A. Unions can help businesses save time by recruiting employees.
   B. Unionized companies pay higher wages.
   C. Unions sometimes take control of personnel matters such as promotions.
   D. Unions give employees more bargaining power.

31. Which of the following activities is part of the primary stage of production:
   A. Manufacturing
   B. Fishing
   C. Construction
   D. Banking

32. Which of the following is a typical result of price instability:
   A. Wealth is redistributed in a way that is often productive to the economy.
   B. It becomes difficult for consumers to plan ahead.
   C. Long-term government projects are easier to arrange.
   D. Businesses often hire more employees.

33. Determine if the following statement about business cycles is true or false: A trough can be seen as a good sign for the economy.
   A. True. Hitting rock-bottom can imply that recovery is on the way.
   B. True. The economy is at its healthiest in the trough phase.
   C. False. After a trough, the economy usually continues to decline.
   D. False. Hitting rock-bottom means that recovery is a long way off.

34. Western societies tend to place a high value on using verbal communication and saying what you mean. Which type of culture does this illustrate?
   A. High-context
   B. Low-context
   C. Individualist
   D. Collectivist

35. Which of the following is true of emotional intelligence:
   A. It means you’re an emotional person.
   B. It helps you manage your emotions.
   C. It’s also known as “book smarts.”
   D. It’s not a good predictor of future success.

36. When assessing your personal strengths and weaknesses, it’s very important to
   A. try to hide your weaknesses.  C. be as hard on yourself as possible.
   B. compare yourself to other people.  D. get input from other people.

37. Which of the following is a good way to show initiative at work:
   A. Using free time to surf the web
   B. Dressing in appropriate clothing
   C. Volunteering to stay late to finish a project
   D. Being friendly and courteous to coworkers

38. Anna really wants to go shopping with her friend Bethany on Tuesday, but she’s scheduled to work. Bethany tells her, “Just call in sick. No one will know!” Anna considers it, but she decides to go work and honor her commitment. Which element of responsibility does this example illustrate?
   A. Courage
   B. Fairness
   C. Compassion/Respect
   D. Accountability

39. Optimists are often more responsible than pessimists because optimists
   A. don’t blame others for their mistakes.
   B. don’t accept responsibility for their own actions.
   C. make excuses and point fingers.
   D. don’t make mistakes.
40. When giving constructive criticism, it’s important to do so in a _______ manner.
   A. public  
   B. nonthreatening  
   C. forceful  
   D. humorous

41. If you “find your own way,” work hard, and receive credit for your own accomplishments, you are illustrating
   A. collectivism.  
   B. ethnocentrism.  
   C. cultural sensitivity.  
   D. individualism.

42. John and his coworkers get along well, and they frequently talk about their personal lives while eating lunch together at the office. Which of the following topics is appropriate for John to bring up with his coworkers:
   A. The church service he’d like his coworkers to attend  
   B. The details of his divorce proceedings  
   C. The job he’d like to have in 5 years  
   D. What he watched on TV last night

43. During a negotiation with a big client, Kevin makes sure he understands what the client says. He repeats the client’s statements and asks for clarification when he’s confused. When the client speaks, Kevin doesn’t try to figure out what he’ll say next. Instead, he concentrates on the client’s words. Kevin is practicing
   A. active listening.  
   B. role playing.  
   C. bargaining.  
   D. directed attention.

44. Julie comes to work every day in sweatpants, even though everyone else in her office dresses up. Her boss thinks this is inappropriate. What’s driving this conflict?
   A. Unclear boundaries for behavior  
   B. Authority  
   C. Opposing/Competing situations  
   D. Exclusion

45. If you and your teammates cooperate with each other and you feel like you’re “all in this together,” you benefit from shared
   A. accountability  
   B. competition.  
   C. innovation.  
   D. reflection.

46. In a consensus-building group, the facilitator is the person who
   A. takes notes.  
   B. is in charge of the group.  
   C. keeps the discussion on track.  
   D. makes sure everyone has equal time to speak.

47. The first step towards becoming a leader is
   A. believing you can do it.  
   B. being a role model.  
   C. becoming a manager.  
   D. demonstrating empathy.

48. Maggie owns an auto repair business. She’d like to be the best auto repair shop in the city. Is this a goal or a vision?
   A. A vision. It’s long term, overarching, and inspirational.  
   B. A vision. It’s specific, measurable, and time bound.  
   C. A goal. It’s long term, overarching, and inspirational.  
   D. A goal. It’s specific, measurable, and time bound.

49. If you like rules, directions, and close supervision, you would probably work best with which of the following types of managers:
   A. Interdependent  
   B. Democratic  
   C. Laissez-faire  
   D. Authoritarian
50. Jorge is considering whether to invest $100 at his bank, but first, he wants to know what his $100 will be worth in a year. To figure this out, Jorge needs to know the
   A. interest rate.  C. time value of money.
   B. present value.  D. investment rate.

51. Jordan buys a sofa from a local furniture store that advertises “90 days same as cash.” She’s able to have the sofa delivered to her house immediately without paying anything. However, if she doesn’t pay for the sofa within the 90 day period, she’ll be subject to finance charges. Jordan bought the sofa using a ________ credit account.
   A. revolving  C. regular
   B. budget  D. installment

52. Which of the following is a measurable goal:
   A. I want to save $3,000 for a new truck.
   B. I’d like to spend less money on clothing.
   C. I want to pay off some of my credit card debt soon.
   D. I’m thinking of buying a house next year.

53. What is one way you can prevent identity theft?
   A. Only give out personal information when the other person initiated the contact.
   B. Memorize your social security number, and keep your card at home.
   C. Throw away all credit card statements, receipts, and credit offers.
   D. Only give out personal information to someone who says s/he works for a legitimate company.

54. Lin earns $35,000 of taxable income a year. She’s unmarried, has no dependents, and doesn’t earn any money from interest. Which tax form should she file?
   A. 1040EZ
   B. 1040A
   C. 1040
   D. Lin doesn’t need to file taxes because of her income level.

55. Which of the following statements is true of good investment brokers:
   A. They are responsible for making sure the investor makes money.
   B. Most of them are research analysts.
   C. They are an investor’s personal link to the stock exchange.
   D. They control an investor’s money.

56. Sheila decides to invest some of her money. She doesn’t like to take big risks, and she wants to be able to access all of her money at all times. She also doesn’t mind not earning much interest. Sheila should invest her money in a
   A. stock.  C. certificate of deposit (CD).
   B. savings account.  D. money market account (MMA).

57. When Dan buys a new company truck for his small business, he decides to purchase an extended warranty. What type of risk management is Dan engaging in?
   A. Acceptance  C. Mitigation
   B. Avoidance  D. Transference

58. Which of the following is a true statement about bookkeeping:
   A. It is carried out on a monthly basis.
   B. It includes balancing the books and posting to ledgers.
   C. Most of it is done by hand.
   D. Certified accountants are responsible for carrying out each step.
59. Mariana works in the accounting department of a large company. Her boss is pressuring her not to record all of the company’s revenue in the business’s financial records. If she follows his instructions, the company will appear to have a smaller income and won’t have to pay as much in taxes. He tells Mariana that this is a normal thing to do, but Mariana’s pretty sure it’s wrong. Is this practice legal?
A. No; this practice is known as sales skimming.
B. Yes; this is a common business practice.
C. No; this practice is known as money laundering.
D. Yes; if Mariana’s boss requires her to do something, she should do it.

60. A graphic design firm decides to rent a new office. The cost of renting this building is considered a
A. owner equity.  C. cost of goods.
B. operating expense.  D. asset.

61. When Casey looks at her small business’s income statement, she’s excited to see that her profit is much more than she expected. However, she soon realizes that she’s looking at the total profit before all other expenses have been deducted. Casey is looking at her
A. operating expenses.  C. revenue.
B. net income.  D. gross profit.

62. Michael is a financial manager at his company. He needs to decide which project the company should invest in, so he estimates each potential project’s value to the business. What process is Michael using?
A. Working capital management  C. Capital structure
B. Capital budgeting  D. The cash conversion cycle

63. When Matt developed the yearly budget for his department, his boss required him to demonstrate the need for every expense instead of relying on last year’s budget. Matt developed a ______ budget.  
A. zero-based  C. percentage-increase
B. rolling  D. master

64. Which of the following is a human resources staffing activity:
A. Recruiting qualified workers  C. Ensuring legal compliance
B. Revising a training program  D. Negotiating benefit packages

65. Lucia, a business owner, just hired a new employee. What is one thing she should be sure to do on the employee’s first day?
A. Assign the new employee a mentor who can answer any questions s/he may have.
B. Start the new employee on work right away so that s/he becomes accustomed to his/her job duties.
C. Provide the new employee with all the details of every project s/he will be working on.
D. Let the employee work on trivial tasks for a few days so that s/he can ease into working.

66. Which marketing function helps businesses answer questions like, “Who are our customers?” and “Where are they located?”
A. Marketing-information management  C. Pricing
B. Product/service management  D. Promotion

67. Donald owns a small photography business. He wants to project a warm, friendly image to the public, so he makes sure his website, marketing efforts, and employees are all welcoming and approachable. Donald is concerned with
A. expanding.  C. branding.
B. supporting a cause.  D. increasing sales.
68. Heather is writing a report about a controversial issue—the death penalty. Which of the following sources is a good choice for Heather’s research:
   A. A blog post from a professor of economics at Harvard
   B. A press release from a group of anti-death penalty activists
   C. An article from a 1995 edition of the New York Times
   D. An article from the current issue of Time magazine

69. Irene has always kept and filed every piece of paperwork she receives. When she needs to find a specific document for her boss, Irene wastes hours looking through her filing cabinets before she finally finds it. What should Irene do to make her filing more efficient?
   A. Hire a new employee to handle her files.
   B. Store all of her documents virtually online.
   C. Create a system and keep only what she needs.
   D. Purge her old documents, throwing everything away.

70. In an effective information management system, all information is
   A. abstract.  C. quantitative in nature.
   B. accessible to everyone.  D. accurate.

71. Which of the following is a negative effect that technology has on business:
   A. Businesses often cut employee-assistance programs.
   B. Less emphasis is placed on research and development.
   C. It’s more difficult to enter new and foreign markets.
   D. Some technologies can create pollution.

72. Although Jillian enjoys her job, she’s having some trouble getting along with certain coworkers. She wants to e-mail her boss about the problem, but she’s afraid her boss may misinterpret the e-mail or see her as a negative person. Jillian wants to use proper e-mail etiquette, so she should
   A. use emoticons (like smiley faces) in her e-mail so she won’t seem like she’s complaining.
   B. talk to her boss in person instead of sending an e-mail.
   C. write a lengthy e-mail to make sure her boss won’t misunderstand her.
   D. be informal and make jokes so she won’t appear too negative.

73. At home, Bill uses Firefox to view web pages. At work, he uses Google Chrome to look at the same pages. These software programs that “translate” HTML-encoded files into websites that Bill can read are examples of
   A. uniform resource locators.  C. listservs.
   B. browsers.  D. search engines.

74. Which of the following statements is true of spreadsheets:
   A. A row is where a column and cell intersect.
   B. “Row” and “column” are interchangeable terms.
   C. A column is horizontal, while a row is vertical.
   D. A cell is where a column and row intersect.

75. To create a web site that people will want to visit, you should use
   A. a Flash intro that will grab the viewers’ attention.
   B. lots of sounds and images to make the site more fun.
   C. intuitive navigation so your viewers can browse easily.
   D. several different fonts to keep visual interest.

76. Alana works in human resources. She is responsible for maintaining information about each company employee’s hiring, evaluations, promotions, and reprimands. Alana is responsible for maintaining the company’s ________ records.
   A. asset  C. payroll
   B. personnel  D. promotional
77. Identify the protocol component in the following Uniform Resource Locator (URL):


A. www.usatoday.com  C. money/media
B. http  D. htm

78. Which of the following elements is part of a business’s external environment?

A. Tax code  C. Marketing
B. Research and development  D. Personnel

79. At Joe’s manufacturing plant, quality is built into their entire operating system. From the design stage onward, they check their product constantly to make sure there aren’t any costly reworks after it’s already made. Joe’s company practices quality

A. operations.  C. conformance.
B. inspection.  D. assurance.

80. Which of the following is a workplace hazard:

A. An employee falls off a ladder while painting a house.
B. A restaurant kitchen has a slippery spot where someone spilled oil.
C. A receptionist is diagnosed with carpal tunnel syndrome.
D. A landscaper develops heat stroke.

81. Tom, an employee at a manufacturing plant, injures himself when a scrap of metal flies out of a machine and into his eye. Mindy, his manager, must handle the situation. What should she do first?

A. Address Tom’s medical needs and get him to a doctor.
B. Discipline Tom for not wearing safety goggles as instructed.
C. File an accident report and interview witnesses.
D. Check the machine to see if it’s malfunctioning.

82. Which of the following is an example of intellectual property:

A. A business owner buys new computers for the office.
B. An inventor obtains a patent for a new product.
C. A restaurant kitchen is stocked with food.
D. A manufacturing company buys a new machine.

83. A publishing company is releasing a 10th anniversary edition of a popular cookbook. The new edition features an updated foreword and a few new recipes, but otherwise it’s the same as the old cookbook. This cookbook is a(n) ________ project.

A. R&D  C. breakthrough
B. platform  D. derivative

84. Which of the following is the best example of the types of resources it takes to complete a project successfully:

A. Food  C. Encouragement
B. Materials  D. Energy
85. Purchasing's ultimate goal and purpose is always to obtain the right goods and services from the right suppliers at the right price. To reach this goal, purchasing specialists must be sure to
   A. get the best price from suppliers, even if it damages relationships.
   B. purchase as much as possible when goods are needed.
   C. locate back-up sources of goods and services.
   D. select the supplier with the lowest bid.

86. Maurice, a coffee shop owner, is choosing a new vendor to supply his shop with napkins, cups, and other paper products. He has several vendors to choose from, and he's not sure which to pick. For the best results, Maurice should choose the supplier who
   A. has the most advanced technology.
   B. has the lowest prices.
   C. views relationships as partnerships.
   D. has the best reputation in the community.

87. Kristina recently started her own candle company. After figuring out what kind of candles she wants to make and what they will look like, she has shifted her attention to how the candles will be produced and in what amounts. Kristina is engaging in
   A. dispatching.
   B. product placement.
   C. production planning.
   D. purchasing.

88. Mel works in the quality department of a manufacturing plant. When there's a problem with the production line, she writes the problem down on a piece of paper. Then, she writes down all the factors that are involved. After that, she writes down all of the possible reasons for the factors that led to the problem. Mel is using a quality tool known as a
   A. cause-and-effect diagram.
   B. check sheet.
   C. histogram.
   D. scatter diagram.

89. What can you do to help your company control expenses?
   A. Follow company policies and procedures.
   B. Focus strictly on how much work you can get done.
   C. Handle sales transactions as quickly as possible.
   D. Carry out research and development activities.

90. When dealing with equipment maintenance, it’s important to always remember that
   A. it’s less costly to fix a problem than to prevent one.
   B. warranties are generally unnecessary and should be avoided.
   C. regular equipment checks can find problems while they’re small.
   D. you should keep equipment running while doing maintenance.

91. Sonya just started a new job at an office with a “corporate casual” dress code. However, her boss tells her that Fridays are “dress down” days. On Wednesday, Sonya starts to get nervous when she realizes she doesn’t know what she should wear on Friday. What should Sonya do?
   A. Ask her boss or coworkers what is appropriate to wear.
   B. Wear what she thinks will be appropriate and then gage her coworkers’ reactions.
   C. Dress the way she did on “dress down” days at her last job.
   D. Focus on her work—the dress code is unimportant.

92. Jerry works in a large department store. His goal for this weekend is to get 10 customers to sign up for the store credit card. Which of the following best describes Jerry’s goal
   A. Performance-based and long-term
   B. Learning-based and short-term
   C. Performance-based and short-term
   D. Learning-based and long-term

93. Which of the following questions should you ask yourself when defining a problem:
   A. Am I making assumptions about the situation?
   B. What are the possible positive and negative consequences?
   C. Is this situation worthy of my time and attention?
   D. What are all the possible solutions?
94. After Ben wrote his article for the company newsletter, he looks at his “in box” and sees the budget report that he has been dreading to work on. Since the budget report is due later in the week, he moves it to the bottom of the pile, and starts researching a more enjoyable project that is due in two months. What is Ben doing?
   A. Multi-tasking 
   B. Procrastinating 
   C. Prioritizing 
   D. Organizing

95. Tony works for a large insurance company. His job is to support the company president, schedule his/her appointments, and answer his/her phone calls. Tony works in
   A. marketing communications. 
   B. operations management. 
   C. administrative services. 
   D. human resource management.

96. Which of the following characteristics are necessary for entrepreneurs to be successful:
   A. Timidity and organization 
   B. Determination and aggression 
   C. Optimism and risk-aversion 
   D. Creativity and innovation

97. Which of the following choices best completes this sentence: An effective letter of application is
   A. addressed to a specific person in the company. 
   B. a summary of the information on your résumé. 
   C. a form letter. 
   D. at least one page long.

98. Lauren is looking for a new job, so she attends as many networking fairs as she can. Since she often meets new people, she has prepared a 30-second speech that describes her qualifications, her skills, and her background. This short personal description is Lauren’s
   A. job hunting speech. 
   B. personal brand speech. 
   C. networking pitch. 
   D. elevator pitch.

99. Juan is a neurosurgeon at a hospital. When he tells people he’s a doctor, he’s referring to his
   A. promotion. 
   B. job. 
   C. career. 
   D. occupation.

100. Shinju has been in her position for awhile, and she’d like to get a promotion. The last time Shinju talked to her boss about it, her boss said that Shinju will need more training before he’d consider promoting her. What should Shinju do to get ahead?
   A. Talk to coworkers and tell them she wants a promotion 
   B. Wait for her boss to assign her more training 
   C. Take a class to learn new skills in her industry 
   D. Defend herself and tell her boss she has enough training already
Principles of Business Administration

2013 EXAM | ANSWER KEY

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This comprehensive exam was developed by MBAResearch and Curriculum Center®, under contract with DECA, Inc.
1. B
They clearly outline both sides of an agreement. Legally binding contracts are meant to clearly outline an agreement. This way, disputes and litigation can hopefully be avoided. Legally binding contracts don’t actually have to be written; they can still be valid if they’re verbal, but they’re much easier to prove if they are in writing. Breaking a contract doesn’t always result in a lawsuit or jail time. In fact, most people avoid lawsuits at all costs, since they tend to be expensive and lengthy. Contracts are only enforceable for legal acts.
SOURCE: BL:002

2. B
Drinking water must meet state, provincial, and federal quality standards. Water meeting state, provincial, and federal quality standards is required by environmental law. Environmental law includes all government regulations that protect the environment, wildlife, endangered species, water, and land and that prevent pollution and over-cutting of forests. Because of environmental law, businesses must dispose of hazardous chemicals in safe, approved ways to protect the land and water. They also must meet emissions standards to protect the quality of the air. Seatbelts, medicine, and speed limit regulations are all important, but none of them are influenced specifically by environmental law.
SOURCE: BL:073

3. A
They function independently of their owners. The U.S. Supreme Court defines a corporation as an “artificial being, invisible, intangible, and existing only in contemplation of the law.” A corporation functions independently of its owners and has legal rights, duties, and powers. A corporation is able to sue and be sued. Since the corporation is considered separate from its owners, the owners are not liable for its actions. Corporations have unlimited life spans.
SOURCE: BL:003
SOURCE: BL LAP 1—Own It Your Way (Business Ownership)

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

5. B
Company policies identify general company rules. Company policies are rules made in advance by management to assist employees in decision making. They are typically general rather than specific in nature and relate to the company’s overall vision. Company policies also describe whom the rules apply to and why they exist. Company policies and procedures are not the same; company procedures provide more detailed step-by-step plans of how to carry out policies and processes. Company procedures identify very specific employee actions, such as what to do in the event of an emergency.
SOURCE: CO:057
6. B
Can clear up misunderstandings. Asking questions can help you clarify, understand, and clear up misunderstandings. When you’re attempting to listen, it’s not the time to voice your opinion. By asking questions, you become an active, not passive, participant in the conversation. While asking questions is beneficial, it doesn’t help your brain process speech more quickly. Your brain is actually very efficient already; it can process speech four times as fast as people can talk.
SOURCE: CO:017
SOURCE: QS LAP 1—Listening: An Active Process

7. C
Fidgeting can signal nervousness or impatience. A person typically fidgets when s/he is nervous, impatient, or bored. Crossed arms usually signal defensiveness, not friendliness and availability. Clenched fists often signal tension and anger, not intelligence and awareness. Eye contact by itself doesn’t usually mean a person is angry or irritated. Sometimes eye contact can express interest, but other times it can be seen as intimidating. For this reason, it’s important not to rely 100% on nonverbal cues when interpreting a person’s message.
SOURCE: CO:059

8. B
Potential problems. Objectivity involves evaluating something without bias. To evaluate without bias, you should look at the situation from different points of view and evaluate the positives and negatives of the ideas presented. Developing a pros and cons list can help you identify possible benefits and problems associated with the idea. Conducting research (e.g., market research, competitive analysis) and obtaining facts to support an idea may or may not be necessary.
SOURCE: CO:061

9. D
Ask questions to clarify what someone else is saying. If you don’t know much about the topic at hand, you might feel that you have very little to contribute. But, one way to participate even if you’re not an expert in the subject is to use a questioning technique to clarify what someone else is saying. You might ask a question that rephrases or builds on another person’s statement. You shouldn’t bring up another topic that you know more about—it’s important to remember the purpose of the discussion. Although the people who know the most (or have the most experience) naturally tend to lead the conversation, that doesn’t mean you should completely check out. Focus on paying attention so that you can ask clarifying questions when appropriate. You may be eager to contribute, but that doesn’t mean you should voice an uninformed opinion. You might say something inaccurate, which wouldn’t help the overall purpose of your conversation.
SOURCE: CO:053
SOURCE: QS LAP 29—Put In Your Two Cents (Your Input Is Important!)

10. A
Chronological. Elizabeth puts her information about Abraham Lincoln in time sequence, otherwise known as chronological order. Topical order involves arranging into related subcategories, such as pros and cons. Spatial order arranges material according to physical space or geography, like showing the layout of a new building. Cause-and-effect order emphasizes the relationship between events and their consequences. It could be used to demonstrate the effects of smoking or the benefits of exercise.
SOURCE: CO:025
SOURCE: QS LAP 9—Well Said!
11. A

Pie chart. If Alma wants to illustrate her budget by showing parts in relation to the whole, she should use a pie chart. A table is a visual way of displaying information in rows and columns. A bar graph shows values across categories. Line graphs usually depict information over time. Although Alma might want to use these types of graphics for other parts of her presentation, the pie chart is the best way to show how the parts of her budget add up to form the whole.


12. A

In a memo. Memos are typically used to inform or persuade an internal audience. Since Maria wants to inform the employees about insurance policy changes, writing a memo is an ideal choice. Maria should not communicate this information verbally, since it will be useful for the employees to have a record of the information. Typically, letters are written for an external audience, so a letter wouldn’t be appropriate for the information Maria needs to share. Although Maria may consider sending a formal e-mail, she’ll want to avoid sending an informal e-mail to her coworkers about something as important as insurance policy changes.


13. D

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.


14. B

Ask the reader a provocative question. When writing a persuasive letter, it’s important to grab the reader’s attention right away. One way to do this is by asking the reader a provocative question. Because the reader will likely want to find out the answer, s/he will keep reading. Although telling a joke might seem like a good idea, it’s better to avoid humor in a persuasive letter. Jerald doesn’t know what the reader finds funny, and s/he may be offended by the joke (especially since Jerald works for a cancer charity). It’s better to be as specific as possible in the opening of the letter—many people glaze over openings that are too vague or general. Jerald may want to include some of the charity’s history later in the letter if it helps the cause, but he should try to use something catchier in the intro. Facts about the charity’s history are unlikely to keep the attention of the reader.

15. A
Is written for people who won’t read the whole document. The executive summary is often read by people who simply don’t have time to read the entire report. That’s why it’s so important to make sure your executive summary is as accurate and error-free as possible. You don’t need to include every point from the business report—an executive summary should only be about 1/10th the length of the original document. Focus on including only the main points. Avoid using too much technical terminology. The executive summary is often read by people who aren’t experts in the field, and it needs to be easily understood by everyone. For the same reason, it’s also important to avoid using complex sentences. Remember that the executive summary will often be skimmed by busy people. Help them understand your executive summary by making it as easy-to-read as possible.
SOURCE: CO:091

16. C
Read important documents and do research ahead of time so you’re prepared. The most important way to participate in a staff meeting is by making sure you’re prepared! Read any necessary documents, and do research if needed. Personal concerns should not be brought up in staff meetings; instead, bring these up in private meetings with your manager. Although you may be tempted to respond to e-mails or check your phone during any slow points in the meeting, it’s important to pay attention. Even if you don’t know much about the topic everyone else is discussing, listen politely. You don’t need to share your opinion about everything being discussed. You don’t want to dominate the conversation—give someone else a chance to speak! Quietly listening is appropriate and polite.
SOURCE: CO:063

17. D
Continue to treat him/her with courtesy and respect. Even if a customer is difficult and demanding, s/he should still be treated well. You should never ignore a customer, and it’s out of line to tell a customer that his/her attitude is inappropriate. You also shouldn’t confront customers. Even if they’re being rude, you still must treat them respectfully. Be careful about making promises to the customer that you might not be able to fulfill. Broken promises are poor customer relations, so avoid promising anything unless you’re absolutely sure that your manager would approve.
SOURCE: CR:003
SOURCE: CR LAP 1—Accentuate the Positive (Nature of Customer Relations)

18. B
Research the culture and history of the people with whom you’re doing business. Many things can differ from culture to culture—gestures, idioms, values, holidays, etc. A gesture that’s perfectly fine in your culture might be deeply offensive in another! To avoid problems, and to show respect, it’s best to do some research on the culture of the people with whom you’re doing business. However, remember not to rely on stereotypes when communicating—each person you talk to is an individual with his/her own personality. You shouldn’t try to educate the other person about your culture—learning about her/his culture shows respect, which is extremely important in most business dealings. Although you may be tempted to make a joke, avoid using humor. It’s often culturally specific, so you risk not being understood—or worse, offending someone. English is the preferred language of most businesses, but that doesn’t mean everyone uses it. Again, it shows respect to learn at least a few key phrases in the other person’s language.
SOURCE: CR:019
19. D
Show that you’re on their side. It’s important to let difficult customers know that you’re there to ease their concerns. If you let them know you’re on their side, they’ll feel reassured, which will make them easier to deal with. Although it can be tempting to let difficult customers have what they want, it’s not always ideal or even possible. You definitely shouldn’t attempt to tell customers that they’re wrong—even if they are wrong, listen to their complaint, and see if you can work towards a solution that will make them happy. There are some occasions when taking a problem to your manager is the best thing to do, but most of the time you can resolve customer problems on your own. Your manager will certainly appreciate it if you can make difficult customers happy without getting him/her involved.

SOURCE: CR:009
SOURCE: CR LAP 3—Making Mad Glad (Handling Difficult Customers)

20. A
Touch points. A touch point is the point of contact between a business and its customers. Anytime a customer and business interact, whether in person or not, it’s a chance for the business to reinforce its brand. A company’s web site, its newsletters, and its Facebook page are all touch points. Contact spots, brand interactions, and customer exchanges are not terms commonly used to refer to touch points.

SOURCE: CR:001

21. B
Relationship buying. Alison wants to stick with one grocery store; therefore, she engages in relationship buying. Today’s customers tend to prefer relationship buying to shopping around. They find businesses they feel comfortable with and stick with them. Although Alison could shop other places, she doesn’t want to spend her time or effort looking for a new business to deal with. Business process management involves a business aligning its objectives and activities with customer needs. Advocacy is a goal of customer experience management that relates to word-of-mouth promotion and referrals to other companies. Corporate culture refers to the values and ideals that an organization encourages among its employees.

SOURCE: CR:016
SOURCE: CR LAP 2—Know When to Hold ’Em (Nature of Customer Relationship Management)

22. B
Task. Task utility is the usefulness created by altering or changing the characteristics of a service (or task) to make it more useful to the consumer. When marketers offer a new or updated service, they are creating or increasing benefits for consumers by doing something helpful or useful. When the grocery store offers to help people carry out their groceries, it is increasing benefits for customers like Sara. Form utility is the usefulness created by altering or changing the form or shape of a good to make it more useful to the consumer. Place utility is the usefulness created by making sure that goods or services are available at the place where they are needed or wanted by consumers. Time utility is the usefulness created when products are made available at the time they are needed or wanted by consumers.

SOURCE: EC:004
SOURCE: EC LAP 13—Use It (Economic Utility)

23. D
Elastic. When consumers like Rob adjust their demand for products due to fluctuations in price, the demand is said to be elastic. In other words, demand changes when prices change. Demand for products that are extras or luxuries, such as cruises, is typically elastic. More consumers will book a cruise when the price is low than when it is high. Inelastic demand occurs when the demand for a good or service is constant, even if the product’s price changes. Utility, which refers to the usefulness of a product to the potential consumer, determines the basic demand for the product. Necessary isn’t a type of demand.

SOURCE: EC:005
SOURCE: EC LAP 11—It’s the Law (Supply and Demand)
24. D
Quality control. Ensuring that products meet predetermined standards for excellence is known as quality control, and it is part of operations. Purchasing and inventory management are also part of operations, but purchasing refers to acquiring necessary goods and services, and inventory management means supervising inventory levels to make sure there is an appropriate balance. Strategic management refers to the business’s plans and goals for the future.
SOURCE: EC:071
SOURCE: EC LAP 19—Strictly Business (Business Activities)

25. C
Environmental scanning. Keeping track of external factors and their changes is part of a process known as environmental scanning. This process brings important information to light for a business’s owners or managers; for example, a clothing company can use environmental scanning to track an external factor (e.g., fashion trends) that will affect its business. Lobbying occurs when a person or group attempts to influence lawmakers to pass or block certain legislation. Cultural intelligence refers to an understanding of and sensitivity to the differences in customs, traditions, and values that exist among cultures. A business’s social responsibility is its duty to contribute to the well-being of society.
SOURCE: EC:105
SOURCE: EC LAP 26—What’s Shakin’? (Factors Affecting Business Environment)

26. C
Innovative. Innovative management is more participative than traditional forms of management. As a result, employees are usually included in decision-making processes. Under innovative management, company leaders are more facilitative than controlling. They also allow employees to work under less rigid job descriptions and focus more on outcomes than they do on traditional business functions. In proactive management, companies anticipate and plan in advance for a change. Proactive organizations are often innovative as well, but they are not necessarily the same thing. Reactive is the opposite of proactive—reacting to outside events when they occur instead of anticipating them beforehand. Competitive isn’t a style of management.
SOURCE: EC:107
SOURCE: EC LAP 25—Keep the Change (Adapting to Markets)

27. D
Businesses are free to choose what they wish to produce. In a private enterprise economic system, the market is self-regulated and self-controlled. This means that businesses can choose what they wish to produce. Unemployment and poverty aren’t eliminated in a private enterprise system. If production drops because sales are low, companies may lay off workers or go out of business, which can lead to unemployment and poverty. The government doesn’t own or control the economic resources in a private enterprise system. Instead, individuals and businesses are in charge, while the government steps in only to protect citizens. Property and income are not distributed equally in a private enterprise—some people own a great deal of property while others own little or none.
SOURCE: EC:009
SOURCE: EC LAP 15—People Power (The Private Enterprise System)

28. D
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: EC LAP 3—Lose, Win, or Draw (Business Risk)
29. C
Regulatory. The Food and Drug Administration (FDA) is known as a regulatory agency. It was set up to monitor business activity. Because regulatory agencies are constantly watching to see that businesses follow the law, they are often referred to as watchdog agencies. Licensing is another form of government control, but it refers to the process of issuing a permit allowing an individual or a business to function in the marketplace. To obtain a license, the business or individual must meet government requirements. A monopoly isn’t a type of government control—the government actually tries to ban or regulate monopolies. A monopoly exists when a single business influences the entire production of a particular good or service. Governments sometimes use wage or price controls to influence how much businesses pay workers and/or charge for their products.
SOURCE: EC:008
SOURCE: EC LAP 16—Regulate and Protect (Government and Business)

30. A
Unions can help businesses save time by recruiting employees. Although some individuals don’t think that businesses gain any benefits from unions, there are actually some advantages to having unionized employees. For example, unions can help with the recruitment of new employees, which can save businesses time and money. Unionized companies typically pay their employees higher wages and offer better benefits. This isn’t necessarily good for the business, since they must find ways to maintain profits and cover the cost of higher wages. When unions take control of personnel decisions, management loses the power to decide who gets promoted. While having more bargaining power is definitely good for the employees, it isn’t necessarily good for the business.
SOURCE: EC:015
SOURCE: EC LAP 5—Get United (Organized Labor)

31. B
Fishing. The primary stage of production involves harvesting or extracting products from the earth. This includes fishing as well as mining, farming, and hunting. Manufacturing and construction are both considered part of the secondary stage of production. In this stage, raw materials are turned into finished goods. Tertiary production is the service industry—in other words, tertiary production involves an intangible product. This includes banking, entertainment, law, and many other services.
SOURCE: EC:023

32. B
It becomes difficult for consumers to plan ahead. If there is no inflation or deflation, prices in the economy stay mostly constant. This is known as price stability. When prices are instable, it becomes difficult for consumers to plan ahead. How can consumers budget for major purchases when they can’t predict prices? While price instability often causes the redistribution of wealth, this isn’t usually good for the economy. Long-term government projects aren’t easier to arrange when there is price instability—in fact, price instability makes it much more difficult for governments to plan. Just as consumers have a hard time committing to big financial plans during economic uncertainty, the government finds it difficult to plan large projects when prices fluctuate. Price instability does not cause businesses to hire more employees; in fact, price instability typically discourages businesses from taking on costly expenditures like hiring new people.
SOURCE: EC:083
33. A
True. Hitting rock-bottom can imply that recovery is on the way. Although it sounds very negative, a trough is sometimes seen as a positive sign. Hitting rock-bottom can imply that recovery is on the way. A trough is certainly not when the economy is at its healthiest, though—it’s actually the lowest point of economic activity. The economy can’t decline after a trough, since the trough is the fourth and final phase of the business cycle. The economy remains at this low point until consumers and producers once again become hopeful about business and buy more goods and services.
SOURCE: EC:018
SOURCE: EC LAP 9—Boom or Bust (Impact of Business Cycles)

34. B
Low-context. A low-context culture relies primarily on verbal communication, like speaking up and saying exactly what you mean. Most Western societies fit into this category. Cultures that rely heavily on nonverbal communication to get messages across are known as high-context cultures. Individualist and collectivist cultures aren’t necessarily related to communication. In an individualist society, group ties are loose; everyone is expected to take care of her/himself. For example, the United States is known as an individualist society. In a collectivist society, people are integrated into strong, loyal groups, such as extended families. Guatemala is known as a strongly collectivist culture.
SOURCE: EC:045
SOURCE: EC LAP 24—On Top of the World (Impact of Culture on Global Trade)

35. B
It helps you manage your emotions. Emotional intelligence is the ability to recognize and manage emotions in yourself and others. It doesn’t have anything to do with being an emotional person—a person who cries easily and one who never shows his/her emotions can have the same level of emotional intelligence. “Book smarts” aren’t the same as emotional intelligence—the term is typically used to describe IQ, or a person’s cognitive ability. Many people feel that emotional intelligence may actually be the best predictor of success in life. A person with emotional intelligence has many of the characteristics necessary for success, like problem solving skills, flexibility, and the ability to get along with others.
SOURCE: EI:001
SOURCE: EI LAP 6—EQ and You (Emotional Intelligence)

36. D
Get input from other people. While self-assessment implies working alone, it can actually be very helpful to get another opinion. Others can point out strengths and weaknesses you might not have known about. You don’t want to compare yourself to others—self-examination isn’t a competition. Everyone has different strengths and weaknesses. Try not to be too hard on yourself. While recognizing weaknesses is important, obsessing over them isn’t helpful. You also shouldn’t hide weaknesses—everyone has areas that need improvement. Your assessment will only be successful if you’re completely honest about your strengths and weaknesses.
SOURCE: EI:002
SOURCE: EI LAP 17—Assess for Success (Assessing Personal Strengths and Weaknesses)

37. C
Volunteering to stay late to finish a project. By staying late without being asked, you’re showing initiative by trying to do more than you’re told to do. Dressing appropriately is certainly important for job success, but it doesn’t have anything to do with initiative. Using your free time to surf the web isn’t an example of initiative. When a person with initiative has downtime at work, s/he will find ways to assist his/her team instead of wasting valuable company time. While being friendly and courteous to coworkers will go a long way towards making your work environment more pleasant, it isn’t a way to show initiative.
SOURCE: EI:024
SOURCE: EI LAP 2—Hustle! (Taking Initiative at Work)
38. D
Accountability. Accountability means doing what you say you will do. When Anna goes into work instead of shopping, she’s honoring her commitment to her job. Anna’s acting responsibly and showing that she’s an employee to count on. Fairness, compassion/respect, and courage are all important elements of responsibility, but they aren’t shown in Anna’s actions.
SOURCE: EI:021
SOURCE: EI LAP 21—Make the Honor Role (Acting Responsibly)

39. A
Don’t blame others for their mistakes. Optimists still make mistakes, but they don’t blame them on others. When they’re wrong, they’re willing to say, “I screwed up.” Optimists accept responsibility for their own actions, and they don’t make excuses or point fingers. This is quite the contrast from pessimists, who typically don’t accept responsibility for their actions. Pessimists usually blame others when they make a mistake.
SOURCE: EI:019
SOURCE: EI LAP 3—Opt for Optimism (Positive Attitude)

40. B
Nonthreatening. Constructive criticism should always be given in a nonthreatening way. People don’t usually respond well to criticism when they’re afraid. Criticism should never be given in public, as doing so could embarrass the message receiver. It’s also best to avoid being forceful, as that might be perceived as threatening. While sometimes humor can help you deliver a bad message, it’s a better idea to focus on being nonthreatening, thoughtful, and nonjudgmental instead of being funny.
SOURCE: EI:003
SOURCE: EI LAP 15—Grin and Bear It (Using Feedback for Personal Growth)

41. D
Individualism. When people “find their own way” and focus on individual accomplishments, this is known as individualism. Western culture places a high value on this. Many other cultures place a high value on collectivism, or group accomplishments. Ethnocentrism refers to the belief that your own culture is naturally better than other cultures, and cultural sensitivity is the willingness to adjust your values and behaviors so that you value people and ideas from other cultures.
SOURCE: EI:033
SOURCE: EI LAP 11—Getting to Know You (Cultural Sensitivity)

42. D
What he watched on TV last night. John spends a significant amount of time with his coworkers, so it’s normal for him to share some aspects of his life. But while it’s appropriate to share some things, other topics should always be off limits. What he watched on TV last night is a good topic for John to bring up, as this is unlikely to offend anyone or violate any company policies. John should avoid discussing the details of his divorce. If he talks about it too much, his coworkers may wonder if it’s distracting him from doing his job. Talking excessively about personal problems also reveals weakness, which John may not want to do, especially if he’s in a position of authority. John should avoid talking about his career aspirations because if he clearly wants another position, it may make his coworkers think he isn’t loyal to his current job. John should also avoid discussing his religious beliefs. Religion is a sensitive subject that many people take very seriously, and John risks offending someone. Furthermore, it may be against company policy to invite others to his church services.
SOURCE: EI:038
43. A
Active listening. Kevin knows that it’s impossible to listen when you’re thinking about what to say next. He doesn’t want to miss an important point, so he practices active listening. He makes sure he understands what the client is saying by repeating or summarizing his/her statements and asking for clarifications. Kevin is not practicing role playing, in which you assume the role of another person in order to determine how you’ll react in a negotiation. Bargaining refers to a negotiation strategy where someone makes concessions to get something else s/he wants, which is not what Kevin is doing. Directed attention is a fictitious term.
SOURCE: EI:062
SOURCE: EI LAP 8—Make It a Win-Win (Negotiation in Business)

44. A
Unclear boundaries for behavior. Julie lacks a clear understanding of what constitutes appropriate behavior. She doesn’t know that it’s inappropriate to wear sweatpants to her office, and her attire is causing a conflict between her and her boss. A conflict of authority occurs when multiple people want to control, or be in charge of, the same situation. This is not the type of conflict that Julie’s facing. Julie also doesn’t have a conflict of opposing or competing situations because she doesn’t need to be in more than one place at the same time. No one is being excluded or left out in this example.
SOURCE: EI:015
SOURCE: EI LAP 7—Stop the Madness (Conflict Resolution in Business)

45. A
Accountability. When you share accountability with your team, cooperation increases. Nobody is at risk of being singled out as a failure, and team members are equally accountable in both positive and negative situations. Competition isn’t likely to increase if you and your teammates cooperate with each other. Instead, you should be working together towards a goal. Innovation is one of the many advantages of working as a team, but it isn’t necessarily related to accountability. Reflection is an important quality for a good team member to have because it helps you learn from your mistakes. It isn’t related to cooperation, though.
SOURCE: EI:045
SOURCE: QS LAP 6—Lean on Me

46. C
Keeps the discussion on track. The facilitator is the person who serves the group. S/He is in charge of keeping the discussion on track and keeping things organized. If the consensus-building method is formal, the facilitator is the one to revise, distribute, and collect the questionnaires. The facilitator isn’t in charge of the group. In fact, in consensus-building, no one is in charge because everyone has equal power. The note taker is the person who takes the notes, and the timekeeper is in charge of making sure everyone has equal time to speak.
SOURCE: EI:011
SOURCE: EI LAP 19—It’s a Group Thing (Consensus Building)

47. A
Believing you can do it. Everyone, regardless of position, can become a leader. The first step is believing you can do it. Leaders are often role models, but this isn’t a quality someone needs to have before becoming a leader. Managers can be leaders, but it isn’t necessary for a leader to have a position of authority. In fact, some experts argue that many people in management positions are actually ineffective leaders. Empathy is certainly an important characteristic for a leader to have, but it isn’t the first step.
SOURCE: EI:009
SOURCE: EI LAP 16—Lead the Way (Concept of Leadership)
48. A

A vision. It’s long term, overarching, and inspirational. When Maggie says she wants to be the best auto repair shop in the city, she’s talking about her vision. A vision is long term, challenging but realistic, and compelling. A vision involves the big picture and the overarching aim of the organization. Also, it’s meant to provide inspiration for the future. A goal, meanwhile, is specific, measurable, and time bound. Goals might be considered small steps on the way to achieving the vision. In Maggie’s example, a goal might be gaining a certain amount of new customers this month.

SOURCE: EI:060
SOURCE: EI LAP 13—Vision Quest (Enlisting Others in Vision)

49. D

Authoritarian. Authoritarian managers like being in charge, creating detailed plans for employees, and handling all major work problems themselves. If you like rules, directions, and close supervision, you’d be a good match for an authoritarian manager. You probably wouldn’t get along quite as well with other types of managers. Democratic managers share authority, seek input, and encourage employees to participate, while laissez-faire managers let their employees function independently and don’t give specific or detailed directions. Interdependent is a word that refers to two or more things that need to rely on each other. It isn’t a type of management.

SOURCE: EI:037

50. A

Interest rate. To figure out what his $100 will be worth in a year, Jorge needs to know the bank’s interest rate. This will tell him the future value of his money if he invests with the bank. Jorge already knows the present value—it’s the $100 that he currently has. The time value of money is a principle that states that a dollar today is worth more than a dollar tomorrow. The investment rate is not a term commonly used when determining future value.

SOURCE: FI:062

51. B

Budget. Budget accounts are often used by furniture or appliance retailers as a form of short-term credit—for example, “90 days same as cash” means that customers can purchase goods on credit with the same advantages they would have with cash purchases. Budget accounts do not charge interest if the user makes payments on time. However, if a customer doesn’t pay the amount in full by the end of the 90 days, s/he is subject to finance charges applying to the full time period. In revolving credit accounts, the maximum amount of money that the credit user can owe (also known as the credit limit) is set at the time the credit account is opened. Regular credit accounts are also known as open credit accounts because they allow credit users to buy at any time during a set period. At the end of that time, the person or business is expected to pay the entire amount that is due for the purchases made during that period. An installment credit account is designed to handle one credit transaction, which is paid in installments within a certain time period. The credit user makes a down payment and signs an agreement to pay monthly installments until the total is paid.

SOURCE: FI:002
SOURCE: FI LAP 2—Give Credit Where Credit Is Due (Credit and Its Importance)

52. A

I want to save $3,000 for a new truck. Measurable goals can be counted or assessed in a way that shows real progress. If you want to save $3,000 for a new truck, this is a measurable goal because you can track the amount of money you save and determine whether or not you’re successful. Spending less money on clothing isn’t a measurable goal because it’s too vague—“less” is more difficult to measure than a specific dollar amount. “I’d like to pay off some of my credit card debt soon” is also not a measurable goal—there is no specific money or time element. “I’m thinking of buying a house” isn’t a measurable goal because it’s not specific enough—houses can cost different amounts of money, so it’s hard to measure unless you have a certain dollar amount in mind.

SOURCE: FI:065
SOURCE: QS LAP 31—Set Yourself Up (Setting Financial Goals)
53. B
Memorize your social security number, and keep your card at home. You should avoid keeping your social security card in your wallet or purse. Instead, leave the card at home or somewhere safe, and memorize your social security number. You should never give out personal information when the other person initiated the contact—instead, you should only give out information when you initiated the contact yourself. You shouldn't just throw away credit card statements, receipts, and credit offers. Instead, you should shred them. Many thieves practice dumpster diving to find documents with bank account or credit card numbers. You shouldn't give out information to someone who says s/he works for a legitimate company, as that person could easily be lying to you. In fact, this is a common phishing scheme. Only give out your personal information if the other person has some way to verify who s/he is (or if you were the one who contacted him/her).


54. A
1040EZ. A person is able to file a 1040EZ if s/he has a taxable income of less than $100,000, is single or married filing jointly, isn’t claiming any dependents, and earns less than $1,500 of interest income. Since Lin fits all of these requirements, she can file the 1040EZ form. People who do not fit these requirements must file the 1040A or 1040 tax forms. They each have slightly different requirements. Lin’s income level dictates that she must file an income tax form.


55. C
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: QS LAP 48—Inquire Before You Hire (Considerations in Selecting a Securities Sales Agent)

56. B
Savings account. If Sheila doesn’t like to take risks, wants to access all of her money at all times, and doesn’t mind earning very little interest, she should consider a savings account. You’re always able to access your money, but you receive a low return. A stock is much riskier than a savings account—you actually own part of the company, so you have the rights and responsibilities that go along with ownership. This means you can make a big profit, but you can also lose a large amount of money if the stock decreases in value or if the company goes out of business. While a certificate of deposit (CD) doesn’t have a high risk, you aren’t able to access your money at all for a set period of time. A money market account (MMA) is low risk, but you are only able to access some of your money each month, and you usually have to keep a certain amount of money in your account.

SOURCE: QS LAP 32—Risky Business? (Types of Investments)
57. D  
Transference involves moving the impact of a risk to someone or something else and is often used when the impact is measurable in dollars and cents. By purchasing an extended warranty for his truck, Dan transfers the impact of a risk to the dealership. Avoidance risk response means that a business chooses not to do something that is considered risky. This can prevent losses, but it can also sometimes mean losing out on potential gains. In mitigation, a company reduces or controls the impact of a risk. For example, a seatbelt will not necessarily prevent injury in a car accident, but it will mitigate the risk. Acceptance is also known as the retention or assumption of risks. It involves a business accepting a risk's consequences because the potential payoff is higher than the losses.  
SOURCE: FI:084  
SOURCE: FI LAP 8—Prepare for the Worst, Expect the Best (Nature of Risk Management)

58. B  
It includes balancing the books and posting to ledgers. Bookkeeping includes four steps of the accounting cycle—analyzing financial transactions, journalizing transactions, posting to ledgers, and balancing the books. Bookkeeping must be done on a daily basis, not a monthly basis. Although it is possible to do bookkeeping by hand, most of it is now done on computers. While certified accountants are capable of carrying out each step, bookkeepers, who are not certified, are often responsible for keeping an accurate record of each business transaction.  
SOURCE: FI:085  
SOURCE: FI LAP 5—Show Me the Money (Nature of Accounting)

59. A  
No; this practice is known as sales skimming. Not recording all of a company’s revenue to avoid paying taxes is known as sales skimming. Any sort of income tax evasion is a felony. Money laundering, which involves taking money from illegal sources and passing it through a business to make it seem legal, is not the same as sales skimming. Even if other companies practice sales skimming or if Mariana’s boss asks her to do it, that doesn’t make it legal. It’s still an illegal practice that qualifies as tax evasion.  
SOURCE: FI:353  

60. B  
Operating expense. When a business rents something, the rent is considered an operating expense. Operating expenses are often one of the largest sources of money flowing out of a business. Owner equity refers to the money business owners take out of the business to pay themselves. Cost of goods is a major expense for companies that buy goods for resale, such as retail stores. Assets are things businesses own such as land, buildings, vehicles, and equipment.  
SOURCE: FI:091  
SOURCE: FI LAP 6—Count the Cash (Cash Flow Statements)

61. D  
Gross profit. A business’s total profit before all other expenses have been deducted is known as the gross profit. The gross profit helps businesses see how much money they’ve invested in making or obtaining their products versus how much it costs to run the business. The net income is the business’s final profit, or the money the company actually makes after all expenses have been deducted and taxes have been paid. The revenue is the total amount of money earned by a business—all money coming into the business, no matter what the source, is revenue. Operating expenses are all of the expenses associated with running the business.  
SOURCE: FI:094  
SOURCE: FI LAP 4—Watch Your Bottom Line (Income Statements)
Capital budgeting. When Michael decides which project the company should invest in by estimating each potential project’s value to the business, he’s using capital budgeting. He is not engaging in working capital management, which focuses on the company’s current balance of assets and liabilities. Capital structure refers to the “optimal mix” of financing (usually some combination of debt and equity). This is not what Michael is doing in the example. The cash conversion cycle is a ratio that refers to the number of days between a company’s paying for raw materials and receiving cash from those raw materials. The cash conversion cycle is also not being used by Michael in the example.

SOURCE: FI:354
SOURCE: FI LAP 7—Money Matters (Role of Finance)

Zero-based. Matt’s budget isn’t based on the previous year’s budget—instead, his budget began at zero. From that point, he had to demonstrate the need for every expense. This is known as a zero-based budget. A rolling (or continuous) budget begins with a 12-month budget. Then, a new month is added as each month goes by. For example, if it were June, there would be a budget in place for June through the following May. In July, figures for the recent June would drop off, and the budget would cover July through the following June. This is not the type of budget that Matt created. Some companies use the previous budget with an across-the-board percentage increase based on inflation or projected growth. Since Matt could not rely on the previous year’s budget, this is not the type of budget he created. A master budget is made up of information from specialized budgets that are generated by individual departments. Since Matt’s budget only reflects his department, it is not a master budget.

SOURCE: FI:106
SOURCE: FI LAP 3—Money Tracks (Nature of Budgets)

Recruiting qualified workers. Staffing is a human resources management activity that involves recruiting interviewing, hiring, orienting, and dealing with job changes for a company’s employees. Recruiting is a staffing activity that involves seeking out and attracting qualified potential employees. The human-resources function often visits college campuses, sponsors job fairs, and places classified ads in newspapers and on web sites to find qualified workers. Other human-resource activities include training employees, ensuring compliance, and negotiating compensation and benefit packages.

SOURCE: HR:410
SOURCE: HR LAP 35—People Pusher (Nature of Human Resources Management)

Assign the new employee a mentor who can answer any questions s/he may have. One simple way to make an employee feel comfortable is to assign a mentor. The mentor doesn’t need to be the employee’s direct supervisor—it just needs to be someone who can show the new employee the ropes. It will help the new employee to have one ready-made friend who can show her/him around. Lucia should provide some sort of orientation for the new employee before s/he starts working. There are many important things the employee will need to know about the company’s policies and his/her benefits. Although it is important to make sure the employee has information about the projects s/he is working on, Lucia won’t want to overwhelm the new employee with too much information on the first day. It’s also important not to give the employee busy work that doesn’t fit into his/her job description. After all, that’s not why the employee was hired, and this won’t help the new employee become more comfortable at work.

SOURCE: HR:360
66. A
Marketing-information management. Marketing-information management involves gathering, accessing, synthesizing, evaluating, and disseminating information. If the information is accurate, it can help businesses answer questions like, “Who are our customers?” and “Where are they located?” Product/ Service management involves deciding on the products that a business will produce or offer. Pricing focuses on determining and adjusting prices to maximize return and meet customers’ perceptions of value. It involves paying attention to supply and demand, as well as the prices that competitors are charging. The promotion function communicates information about goods, services, images, and/or ideas to achieve a desire outcome. Promotion informs, persuades, or reminds customers about a business and/or its products through methods such as advertising, publicity, and sales promotion.
SOURCE: MK:002
SOURCE: MK LAP 1—Work the Big Six (Marketing Functions)

67. C
Branding. Donald’s company, like most businesses, has branding goals geared toward projecting a certain image to the public. Donald wants to control how his company is perceived in consumers’ minds. Supporting a cause refers to a business identifying with a non-profit organization like the Red Cross. Many companies set goals for expansion that don’t have much to do with projecting a certain image. They may want to create a new product line, build a larger facility, or merge with another company. Businesses at all stages usually want to increase sales, although this isn’t really related to projecting a certain image.
SOURCE: MK:015
SOURCE: MK LAP 2—Act Now! (Employee Actions and Company Goals)

68. D
An article from the current issue of Time magazine. When Heather chooses resources, she needs to pick articles from reputable sources. Time magazine is a respected publication that has many editors and fact checkers, so Heather can be reasonably sure that the information contained in the magazine will be accurate. The article has also been published recently, so it likely won’t contain any out-of-date information. Heather should avoid using press releases. Press releases usually have an agenda to promote, so they are biased. To write a well-rounded paper, Heather should stick to articles that are free of bias or agenda. While the New York Times is a well-respected newspaper, Heather should avoid reading an article from 1995. An article that old may present outdated figures and facts about the death penalty. Although a professor from Harvard would generally be a good source, a professor of economics isn’t necessarily an expert on the death penalty. Also, Heather should be wary of using blogs—this blog may belong to the university, but it may just be the professor’s personal opinions.
SOURCE: NF:079

69. C
Create a system and keep only what she needs. Irene may think she’s playing it safe by keeping every single piece of paperwork, but she’s actually making her job much harder. When she keeps everything, it’s more difficult to find the things she actually needs. This leads to frustration and wasted time. Irene should create a system to decide what she actually needs to keep and then toss all other documents. Although Irene may want to consider storing her documents virtually instead of physically, this wouldn’t necessarily help her become more organized. While virtual storage wouldn’t take up physical space, Irene could still waste just as much time searching through a mess of documents if she insists on saving everything. Irene doesn’t need to hire a new employee to handle the filing; instead, creating a system will make Irene’s files easier to use. Irene should resist purging all of her old documents—there are many things she’ll need to keep, both for practical and legal reasons.
SOURCE: NF:081
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: NF LAP 3—In the Know (Nature of Information Management)

Some technologies can create pollution. Although technology provides many benefits, there are also some negatives, as well. For example, technology can often be held responsible for certain environmental issues, like air pollution. This means a company usually has to address these problems for public relations purposes. Technology doesn’t make it more difficult to enter new and foreign markets; actually, it makes it much easier, since the internet allows businesses to sell their products to anyone, anywhere in the world. Rather than placing less emphasis on research and development as a result of technology, businesses often place more emphasis on research and development of new technologies. Technology doesn’t typically impact employee-assistance programs.

SOURCE: NF:003
SOURCE: NF LAP 4—TECH-tastic (Technology’s Impact on Business)

Talk to her boss in person instead of sending an e-mail. Jillian should reconsider sending an e-mail. If she’s concerned about the possibility of misinterpretation, she should discuss the matter with her boss in person. That way, Jillian can explain herself immediately or discuss any concerns her boss may have. It’s also a good idea to discuss this in person because other people have the potential to see the e-mail. It may even be read by the coworkers Jillian is discussing, which would likely not help her situation. Jillian should avoid using emoticons in her e-mail—you should never use emoticons when e-mailing supervisors. Jillian should also avoid sending a lengthy e-mail. In general, people dislike reading long documents online. Just as she should stay away from emoticons, Jillian should also avoid being too informal in her e-mail. When e-mailing a supervisor, it’s important to be respectful and professional.


Browsers. Browsers let you view web pages and other documents on the Internet. Browsers “translate” HTML-encoded files into web pages you can see, read, and watch. When Bill looks at web pages on Firefox or Google Chrome, he’s using a browser to access the Internet. A uniform resource locator, or URL, is a web document’s unique address. Listservs are Internet discussion groups that let you participate in the conversation and view others’ contributions via e-mail. Search engines (such as Google, Yahoo, or Bing) are databases full of websites that have been harvested and cached.

74. D

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

75. C

Intuitive navigation so your viewers can browse easily. If you want people to keep visiting your web site, it’s a good idea to make the navigation as intuitive as possible. You should make it as easy as you can for people to find their way around your web site. You don't want to confuse or frustrate your viewers, or else they probably won't return to your site. Sounds or music are almost always a bad idea—people may not like the music you've chosen, or they may be viewing your site in a quiet place where the music is intrusive. Although you'll typically want to include some images, using too many can make your site load too slowly, which will drive your viewers away. Although a Flash intro might seem like a fun way to grab the viewer’s attention, using Flash is generally not a good idea. It loads slowly and isn’t compatible with many mobile devices. If your site is too slow to load, this will discourage viewers from visiting again. It's best to avoid using too many fonts—you want your site to be as easy to read as possible, so keep it simple by sticking with just a few commonly-used fonts instead.

SOURCE: NF:042

76. B

Personnel. An employee has a permanent record at his/her job, just as a student has a permanent record at school. An employee’s personnel record includes information about her/his hiring, evaluations, promotions, and reprimands. This information can help businesses make decisions regarding promotions or terminations. Asset records are used by businesses to keep track of furniture, equipment, and other assets that enable businesses to operate. Payroll records include what businesses have paid employees and the deductions that have been made, as well as details like an employee’s identification number, hours worked, regular wages, and overtime wages. 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. This information helps businesses to time their promotions appropriately and to evaluate the effectiveness of their promotions.

SOURCE: NF:001
SOURCE: NF LAP 1—Record It (Business Records)

77. B

Http. The protocol is the component at the beginning of the URL (web address) that identifies the type of server the web browser is using to transmit the information. In the example, “http” refers to the hypertext transfer protocol. The web site where the information is stored is called the domain name. In the example, the domain name is www.usatoday.com http://www.usatoday.com. The money/media designation is part of the URL path, which tells you which pages on the web site that you must go through to get to the desired information. The htm extension is file format of the page or document.

SOURCE: NF:014
78. A
Tax code. The tax code is part of a business’s external environment. It’s determined by outside forces and can’t be changed. Research and development, marketing, and personnel are all part of a business’s internal environment. These are all elements that can be controlled or changed by a business. By using environmental scanning to look at the external environment, a business is able to change its internal environment so that it can be prepared to meet upcoming threats and opportunities.
SOURCE: NF:015
SOURCE: NF LAP 2—Get the 411 (Environmental Scanning)

79. D
Assurance. When Joe’s company builds quality into its entire operating system, it’s known as quality assurance. The goal of quality assurance is to prevent defective products from ever being manufactured. It places the responsibility for quality on every employee, not just a few inspectors. In quality inspection, products are checked for defects after they’ve already been produced. This is often performed by machines using automatic sensors. Quality conformance and quality operations aren’t terms commonly used to describe any method of quality control.
SOURCE: OP:189
SOURCE: OP LAP 3—Smooth Operations (Nature of Operations)

80. B
A restaurant kitchen has a slippery spot where someone spilled oil. A workplace hazard is defined as anything that can harm an employee, whether mentally or physically. A slippery spot on a kitchen floor is a hazard because an employee could easily fall and injure himself/herself. A hazard is what can cause an injury, not the injury itself. For this reason, carpal tunnel syndrome and heat stroke are not hazards. In these cases, repetitive motions and heat would be the hazards. A hazard is also not the event that causes the injury. Falling off a ladder is not a hazard, but the height which caused the fall is a hazard.
SOURCE: OP:004

81. A
Address Tom’s medical needs and get him to a doctor. When an accident occurs, the most important thing is the injured person’s health. This means making sure that s/he receives medical attention immediately if necessary. An eye injury could be serious, so it’s extremely important that Tom get medical care before any other action is taken. Later, Mindy may decide to discipline Tom for not wearing safety goggles if he is indeed required to do so. Filing an accident report and checking the machine are important, but Mindy will want to wait to do both until she knows Tom has received medical care.
SOURCE: OP:009

82. B
An inventor obtains a patent for a new product. Intellectual property is defined as having no physical characteristics. In other words, it is intangible. A patent would be considered intellectual property. Other examples of intellectual property include copyrights and trademarks. Computers, food, and machines are all tangible objects with physical characteristics, so they are not considered intellectual property.
SOURCE: OP:153
83. D
Derivative. Derivative projects enhance, add to, or extend existing projects. They're usually undertaken on a smaller scale than most new projects, since a lot of the resources are already in place. This cookbook has a few new features, but it merely adds to the cookbook that already exists. A platform project is something entirely new. They require considerably more resources than derivative projects. Breakthrough projects are risky endeavors that can wind up revolutionizing entire industries. They use entirely new technology. R&D stands for the research and development of new knowledge, new technologies, and new processes. Like breakthrough projects, they are risky undertakings. None of these other project types describe the cookbook this publishing company is releasing.
SOURCE: OP:158
SOURCE: OP LAP 6—Projected to Win (Nature of Project Management)

84. B
Materials. Completing a project successfully requires a mix of resources, including money, human resources, equipment, materials, etc. Although food, encouragement, and energy may be helpful, they are not as essential as having the right materials.
SOURCE: OP:001
SOURCE: OP LAP 7—Chart Your Course (Developing a Project Plan)

85. C
Locate back-up sources of goods and services. It’s important for purchasing specialists to be sure they can get the goods and services they need when they need them. It’s good to have back-up sources because if a purchasing specialist doesn’t do his/her job correctly or get the items or services that the business needs, then the business cannot produce its finished good or service. That could lead the business to lose money or maybe even close. A purchasing specialist doesn’t necessarily want to purchase as much as s/he possibly can; instead, s/he should purchase in amounts that make sense economically. Getting a good price is important, but a purchasing specialist does not want to do so at the expense of his/her relationship with the supplier. Although some companies require purchasing specialists to always choose the lowest bidder, buyers are often permitted to select the bidder with the best overall terms, including quality and quantity, even if that supplier’s price isn’t the lowest.
SOURCE: OP:015
SOURCE: OP LAP 2—Buy Right (Purchasing)

86. C
Views relationships as partnerships. Ideally, Maurice should be able to develop a partnership with his vendor. When he and the vendor are both working together towards the same goal, he’s more likely to get the results he wants. Suppliers and vendors should be part of the team. Although it’s nice to find a supplier with a low price, this shouldn’t be at the top of Maurice’s priority list. Always choosing the supplier with the lowest price can lead to suppliers who aren’t invested in his shop’s success and who only care about their bottom line. Choosing a supplier with advanced technology and a good reputation is also important, but the first priority for Maurice should be to choose a vendor who’s willing to work together with his company to meet their specific goals.
SOURCE: OP:162

87. C
Production planning. Production planning involves determining how products will be produced and in what amounts. When planning production, Kristina needs to determine her candle company’s specific needs for equipment, time, and human resources, as well as how many products she thinks she can sell. Issuing orders for production to start is known as dispatching. Product placement is a type of “other” media that uses products as props. Purchasing involves the buying of goods and services for a business.
SOURCE: OP:017
SOURCE: OP LAP 4—Can You Make It? (Nature of Production)
88. A
Cause-and-effect diagram. When Mel writes down her problem, the factors, and the possible causes, she's making a cause-and-effect diagram, also known as a fishbone diagram. This is a good approach because it forces Mel to consider every possible cause, not just the most likely or typical causes. A check sheet is a form that can be used to collect data categorically. A histogram is a bar graph that's often used in quality management. Much like a cause-and-effect diagram, a scatter diagram is meant to discover the cause of a problem, but it uses dots on a graph to show information.
SOURCE: OP:163

89. A
Follow company policies and procedures. Most businesses have specific policies that provide guidelines for the ways in which employees are expected to carry out their tasks. Following these guidelines can save the business money. For example, some company policies limit the time during which customers can return purchases. When employees follow this rule, the company avoids losing money on products it can neither return to the vendor nor sell to other customers. Although you should try to work as efficiently as possible, it's not a good idea to focus strictly on how much work you can get done. The quality of the work is often more important than the quantity. Instead of handling customer transactions as quickly as possible, it's better to focus on accuracy. Handling sales transactions correctly is a great opportunity to save the company money. Carrying out research and development activities is one of the effects of expense control, not a way an employee can help his or her company with expense control.
SOURCE: OP:025
SOURCE: OP LAP 5—Buck Busters (Employee Role in Expense Control)

90. C
Regular equipment checks can find problems while they're small. It's important to develop an equipment-check routine. This way, you'll be able to catch and deal with any problems before they get out of hand. This will save your company both time and money. Although warranties are not always a good idea, they can often be very helpful in terms of saving your company money on repairs. It's usually less costly to prevent a problem than it is to fix one—that's why routine maintenance checks are so important! Be sure to turn equipment off while doing maintenance. Leaving the equipment running while attempting to fix it can damage the equipment or cause serious injury.
SOURCE: OP:032

91. A
Ask her boss or coworkers what is appropriate to wear. If Sonya is in doubt about what to wear, she should ask. She can ask her boss or her coworkers, or she can even refer to the company's policy manual, which may define appropriate and inappropriate dress. Sonya should not wear what she thinks is appropriate and wait for her coworkers' reactions—if she doesn't dress the right way, this could negatively affect her coworkers' views of her. She should also not dress the way she did at her last job because every work environment has different rules about what is appropriate. Although Sonya should focus on her work, she shouldn't ignore the dress code. While it might not seem that important, your clothing affects others' perceptions of you. Dressing well can show dedication to your job, which can lead to raises and promotions.
SOURCE: PD:002
SOURCE: PD LAP 2—Brand Me! (Personal Appearance)

92. C
Performance-based and short-term. Jerry's goal is a performance goal because it is a task he can complete—once he's signed up 10 new customers for the store credit card, he'll know he's accomplished his goal. His goal is short-term because it is an objective that takes less than a year to achieve. Jerry's goal does not involve mastering a new skill, so it wouldn't be considered a learning goal. Long-term goals are objectives that take more than a year to reach, and Jerry's goal will only take one weekend.
SOURCE: PD:018
SOURCE: PD LAP 16—Go for the Goal (Goal Setting)
Is this situation worthy of my time and attention? Part of defining the problem involves asking yourself, “Is this situation worthy of my time and attention?” Your problem may not even be a problem, in which case you don’t want to waste time on it. You should ask about the positive and negative consequences when selecting and implementing a solution. You should check your assumptions while problem-solving, but this isn’t part of defining a problem. You should also figure out all of your possible solutions, but that occurs well after defining the problem.

SOURCE: PD:077
SOURCE: PD LAP 17—No Problem (Demonstrating Problem-Solving Skills)

Procrastinating. Procrastination is putting off a task that can be done today until tomorrow. Because Ben doesn’t like working on the budget report, he puts off working on it until later; therefore, he is procrastinating. Multi-tasking involves doing more than one task at the same time. Prioritizing involves determining the order for completion of activities based on their importance. Organizing is the management function of setting up the way the business will do its work.

SOURCE: PD:019
SOURCE: PD LAP 1—About Time (Time Management in Business)

Administrative services. Tony is an executive or administrative assistant, someone who supports the company president, schedules his/her appointments, and answers his/her phone. Executive or administrative assistants are part of administrative services. Employees who work in operations management focus on planning, organizing, coordinating, and controlling the resources needed to produce or provide a business’s goods and/or services. Marketing communications involves marketing activities that inform, remind, and/or persuade the targeted audience. This can include people working in advertising, public relations, and sales promotion. Human resource management careers focus on staffing activities including everything from recruitment to compensation. None of these describe Tony’s work in administrative services.

SOURCE: PD:025
SOURCE: PD LAP 15—Go For It! (Careers in Business)

Creativity and innovation. There are many characteristics that all successful entrepreneurs share, including creativity and innovation. Not all entrepreneurs are equally strong in these areas, but the important thing is that they realize their weaknesses and work to improve them. Entrepreneurs must be determined, but they don’t necessarily have to be aggressive. Optimism is extremely important for entrepreneurs, but risk-aversion is not. A successful entrepreneur must be willing to take risks. While organization is an important quality for an entrepreneur to possess, timidity isn’t helpful—a successful entrepreneur is confident in his/her ideas and abilities.

SOURCE: PD:066
SOURCE: PD LAP 4—Own Your Own (Career Opportunities in Entrepreneurship)

Addressed to a specific person in the company. “To Whom It May Concern” isn’t something you should ever use when addressing your letter of application. It shows employers that you didn’t take the time to research the company. Instead, look online or call the company to find out who will be reviewing your application. If the information is truly not available anywhere, address the letter to “Hiring Manager.” A letter of application that merely summarizes the résumé is basically useless—the hiring manager already has that information! You should take this opportunity to showcase information that isn’t available on the résumé. Never send a form letter—instead, you’ll want to show how your experience and skills directly apply to the position in question. Avoid writing letters of application that are too long. Less than a page is a good length—hiring managers are busy people, and you want to be able to get your message across succinctly.

SOURCE: PD:030
98. D

Elevator pitch. Since Lauren’s looking for a job, it’s smart for her to prepare an elevator pitch—a short speech that describes her qualifications, skills, and background. The name comes from the amount of time it takes to ride an elevator. You don’t want your speech to be too long—you’ll risk boring the other person, which will harm your chances of getting a job. It’s important to develop an elevator pitch because you often only get a short chance to talk to someone at a networking fair. This might be your only chance to meet some people, so it’s crucial to get your point across quickly. Personal brand speech, networking pitch, and job hunting speech are not terms commonly used to describe elevator pitches.

SOURCE: PD:037

99. D

Occupation. An occupation is a wide category of jobs with similar characteristics. “Doctor” could encompass many different positions. If Juan wanted to tell people his job, he would refer to himself as a neurosurgeon. A job is more specific than an occupation—it is the work for which you receive pay. A career is much broader—it is a lifetime journey of building and making good use of your skills, knowledge, and experiences. Juan is not referring to a promotion.

SOURCE: PD:034

100. C

Take a class to learn new skills in her industry. It’s important to take initiative if you want to progress in your career. This means that if Shinju needs to get more training in her field, she should be proactive and take a class. She shouldn’t wait for her boss to assign her more training—her boss may be waiting for her to take initiative! It’s also important for Shinju to avoid talking to her coworkers about the promotion she wants. It probably won’t help her, and it may look to her boss like she’s engaging in office gossip or badmouthing the company’s policies. Shinju should avoid going on the defense when her boss offers constructive criticism. Instead, she should realize her boss wants to help her succeed and take his advice.

SOURCE: PD:035
This publication is designed to assist DECA members and their local chapter advisors in preparing for the DECA Career Cluster Exams. This booklet will be useful in preparing students for local, state and international competition by familiarizing them with the format and structure of DECA’s Career Cluster Exams.

DECA Images offers a full range of competitive event preparation materials including:

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