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

PRINCIPLES OF BUSINESS MANAGEMENT AND ADMINISTRATION PBM
PRINCIPLES OF FINANCE PFN
PRINCIPLES OF HOSPITALITY AND TOURISM PHT
PRINCIPLES OF MARKETING PMK
1. What type of partnership arrangement might restrict a partner's liability?
   A. Franchise
   B. Limited
   C. Close
   D. "S"

2. What information should employees avoid sharing with their coworkers?
   A. Organizational tips
   B. Current salary
   C. Sales policies
   D. Vacation plans

3. A characteristic of effective written communication is that it
   A. accomplishes its intended purpose.
   B. is quick and easy to prepare.
   C. is open to interpretation.
   D. contains a lot of information.

4. Which of the following is an example of an internal distraction that could disrupt the listening process:
   A. Other people talking
   B. A headache
   C. A ringing cell phone
   D. A TV

5. Which of the following is a tool that people use when participating in discussions:
   A. Building on someone else's comment
   B. Avoiding asking questions
   C. Sharing rumors
   D. Hiding new ideas

6. What is typically the most important thing to consider when deciding whether to use a particular source in your research?
   A. The author's educational background
   B. The credibility of the author
   C. The purpose of the source
   D. The source's intended audience

7. Jessica needs to tell her best friend, Eliza, that she can't make it to her birthday dinner. She has an important job interview that she can't miss, and she knows Eliza will be upset. When Jessica sees her friend from across the hall at school, she starts to make her way over to her—but realizes that Eliza is frowning and hunched over. Jessica decides to tell Eliza another time, when she's in a better mood. Which of the following nonverbal cues did Eliza display that signaled to Jessica that she was in a bad mood:
   A. Tone of voice and eye contact
   B. Body language and tone of voice
   C. Eye contact and facial expressions
   D. Facial expressions and body language
8. To provide a legitimate, effective response to an inquiry, you should
   A. answer the question immediately.
   B. actively listen to the question.
   C. make your answer as long as possible.
   D. answer the question with a question.

9. What should employees keep in mind when trying to be objective while defending their ideas?
   A. Others may have different opinions.
   B. It might be difficult to explain the data.
   C. Managers may be too busy to ask questions.
   D. The result might be office conflict.

10. Jack says to Wendi, “If I understand you correctly, you are saying that you want to change the format of the inventory report so it will be easier for the managers to analyze.” What communication technique is Jack using to clarify Wendi’s suggestion?
    A. Paraphrasing
    B. Expressing an opinion
    C. Quoting
    D. Passive listening

11. Which of the following statements has been edited properly:
    A. Roger's weekly sales-volume quota are $8,500.
    B. Primary sources may be difficult to find.
    C. Carole is developing a product analysis sheet.
    D. Frank, Gus, and Bob is taking a client out to lunch.

12. Which of the following is a true statement about writing professional email messages:
    A. The subject line should concisely describe the topic of the message.
    B. It is appropriate to use all capital letters when the message is urgent.
    C. Because email is an informal communication method, greetings are unnecessary.
    D. It is acceptable to use texting acronyms because most businesspeople understand them.

13. A supervisor emails their staff members to inform them about a meeting they must attend next Tuesday. This is an example of
    A. lateral interaction.
    B. downward communication.
    C. external networking.
    D. invasive messaging.

14. The supervisor has given John directions for several new job tasks. To follow the directions effectively, John should first confirm
    A. in what order to do the tasks.
    B. whether these will be regular tasks.
    C. why the tasks need to be done.
    D. who will be working with him.
15. A business letter that has easy-to-understand information is said to have
   A. consensus.
   B. clarity.
   C. courtesy.
   D. caution.

16. Which of the following is a guideline for effective verbal communication:
   A. Try to avoid eye contact
   B. Keep the voice at the same pitch
   C. Use speech mannerisms
   D. Use gestures for emphasis

17. A magazine advertisement is an example of
   A. a brand promise.
   B. a touchpoint.
   C. word-of-mouth marketing.
   D. publicity.

18. It is easier for employees to develop positive customer/client relations if employees understand that each customer is
   A. a possible problem.
   B. like most others.
   C. in a hurry.
   D. a unique individual.

19. As employees go about their daily activities, their actions should be driven by whether the actions will
   A. be witnessed by customers.
   B. result in additional sales.
   C. bring them personal fulfillment.
   D. result in customer satisfaction.

20. Gillian is a customer service associate for a small retailer. Which of the following would be an effective method for Gillian to prepare herself to handle customer inquiries:
   A. Learn how to transfer calls to upper management
   B. Learn how to refer customers to online support forums
   C. Become knowledgeable about local restaurants and entertainment
   D. Become knowledgeable about her company’s products and policies

21. Some customers give the true reason for making a complaint, while others hide the true reason. In which of the following situations is the customer giving the true reason:
   A. Requesting a different style of shoes when the main concern is price
   B. Returning a dry-clean-only dress after washing it
   C. Saying an appliance doesn’t work when it was actually dropped
   D. Returning a carton of milk because it has an expired freshness date
22. Which of the following does consumption rely on to provide goods and services:
   A. Deciders
   B. Owners
   C. Producers
   D. Consumers

23. One reason a country may have an ample supply of capital goods is because it is a leader in
   A. world affairs.
   B. electronics.
   C. technology.
   D. transfer payments.

24. Some energy companies offer free electricity at night and on weekends because during those times
   A. supply and demand are equal.
   B. the substitution effect occurs.
   C. demand is greater than supply.
   D. supply is greater than demand.

25. Which of the following is an example of an uninsurable risk:
   A. Business interruption
   B. Customer buying habits
   C. Fire
   D. Personal injury

26. Why are better trained and educated workers often more productive?
   A. They are more likely to become managers.
   B. They tend to have a higher gross domestic product per capita.
   C. They are less likely to take vacation and sick days.
   D. They tend to be more organized and able to manage their time wisely.

27. What usually results when business operations and procedures are efficient and economical?
   A. Consumers can buy quality products at competitive prices.
   B. Consumer prices are raised to increase profits.
   C. Monopolies can give all businesses a greater share of the market.
   D. More equipment is needed to produce finished products.

28. What activities do businesses need to perform to sell their goods and services to customers?
   A. Directing
   B. Accounting
   C. Budgeting
   D. Marketing
29. Maureen becomes angry and defensive whenever her supervisor asks her to correct mistakes. Maureen's attitude is not a good response to criticism because
   A. it prevents Maureen from hearing the criticism clearly.
   B. Maureen has no right to be angry on the job.
   C. there is no reason to be angry about criticism.
   D. it indicates that Maureen wants to call attention to herself.

30. A business manager who wants to lead change in the company needs to be
   A. forceful.
   B. conservative.
   C. emotional.
   D. persuasive.

31. Companies that provide an orientation and training to new employees are most likely to help those employees
   A. earn promotions.
   B. deal with transition.
   C. eliminate their fear.
   D. improve personal relationships.

32. When you say what you think, you should remember to
   A. try to use very little body language.
   B. keep talking until others agree.
   C. show respect for others' opinions.
   D. keep your original ideas to yourself.

33. Which of the following is a character trait that effective leaders usually possess:
   A. Self-interest
   B. Emotional intelligence
   C. Domineering personality
   D. Lifestyle

34. What is one basic characteristic of self-esteem?
   A. Saying "no" to things you really don't want to do
   B. Caring about yourself and your personal life
   C. Knowing and understanding what your own needs are
   D. Doing something that makes you feel good

35. Cara hasn't met Joan, but she doesn't want to work with her. Cara believes that because Joan is a blonde, she is probably ditzy and won't do her share of the work. What does Cara need to learn about herself?
   A. Cara is open-minded and fair.
   B. Cara tolerates others' faults.
   C. Cara is a good judge of people.
   D. Cara stereotypes other people.
36. Julie has been warned by her supervisor that she may be fired if she continues coming to work late. After this warning, Julie began to arrive at work five minutes early. Julie is demonstrating a change in her __________ traits.
   A. mental  
   B. emotional  
   C. personal  
   D. physical

37. Christie’s coworkers know that she won’t repeat what they tell her if they ask her not to do so. This indicates that Christie is a(n) __________ coworker.
   A. trustworthy  
   B. tactful  
   C. straightforward  
   D. efficient

38. Which of the following is a characteristic of individuals who have self-confidence:
   A. Realizing that mistakes are a part of personal growth  
   B. Exhibiting aggressive behavior when expressing opinions  
   C. Being overly concerned with what others think  
   D. Taking few risks because of a fear of doing something wrong

39. Hannah attends a Greek festival in her town. She’s showing cultural sensitivity by
   A. building friendships.  
   B. communicating.  
   C. being flexible and patient.  
   D. educating herself.

40. One woman has an expensive car, lives in a luxury apartment, and takes frequent vacations. Her friend has two small children and lives on a modest income. These factors account for the differences in the women’s
   A. personalities.  
   B. job positions.  
   C. educations.  
   D. lifestyles.

41. Workers who must rely on each other to carry out their jobs would be described as __________ workers.
   A. ineffective  
   B. self-sufficient  
   C. interdependent  
   D. efficient

42. When providing feedback to a coachee, a good coach will be
   A. creative.  
   B. tactful.  
   C. aggressive.  
   D. vague.
43. What should you do if you realize that your vision no longer matches your ambitions?
   A. Consult your significant other’s vision.
   B. Change or adjust your original vision.
   C. Realign your ambitions with your vision.
   D. Throw out your vision completely.

44. Which of the following is an example of an employee who is accepting responsibility for their actions:
   A. Pete informed the team leader that Brenda's carelessness, rather than his own, was the reason for the inconsistencies in the group's project report.
   B. Cynthia admitted to her supervisor about the billing mistake that she made on the Andrew's account.
   C. Larry decided that he would require Bob to make the decision so Bob would be blamed if something went wrong.
   D. Emily realized that she forgot to lock the warehouse door on the night that the equipment was stolen, and she didn't tell anyone.

45. Integrity, trust, and accountability are examples of
   A. technical skills.
   B. ethical situations.
   C. ethical principles.
   D. consequences.

46. Communicating with others is a good way to demonstrate fairness because it
   A. prevents bias from affecting decision-making.
   B. promotes the equality approach to fairness.
   C. allows you to ignore critical feedback.
   D. allows everyone to have a fair chance to be heard.

47. When a coworker is upset, Alexis tries to see things from their point of view. Alexis is demonstrating
   A. empathy.
   B. integrity.
   C. honesty.
   D. transparency.

48. Which of the following is an example of an ethical dilemma that could take place in the workplace:
   A. Ashley must tell her supervisor that she is resigning.
   B. Carter decides to ask his manager for a raise.
   C. A company allows employees to take breaks.
   D. Two employees are involved in a romantic relationship.

49. To help people who are impacted by a change to the status quo, it is important to
   A. demonstrate groupthink behavior.
   B. celebrate the success of your plan.
   C. show understanding for their loss.
   D. implement the change quickly.
50. Being respectful when considering conflicting viewpoints means
   A. listening to your gut instead of facts.
   B. avoiding people who are different from you.
   C. not jumping to conclusions.
   D. thinking about things subjectively.

51. The Barnes Company has just opened an account for a customer with a credit limit of $2,000 and an interest rate of 18%. This type of credit is a(n) __________ credit account.
   A. installment
   B. budget
   C. regular
   D. revolving

52. Paper money like the U.S. dollar, the euro, and the Indian rupee is also called
   A. discretionary income.
   B. fiat money.
   C. commodity money.
   D. fiduciary wealth.

53. Which of the following is one of the functions of money:
   A. Method of investment
   B. Process of accounting
   C. System of inventory
   D. Medium of exchange

54. If individuals are not self-employed, which of the following is a type of earned income they might receive:
   A. Trust disbursements
   B. Vacation pay
   C. Child support income
   D. Interest and dividends

55. Margaret recently took out a personal loan from her local bank. In exchange for receiving the loan, Margaret agreed to pay an additional 6.9% of the original loan amount to the bank each year. 6.9% is Margaret's
   A. compound value.
   B. present value.
   C. interest rate.
   D. inflation rate.

56. Mark makes $52,000 a year. Looking at his pay stub, he sees he earned $1,000 this week and gets to take $800 of it home. The $1,000 Mark earned this week is his
   A. gross income.
   B. net income.
   C. budget.
   D. salary.
57. Individuals charging only the amount they can afford to pay in full every month is an example of
   A. the wise use of credit.
   B. saving money for the future.
   C. making a cash transaction.
   D. a way to avoid identity theft.

58. When checking a personal credit report for accuracy, you should
   A. report suspicious activity immediately.
   B. request multiple credit reports per year from each credit agency.
   C. ignore accounts you don't remember opening.
   D. only ask for a credit report from one of the major credit agencies.

59. To protect yourself against identity theft, you should
   A. write down all of your important passwords on paper.
   B. throw away credit card receipts in public trash cans.
   C. maintain at least six different credit cards in your name.
   D. avoid providing sensitive information via telephone.

60. Which of the following types of broker usually charges the highest commissions:
   A. Online
   B. Discount
   C. Full-service
   D. Stock

61. Which of the following questions is most relevant when interviewing a potential financial advisor:
   A. Do you have a partner?
   B. Why did you decide to become a financial advisor?
   C. What are your qualifications?
   D. Did you go to a public or private university?

62. Which of the following types of insurance do businesses frequently offer as part of their employee benefit plan:
   A. Liability
   B. Property
   C. Health
   D. Automobile

63. 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. The cash conversion cycle
   B. Capital budgeting
   C. Working capital management
   D. Capital structure
64. Which of the following is a common source of income during retirement:
   A. Earned wages
   B. Salary income
   C. Pension plans
   D. Student loan payments

65. A manager is most likely to use financial information when
   A. establishing lines of authority within an organization.
   B. researching the demographics of a new target market.
   C. determining resources available to fund a new project.
   D. calculating the number of on-the-job injuries in the past year.

66. A human-resources manager is working with the company's payroll-processing service to have a new employee's paycheck directly deposited into the employee's checking account. What human-resources activity is the manager carrying out?
   A. Organizing
   B. Recruiting
   C. Onboarding
   D. Interviewing

67. The overall objective of the marketing process is the coordination of the
   A. supply chain and retail outlets.
   B. pricing and promotion of goods and services.
   C. merchandise inventory and advertising plans.
   D. production and consumption of goods and services.

68. Which of the following is a benefit that businesses receive from using the internet:
   A. The ability to call employees on the road
   B. Easier use of satellite radio
   C. Improved methods of manufacturing
   D. Faster connections with suppliers

69. Joseph received an email message from his supervisor and wants to send it to his coworker, Jackie. What email function key would Joseph use to send the message to Jackie?
   A. Edit
   B. New
   C. Reply
   D. Forward

70. If your supervisor asks you to find information on Coca-Cola's current market share for cola in the United States, the best and most precise wording to use when trying to narrow down the internet search on most search engines would be
   A. Coca-Cola AND current market share AND cola AND United States.
   B. Coca-Cola AND/OR market share.
   C. Coca-Cola OR current market share OR cola OR United States.
   D. Coca-Cola OR current market share OR cola AND United States.
71. You're using PowerPoint to help you give a presentation at an upcoming meeting. You want to make the presentation as effective as possible, so which of the following should you do:
   A. Put as many points as possible on each slide.
   B. Use complete sentences and paragraphs on your slides.
   C. Use sound effects to keep people's attention.
   D. Keep the design of your slides consistent.

72. When posting a new page to an existing website, the new page should be linked to the
   A. personal computer.
   B. pop-up ads.
   C. home page.
   D. online catalog.

73. To complete a report about commercial loans, Lola needs to review a specific online article called "The Truth About Commercial Interest Rate Increases." Which of the following search entries will provide Lola the most accurate results:
   A. "the truth about commercial interest rate increases"
   B. truth_commercial interest rate increases
   C. "-the_truth_about_commercial_interest_rate_increases-"}
   D. [-the -truth -about -commercial- interest -rate -increases]

74. Maxine is a data analyst at a government agency. Her manager recently asked her to reorganize the customer information in the agency’s database. When she attempts to open a document from several years ago, however, Maxine realizes that the software program on her computer will not open files that are more than 10 years old. Which of the following consequences of storing information for future use is best described in this situation:
   A. Ease of access for future generations
   B. Information security risks
   C. Obsolescence of format or medium
   D. Heritage preservation

75. Which of the following is a characteristic common to all integrated software packages:
   A. Performs interrelated functions
   B. Calculates break-even points
   C. Includes forecasting tools
   D. Requires minimal training

76. Jeff is a data analyst at a consumer research company. When he needs to access a certain document, he knows exactly where and how to find it. This is an example of how information management helps businesses
   A. save time and money.
   B. maintain credibility.
   C. comply with laws.
   D. serve customers more effectively.
77. What is the first thing an employee should do when they accidentally spill coffee in the tile hallway?
   A. Wait for the floor to dry
   B. Clean it up immediately
   C. Tell others about the spill
   D. Leave it for the cleaning crew

78. Which of the following is an example of maintaining a safe work environment:
   A. Stacking boxes and other storage equipment in front of doors
   B. Conducting routine maintenance and housekeeping
   C. Replacing the batteries in smoke detectors once they die
   D. Hiding fire extinguishers in closets and giving access to a select few

79. Which of the following is an additional duty for which a business's buyers may be responsible:
   A. Organizing inventory counts
   B. Placing advertisements
   C. Designing visual displays
   D. Managing sales personnel

80. Following up with customers when the product they ordered is delivered and used will often result in
   A. intervention by your supervisor.
   B. frustration for you and the customer.
   C. repeat orders.
   D. returned merchandise.

81. Which of the following is necessary to the actual production of goods and services:
   A. Consumers
   B. Capital resources
   C. Utility
   D. Fiscal control

82. The primary reason that the DEF Company, a small consulting firm, monitors its supply of paper, pens, and staples is to make sure that it
   A. obtains deep, bulk discounts for the items and gets free shipping.
   B. has enough items on hand to run the business smoothly.
   C. does not have to pay for unnecessary storage costs.
   D. has enough stock on hand to sell to its customers.

83. If Saeed is concerned that a data breach altered the completeness of his information, he is concerned about the __________ of the data.
   A. confidentiality
   B. privacy
   C. integrity
   D. availability
84. When Madeline saw that a customer had slipped an iPad in his backpack and was walking toward the store's exit, she immediately notified the police officer who was guarding the door. What was Madeline doing?
   A. Setting the alarm system
   B. Accusing a witness of theft
   C. Following security procedures
   D. Revealing confidential information

85. How can an individual employee help protect company information on a daily basis?
   A. Check personal email on a work computer
   B. Log out of their computer when leaving work
   C. Transfer files from a home computer to a work computer
   D. Store log-in information in a desk drawer at work

86. At 8:00 a.m., Lily reviews her to-do list for work today. Which of the following tasks should be Lily's first priority:
   A. Editing a short article for the company newsletter that she must give her manager by 3:00 p.m. today
   B. Finishing a status report that she is presenting at a meeting that is scheduled an hour from now
   C. Printing the email confirmation for her hotel reservation for a business conference that she is attending next week
   D. Returning an unsolicited phone call from a business that is selling unneeded products

87. After Lucas successfully ran and organized a pep rally at school, he was told by several students and faculty members that they loved the event and would like to attend more events like it in the future. He then decided to plan another pep rally for the following semester. This is an example of how
   A. it is important to measure efficient resource use.
   B. evaluating the quality of project work is the most important step.
   C. evaluating project success identifies needs for future projects.
   D. all projects must offer financial value to stakeholders.

88. You've been asked to attend a meeting with an organization's board of directors to convince them to buy your company's customer relationship management software. Which of the following best describes the type of information you should provide and how you should prepare it:
   A. Create a brief marketing message to generate interest in the software.
   B. Write a lengthy report that includes all of the technical details regarding the software you are recommending.
   C. Create a custom slideshow presentation that explains how the software program will benefit the client.
   D. Create a storyboard to share an exciting visual message about your software.

89. If you are in doubt about selecting an item of clothing for work, it is usually best to choose the one that is
   A. highly advertised.
   B. most eye-catching.
   C. conservative.
   D. a current fad.
90. Being organized helps to make workers more productive because organized workers
   A. help to create a good image for the business.
   B. accomplish less than disorganized workers.
   C. prefer to do things quickly at the last minute.
   D. plan ahead and work at a relaxed pace.

91. People who understand their own unique skills and abilities usually are able to choose appropriate
   A. talents.
   B. traits.
   C. careers.
   D. friends.

92. Which of the following is an example of a limited decision:
   A. Where you'll take your bike for repair
   B. When you'll leave for school
   C. What college you'll attend
   D. Which car you'll buy

93. Jamel is an employee responsible for making sure that his company's business initiatives and computer/IT
   processes work smoothly together. What area of business is Jamel working in?
   A. Business information management
   B. Operations management
   C. Accounting
   D. Securities and investments

94. Job interviewers often say to job applicants, "Tell me about yourself." Which of the following is the purpose of
   this request:
   A. To test the applicant's honesty and integrity
   B. To test the applicant's communication skills
   C. To uncover job-related problems the applicant has
   D. To find out about the applicant's personal life

95. After a job interview, an applicant should prepare a follow-up letter that
   A. is long and detailed.
   B. includes a resume.
   C. is short and typed.
   D. contains a photo.

96. One of the reasons why it is important for employees to continue their education throughout their careers is to be
   prepared for
   A. jobs of the future.
   B. adjustments in pay.
   C. changes in lifestyle.
   D. life after retirement.
97. Many businesses fail due to insufficient capital. Insufficient capital is also known as a lack of
   A. commitment.
   B. employees.
   C. advertising.
   D. money.

98. Before you analyze the available information to solve a problem, it is important to
   A. determine the best solution from several alternatives.
   B. brainstorm possible solutions.
   C. identify and check your assumptions.
   D. ask for input from your peers.

99. The newly redesigned Toyota Corolla is an example of __________ innovation.
   A. position
   B. process
   C. product
   D. paradigm

100. The management function of business is usually responsible for
   A. setting policy.
   B. preparing ads.
   C. stocking shelves.
   D. serving customers.
Business Administration
Core Exam

PBM – Principles of Business Management and Administration Event
PFN – Principles of Finance Event
PHT – Principles of Hospitality and Tourism Event
PMK – Principles of Marketing Event

CAUTION: Posting these materials on a website is a copyright violation.

This comprehensive exam was developed by MBA Research exclusively for DECA's 2022-2023 Competitive Events Program. Items have been randomly selected from the MBA Research Test-Item Bank and represent a variety of instructional areas. Performance indicators for this exam are at the prerequisite and career-sustaining levels. A descriptive test key, including question sources and answer rationale, has been provided to the DECA chartered association advisor.

Copyright © 2023 by Marketing & Business Administration Research and Curriculum Center®, Columbus, Ohio (dba MBA Research). Each individual test item contained herein is the exclusive property of MBA Research. Items are licensed to DECA only for use as configured within this exam, in its entirety. Use of individual items for any purpose other than as specifically authorized is prohibited. Possession of this exam, without written authorization, under any other circumstances is a copyright violation. Posting to inter- or intranet sites is specifically forbidden unless written permission is obtained prior to posting. Report violations to DECA at 703.860.5000 and MBA Research at 800.448.0398. Permission for reprinting is granted to DECA chartered associations authorized by DECA Inc.

DECA Inc. will impose sanctions on chapters and chartered associations for violations of this policy up to and including disqualification of competitors and chapters from further participation.
1. B
Limited. A limited partnership permits a partner to invest in a business but have limited liability. For example, the amount of the financial responsibility could be limited to the amount the partner invested. Or, a partner could limit their time involved in managing the business. Close and "S" are types of corporations. A franchise is a contractual agreement between a parent company and a franchisee to distribute goods and services. Since franchises can be proprietorships, partnerships, or corporations, more information would be needed in this question for franchise to be the correct response.

SOURCE: BL:003 Explain types of business ownership
SOURCE: LAP-BL-003—Own It Your Way (Types of Business Ownership)

2. B
Current salary. Certain information is considered personal and confidential and should not be shared with coworkers. An employee's salary is confidential information between the business and the employee and should not be divulged to others. Organizational tips, sales policies, and vacation plans are not considered confidential information, so it is generally OK for employees to share this information with coworkers if they want to.

SOURCE: CO:014 Explain the nature of staff communication

3. A
Accomplishes its intended purpose. Written communications serve many purposes, and a test of whether a written communication was effective is whether it accomplished the purpose for which it was intended. Written communications do not need to contain a lot of information to be considered effective. Effective written communication takes time and effort and is not usually quick and easy to prepare. It should also be clear and should not require the reader to interpret its meaning or be open to any interpretation that the reader wants to give it.

SOURCE: CO:016 Explain the nature of effective written communications

4. B
A headache. An internal distraction is a concern or worry on the part of the listener that takes away from their ability to attend to the speaker's message, such as a headache, hunger or thirst, a personal problem, or poor health. A ringing cell phone, other people talking, or a TV are all examples of environmental distractions, which are aspects of the setting that divert the listener's attention away from the speaker's message.

SOURCE: CO:017 Demonstrate active listening skills
SOURCE: LAP-CO-017—Listen Up! (Demonstrating Active Listening Skills)

5. A
Building on someone else's comment. Discussion tools for contributing in an open-minded way include: asking questions, building on someone else's comment, volunteering a new idea, pointing out missing information, and helping the group summarize what's been said. Sharing rumors or gossip is not appropriate during business discussions because the information may be inaccurate and irrelevant. Avoiding asking questions and hiding new ideas are also not helpful tools when participating in discussions.

SOURCE: CO:053 Participate in group discussions
SOURCE: LAP-QS-029—Put In Your Two Cents (Participating in Group Discussions)
6. B

The credibility of the author. While it's important to consider the purpose of the source, the intended audience, and the author's educational background, the most imperative consideration in determining whether to use a particular source in your research is the author's credibility. An author who could benefit financially or socially from their writing on a topic might not be the most credible source of information. Likewise, if the source contains inaccurate information, it is not likely to be credible. Authors who are trying to advance a specific agenda are likely to be biased and not trustworthy. The intended audience is also important to consider. Generally, articles and texts written for academia are considered good sources, but there are also reasons to consider more mainstream sources. Although educational background is often an indicator of a person's knowledge and expertise in a certain topic, the author's schooling is not typically the most important consideration.

SOURCE: CO:054 Identify sources that provide relevant, valid written material

7. D

Facial expressions and body language. Nonverbal communication involves the use of actions and expressions, known as nonverbal cues, that send messages. Nonverbal cues include body language, personal space, eye contact, facial expressions, posture, and even the tone and pitch of a person's voice. In this example, Eliza displayed a facial expression (frowning) and body language (hunching over) to signal that she was in a bad mood. There is not enough information given to determine whether she displayed nonverbal cues relating to tone of voice or eye contact.

SOURCE: CO:059 Interpret others' nonverbal cues

8. B

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

SOURCE: CO:060 Provide legitimate responses to inquiries
9. A

Others may have different opinions. When defending their ideas, employees should keep in mind that others might not agree with the ideas or may have different opinions. If this happens, employees need to remain objective and clearly explain their ideas and provide supporting information. Being calm and logical is often the best way to defend ideas to others who have different opinions. Managers usually ask questions because they want to clarify information and make sure they understand the ideas. Employees’ objectively defending their ideas usually does not result in office conflict. If employees understand their ideas, it should not be difficult to explain the data.

SOURCE: CO:061 Defend ideas objectively

10. A

Paraphrasing. Message recipients use many techniques to encourage and indicate their understanding of a speaker's message. In the example, Jack is paraphrasing to verify his understanding of Wendi's statement. Paraphrasing involves restating a message in other words to confirm the message recipient's understanding. To use paraphrasing effectively, the message recipient must actively listen to the speaker's message. Paraphrasing does not involve expressing an opinion. Quoting involves reciting or writing a thought, idea, or statement using the speaker's exact words.

SOURCE: CO:082 Explain communication techniques that support and encourage a speaker

11. B

Primary sources may be difficult to find. The writing process typically involves several steps: prewriting, drafting, revising, editing, and publishing. During the editing step, the writer or copyreader should review what has been written to determine if it meets certain criteria to be published and/or shared with others. These criteria include proper sentence structure, appropriate grammar and punctuation, correct spelling, etc. "Primary sources may be difficult to find" is the only statement that is properly structured, contains appropriate grammar and punctuation, and is spelled correctly. The word "quota" is singular, so "Roger's weekly sales-volume quota are $8,500" contains an incorrect verb (the verb should be "is," not "are"). In the statement "Carole is developing a product analysis sheet," the word "prodict" is spelled incorrectly (the correct spelling is "product"). The phrase "Frank, Gus, and Bob" is a plural subject, so the wrong verb is used in the predicate of the sentence (the verb should be "are" instead of "is").

SOURCE: CO:089 Edit and revise written work consistent with professional standards

12. A

The subject line should concisely describe the topic of the message. Because businesspeople typically receive many email messages every day, it is important to make sure that the message's subject line contains concise information about the message's content. The subject line is the first thing that message recipients see to determine if the message is important enough to read. To convey a sense of professionalism, it is essential to use correct spelling, grammar, and punctuation when writing any type of business correspondence; therefore, message senders should avoid using texting "language" or acronyms (e.g., writing "IMHO" instead of "in my humble opinion") in email messages. It is polite to open an email message with a greeting. Message senders should avoid using all capital letters in an email message because doing so suggests anger or hostility.

SOURCE: CO:090 Write professional emails
13. B
Downward communication. When management sends messages to lower-level employees, it is often called downward communication. External networking is communicating with people or businesses outside the company. Lateral interaction (communication) occurs between employees or coworkers at the same level, such as two customer service representatives or two assistant buyers. Invasive messaging is a fictitious term.
SOURCE: CO:092 Choose and use appropriate channel for workplace communication

14. A
In what order to do the tasks. For employees to follow directions effectively, it is important for them to understand not only what needs to be done but in what order. In most cases, there are assignments that take precedence over others. Asking why the tasks need to be done and who will help with them are inappropriate questions. Whether the tasks will be part of the regular duties may depend upon the way in which they are carried out.
SOURCE: CO:119 Follow oral directions
SOURCE: Xdesign. (2020, August 9). 5 steps to giving & following instructions in the workplace. Retrieved August 31, 2022, from https://thinkx.net/blog/5-steps-to-giving-and-following-instructions-in-the-workplace

15. B
Clarity. Communication that is expressed clearly is described as having clarity. Caution is carefully stating a point to avoid conflict or misunderstanding. Courtesy involves the use of tact and consideration, while consensus is group opinion.
SOURCE: CO:133 Write business letters

16. D
Use gestures for emphasis. Appropriate gestures can help emphasize the point the speaker wants to make, and they are an important part of effective verbal communication. Speech mannerisms are distracting to listeners and should be avoided. The tone of the voice should be modulated, or changed, to prevent the speaker from sounding monotonous. Eye contact with listeners is important in maintaining communication and making them feel the speaker is addressing them personally.
SOURCE: CO:147 Explain the nature of effective verbal communications

17. B
A touchpoint. A touchpoint is any interaction between a business and a customer or potential customer. The sum of the touchpoints that a customer experiences becomes the company's communication of its brand promise to that customer. Advertisements, publicity (unsponsored mentions of the brand or business in the news), and word-of-mouth marketing (what other customers are saying) are all examples of touchpoints that occur before a customer does business with a company. A brand promise is the specific benefit that customers can expect from using the good/service and interacting with the company.
SOURCE: CR:001 Identify company's brand promise
SOURCE: LAP-CR-001—Share the Promise (Identifying Brand Promise)
18. D
A unique individual. Each individual customer has their own basic personality, and they react in different ways to salespeople. Employees should be friendly and courteous to all and adapt to each customer's behavior in a positive manner. Considering each customer as a possible problem is a negative approach that would probably prevent good customer relations. Not all customers are in a hurry.

SOURCE: CR:003 Explain the nature of positive customer relations
SOURCE: LAP-CR-003—Accentuate the Positive (Nature of Customer Relations)

19. D
Result in customer satisfaction. Making customers feel important is a goal of demonstrating a customer service mindset. Customers should feel welcome and that their satisfaction is important to everyone concerned. By focusing on the customers' needs, employees can increase sales and, in most cases, bring themselves personal fulfillment. The customer service mindset should be practiced by all employees regardless of whether employees have direct contact with customers.

SOURCE: CR:004 Demonstrate a customer service mindset
SOURCE: LAP-CR-004—Set Your Mind to It (Customer Service Mindset)

20. D
Become knowledgeable about her company's products and policies. Customers typically expect company representatives to be knowledgeable about the company's products and policies. Therefore, an important way for Gillian to gain a customer's trust is to answer the customer's inquiries about products and policies appropriately and correctly. Becoming knowledgeable about local restaurants and entertainment may help in customer relationships but is not as important as knowing about the company you work for. Transferring calls to upper management is not the best way to handle customer inquiries. You should do everything you can to assist the customer. If needed, you can seek the answer from upper management yourself and not transfer calls to them. Online support forums are a great way for customers to find information. However, if they have made an inquiry to you, it is important that you try to find the answer and not simply direct them to find the answer themselves.

SOURCE: CR:006 Respond to customer inquiries

21. D
Returning a carton of milk because it has an expired freshness date. In this situation, the customer is expressing the true reason for the return. The other alternatives are examples of complaints in which the customer is concealing the true reason for the return/complaint.

SOURCE: CR:010 Handle customer/client complaints
SOURCE: LAP-CR-010—Righting Wrongs (Handling Customer Complaints)

22. C
Producers. Producers are the people who make or provide goods and services. Consumption relies on producers to provide goods and services. The relationship between consumption and production needs to be balanced so that enough goods and services are produced to satisfy consumers' wants, but not so many that producers lose money. A consumer is anyone who uses goods and services. Owners have possession of their resources. Deciders make decisions.

SOURCE: EC:001 Describe the concepts of economics and economic activities
SOURCE: LAP-EC-901—Are You Satisfied? (Economics and Economic Activities)
23. C  
Technology. Technology is scientific applications to business objectives or the methods used to attain those objectives. Capital goods reflect the state of technology that exists in a society. Societies such as the United States, which is the leader in technology, generally have the most up-to-date capital goods. Electronics is one form of technology. The fact that a country is a leader in world affairs does not ensure its supply of capital goods. Transfer payments are payments made by the government for which no goods or services are received.

SOURCE: EC:003 Explain the concept of economic resources  
SOURCE: LAP-EC-903—Be Resourceful (Economic Resources)

24. D  
Supply is greater than demand. When this situation exists, producers will lower their prices to sell excess supply. For example, since fewer customers use electricity at night and on weekends, energy companies waive the cost for evening and weekend energy usage to increase demand for their service. The substitution effect is a phenomenon that occurs when changes in relative prices cause buyers to replace the purchase of one product with another.

SOURCE: EC:006 Describe the functions of prices in markets  
SOURCE: LAP-EC-906—When More Is Less (Functions of Prices)

25. B  
Customer buying habits. Buying habits can change quickly and for many unpredictable reasons; therefore, insurance companies will not assume risk coverage. The other alternatives are considered insurable risks that can be covered by various types of insurance policies.

SOURCE: EC:011 Determine factors affecting business risk  
SOURCE: LAP-EC-003—Lose, Win, or Draw (Business Risk)

26. D  
They tend to be more organized and able to manage their time wisely. Better trained and educated workers are often more productive and efficient because they are more organized, better able to manage their time, more willing to adapt, and more creative. Being more likely to become a manager doesn't cause a person to be more productive. Nearly all employees take vacation and sick days at some point. Gross domestic product per capita is the average productivity of individual workers within an entire nation. It is not the measure of one specific person's productivity.

SOURCE: EC:013 Explain the concept of productivity  
SOURCE: LAP-EC-018—Make the Most of It (Productivity)

27. A  
Consumers can buy quality products at competitive prices. Businesses that are socially responsible focus on ways to improve their operations so that they can meet the needs of consumers while minimizing their own costs. This also maximizes the company's profits so that raising prices may not be necessary. A monopoly exists when a market is controlled by one supplier, and there are no substitute products readily available. An efficient business would produce more products with the equipment it has, rather than having to buy more.

SOURCE: EC:070 Explain the role of business in society  
SOURCE: LAP-EC-070—Business Connections (Business and Society)
28. D  
Marketing. Marketing is a primary business activity that involves creating, communicating, and delivering value to customers and managing customer relationships in ways that benefit the organization and its stakeholders. Marketing activities are interrelated activities that must work together to get goods and services from producers to consumers. Effective marketing activities create a desire in consumers to purchase certain goods. Businesses perform marketing activities to encourage customers to want and to buy their specific goods and services. Budgeting involves estimating what income and expenses will be for a specific period of time. Accounting is the process of keeping and interpreting financial records. Directing is the management function of providing guidance to workers and work projects.

SOURCE: EC:071 Describe types of business activities  
SOURCE: LAP-EC-071—Strictly Business (Business Activities)

29. A  
It prevents Maureen from hearing the criticism clearly. Defensiveness raises a barrier between you and the speaker. Most of us feel angry or resentful when we are criticized, especially when the criticism is unjust. However, we cannot afford to exhibit this kind of attitude on the job. If Maureen listened with an open mind to the supervisor, she might learn not only how to correct her mistakes but how to avoid the mistakes in the future. Maureen’s attitude indicates immaturity rather than a desire to call attention to herself.

SOURCE: EI:003 Explain the use of feedback for personal growth  
SOURCE: LAP-EI-903—Grin and Bear It (Using Feedback for Personal Growth)

30. D  
Persuasive. Business managers who want to lead change in the company need to have certain characteristics to be effective. They should be persuasive, which means they have the ability to get people to see things their way, do things their way, or agree with them. Change doesn’t just happen on its own. Change leaders need the involvement and help of many different people. Effective change leaders are able to persuade the right people to go along with them and help make the change happen. A manager who wants to lead change does not need to be emotional, forceful, or conservative.

SOURCE: EI:005 Lead change  
SOURCE: LAP-EI-005—Start the Revolution (Leading Change)

31. B  
Deal with transition. Employee orientations and training help new employees adjust to their new job and company environment. Orientation and training can help reduce fear about a new job but do not help eliminate it. Employees earn promotions by demonstrating superior work. Orientation and training are provided to train employees for work, not to improve personal relationships.

SOURCE: EI:006 Demonstrate adaptability  
SOURCE: LAP-EI-006—Go With the Flow (Demonstrating Adaptability)

32. C  
Show respect for others’ opinions. It is important to your assertiveness to be able to say what you think. However, others may not always agree with you, and it is important to be respectful of them. Sharing original ideas should not be avoided, because it makes a conversation interesting. Instead of continuing to talk until others agree with you, you should try to make sure everyone has equal time to express themselves. Using body language to reinforce your opinions is appropriate if it is not offensive to others.

SOURCE: EI:008 Use appropriate assertiveness  
SOURCE: LAP-EI-008—Assert Yourself (Assertiveness)
33. B
Emotional intelligence. This is the ability to recognize and manage emotions in ourselves and in others. It's about being aware of our own emotions, responding to them appropriately, and then doing the same with the emotions of other people. The trait of emotional intelligence enables leaders to act in ways that are consistent with leadership activities. Self-interest is concern for what interests or profits oneself. A domineering personality involves individuals thinking they know more and are better than the average person. Lifestyle is not a character trait but the way in which people lead their daily lives.

SOURCE: EI:009 Explain the concept of leadership
SOURCE: LAP-EI-909—Lead the Way (Concept of Leadership)

34. C
Knowing and understanding what your own needs are. This one basic characteristic involves recognizing your own self-worth no matter what mistakes you have made. Saying "no" to things you really do not want to do, doing something that makes you feel good, and caring about yourself and your personal life are all ways to raise your self-esteem.

SOURCE: EI:016 Explain the concept of self-esteem

35. D
Cara stereotypes other people. A stereotype is a set image or an assumption about a person or thing. Stereotyping is believing that all the people in a particular group are alike or very similar. In this case, Cara believes that all blondes are ditzy and lazy. She is not a good judge of people, because her opinions of others are based on prejudice or bias. Stereotyping is often the result of a closed mind. It is unfair and creates problems for everyone because it makes people less tolerant of others.

SOURCE: EI:017 Recognize and overcome personal biases and stereotypes
SOURCE: LAP-EI-917—Don't Jump to Conclusions! (Recognizing and Overcoming Personal Biases and Stereotypes)

36. C
Personal. A personal trait is a personal characteristic expressed by a consistent pattern of behavior. Julie changed her regular pattern of behavior from unreliable to dependable. Physical traits include age, height, weight, build, or other physical characteristics. Mental traits involve intellectual abilities such as remembering, comprehending, analyzing, evaluating, and creating. Emotional traits involve attitudes, feelings, values, and so forth.

SOURCE: EI:018 Identify desirable personality traits important to business
SOURCE: LAP-EI-009—You've Got Personality (Personality Traits in Business)

37. A
Trustworthy. Being trustworthy means that people can rely on you to do what you say you will do. Trustworthy people will not tell anything they have been asked not to tell or pass along rumors that might not be true. An efficient person is one who performs in an effective, organized manner. A straightforward person is direct, open, and honest. A tactful person has the ability to do or say the right thing in any circumstances.

SOURCE: EI:022 Demonstrate honesty and integrity
SOURCE: LAP-EI-138—Sincerely Yours (Demonstrating Honesty and Integrity)
38. A
Realizing that mistakes are a part of personal growth. Self-confidence is a positive belief in your own talents, skills, and objectives. Individuals with self-confidence are willing to accept, admit, and learn from their mistakes, and they are not afraid to take positive risks. Other characteristics of self-confident people are that they respect others’ rights to differing opinions and can assertively communicate their beliefs, regardless of what others think.

SOURCE: EI:023 Exhibit self-confidence

39. D
Educating herself. Hannah is showing cultural sensitivity by educating herself. Being flexible and patient, building friendships, and communicating are all important steps toward cultural sensitivity, but they are not illustrated in Hannah’s example.

SOURCE: EI:033 Exhibit cultural sensitivity
SOURCE: LAP-EI-033—Getting To Know You (Cultural Sensitivity)

40. D
Lifestyles. Lifestyle is the way in which people lead their daily lives. Factors that affect lifestyle include attitudes, interests, and preferred recreational activities. Personality is the combination of all of an individual’s personal characteristics, or traits. Education is the amount of learning a person has acquired. Job position is a worker's assigned duties and the level of authority that goes with their job.

SOURCE: EI:036 Treat others with dignity and respect
SOURCE: LAP-EI-036—Everyone's Worthy (Treating Others With Dignity and Respect)

41. C
Interdependent. Things and people are said to be interdependent if they must rely upon one another for some reason. Being self-sufficient means relying on one’s self. Being efficient is doing things without wasted time or effort. An ineffective worker is one who has trouble carrying out their job responsibilities.

SOURCE: EI:037 Foster positive working relationships
SOURCE: LAP-EI-037—Can You Relate? (Fostering Positive Working Relationships)

42. B
Tactful. A coach is a person who enables others to reach their true potential by helping them overcome the barriers that are keeping them from doing so. An important aspect of effective coaching is providing feedback to the coachees. This involves letting the coachees know what they did right, what they did wrong, and how they can improve. Effective coaches do this by being tactful—by not being harsh or negative when they provide feedback. The feedback does not need to be creative, but it should be specific and encouraging. Providing feedback in an aggressive way would probably have a negative effect on the coachee, making them feel defensive.

SOURCE: EI:041 Coach others
SOURCE: LAP-EI-041—Bring Out the Best (Coaching Others)
43. B
Change or adjust your original vision. Just as you will change over time, so will your vision. If at any point you realize that your original vision needs adjustment, don't hesitate to make changes or switch directions entirely. You should not throw out your vision entirely, realign your ambitions with your vision, or consult someone else's vision—their vision will not be any help to you.

SOURCE: EI:063 Determine personal vision
SOURCE: LAP-EI-063—Picture This! (Determining Personal Vision)

44. B
Cynthia admitted to her supervisor about the billing mistake that she made on the Andrew's account. When you are willing to accept the consequences (good and bad) of your behavior, which is based on the decisions you make, you are taking responsibility for your actions. Because Cynthia admitted that she had made a billing mistake, she is accepting the responsibility for her behavior. Taking responsibility for your actions often involves admitting and learning from your mistakes and trying to do better in the future. Emily was not being honest or accepting responsibility for leaving the door unlocked when she didn't tell her supervisor about her mistake. When you blame others for your actions, you are not accepting responsibility for your behavior, which is what Pete did when he complained about Brenda's carelessness in relation to the group's project report and what Larry did when he required Bob to make a decision.

SOURCE: EI:075 Take responsibility for decisions and actions

45. C
Ethical principles. Ethical principles, such as integrity, trust, and accountability, can help people make tough ethical decisions. Integrity, trust, and accountability are not examples of consequences, ethical situations, or technical skills.

SOURCE: EI:123 Describe the nature of ethics
SOURCE: LAP-EI-123—Rules To Live By (Nature of Ethics)

46. D
Allows everyone to have a fair chance to be heard. Communicating and listening actively and openly shows respect for everyone's ideas and gives everyone a chance to be heard. Communicating does not necessarily prevent bias from affecting decision-making or promote the equality approach to fairness. Finally, communicating should include listening to others' feedback, not ignoring it.

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

47. A
Empathy. Empathy is the ability to relate to the feelings, thoughts, and experiences of other people. You can show empathy by truly listening to others and respecting their needs. This means trying to see things from another person's point of view and acknowledging their feelings. People are more likely to trust you if they know that you care about them, not just your own interests. Transparency, honesty, and integrity are important qualities that trustworthy people possess, but Alexis does not demonstrate them in this example.

SOURCE: EI:128 Build trust in relationships
SOURCE: LAP-EI-128—Trust in Me (Building Trust in Relationships)
48. D
Two employees are involved in a romantic relationship. Ethical dilemmas happen on a daily basis in the workplace in many different ways. Leaders must navigate these tricky situations and figure out the most ethical course of action. One example includes appropriate relationships in the workplace. A company that allows people to take breaks, Carter deciding to ask his manager for a raise, and Ashley telling her supervisor that she is resigning are not ethical dilemmas in the workplace, because they do not necessarily involve deciding whether something is right or wrong.

SOURCE: EI:131 Explain the nature of ethical leadership
SOURCE: LAP-EI-131—Be the Change (Nature of Ethical Leadership)

49. C
Show understanding for their loss. It's important to show understanding for any losses people may experience as a result of a change. Doing so helps them accept it. Groupthink occurs when bad decisions are made because the group's members fear expressing opinions or suggesting ideas that others may disagree with. Changing the status quo is a time-consuming process and is not done quickly. Celebrating the success of your plan will not help people who are impacted by it.

SOURCE: EI:134 Challenge the status quo
SOURCE: LAP-EI-134—Unfollow the Crowd (Challenging the Status Quo)

50. C
Not jumping to conclusions. Being respectful when considering conflicting viewpoints means avoiding jumping to conclusions or making assumptions before you've heard the entire viewpoint. It also means considering things objectively, not subjectively. To show respect when considering conflicting viewpoints, you should listen to the facts, not to your gut. Avoiding people who are different from you is not respectful.

SOURCE: EI:136 Consider conflicting viewpoints
SOURCE: LAP-EI-136—Pick a Side (Considering Conflicting Viewpoints)

51. D
Revolving. A revolving credit account limits the total amount of money that may be owed and charges interest on outstanding balances. An installment credit account is set up to handle one total amount of credit, which is to be paid off in regular installments. A regular credit account allows credit users to buy at any time during a set period. A budget account is a form of short-term credit often set up for 60- or 90-day periods.

SOURCE: FI:002 Explain the purposes and importance of credit
SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

52. B
Fiat money. Fiat money is a type of currency with no inherent value but receives value due to government backing. For example, a U.S. dollar has little value because it is paper, but it receives value because it is the legal currency of the issuing government. Commodity money has inherent value as a type of exchange, such as gold or silver. Fiduciary wealth is not a recognized type of currency and is not related to paper money. Discretionary income is money a person has to spend on wants after their needs are met.

SOURCE: FI:059 Identify types of currency (paper money, coins, banknotes, government bonds, treasury notes, etc.)
53. D
Medium of exchange. A medium of exchange is something of value that can be used to obtain goods and services. The most common form is money. Money is what individuals, businesses, and governments use to buy what they need and pay expenses. Money is not a system of inventory, a method of investment, or a process of accounting.

SOURCE: F1:060 Describe functions of money (medium of exchange, unit of measure, store of value)

54. B
Vacation pay. If individuals receive paid vacation, they are being reimbursed for work done. Child support income is unearned because it is court ordered. Interest and dividends are unearned because an individual is not required to work for them. Trust disbursements also qualify as unearned income because no work is done to receive them.

SOURCE: F1:061 Describe sources of income (wages/salaries, interest, rent, dividends, transfer payments, etc.)

55. C
Interest rate. Interest is the amount charged by a lender to a borrower in exchange for a loan. Interest rates are expressed as percentages of the principal—the original loan amount. In this situation, 6.9% represents Margaret's interest rate on her personal loan. It does not express the present value of her loan. Inflation rate refers to the rate at which the level of prices for goods and services is rising. Inflation rates are not expressed in this example. Compound value is not a term used to describe loan information.

SOURCE: F1:062 Explain the time value of money

56. A
Gross income. Gross income refers to the amount of money a person or business makes before taxes. In this scenario, Mark made $1,000 before any tax deductions were made. Net income is the money remaining after taxes are deducted from the gross income. In this case, Mark's net income is $800. Mark's salary, or the fixed amount of money he made in a year, is $52,000. A budget is an estimate of income and expense for a specific period of time.

SOURCE: F1:067 Explain the nature of tax liabilities
57. A

The wise use of credit. Credit is the arrangement by which individuals can purchase now and pay later. Many individuals have credit cards because the cards allow them to pay for purchases without using cash. Then, they receive statements on a monthly basis indicating the amount due. If individuals charge only the amount they can afford to pay in full every month, they are using credit wisely. By paying in full, they avoid interest charges that may be high and significantly increase the cost of the purchases. Charging only the amount they can afford to pay in full every month will not necessarily help individuals save money for the future. Charging only the amount they can afford to pay in full every month is not a way to avoid identity theft or an example of making a cash transaction.

SOURCE: FI:071 Demonstrate the wise use of credit

58. A

Report suspicious activity immediately. When analyzing your personal credit reports, you should identify and report suspicious activity immediately. One example of suspicious activity is the presence of credit accounts opened in your name that you don't remember opening, such as credit cards or loans. You should generally only request one credit report per major reporting agency per year, or else you may face a small drop in credit score and unnecessary fees. It's a good idea, however, to request a credit report from each of the major credit reporting agencies each year so that you can compare them.

SOURCE: FI:072 Validate credit history

59. D

Avoid providing sensitive information via telephone. Unless you can verify the authenticity of the person you are speaking to, you should avoid providing personal information such as your credit card number, address, or social security number via telephone. You should never throw away your credit card receipts in public trash cans without shredding them first, since people could fish them out and access your information. It's unwise to open more credit cards than necessary. The more lines of credit you have, the more likely someone will be able to steal your information. It's also unwise to write down your important passwords on paper. Instead, you should try your best to memorize your important passwords.

SOURCE: FI:073 Protect against identity theft

60. C

Full-service. Full-service brokers usually charge the highest commissions because they provide in-house research and personalized investment guidance. Discount brokers have lower commissions, and online brokers often have even lower commissions than discount brokers. All of these types of brokers trade stocks.

SOURCE: FI:075 Describe types of financial-services providers
61. C
What are your qualifications? When interviewing potential financial advisors, you should ask about the advisor's professional qualifications to determine if they have the right skills and abilities for your needs. Other relevant questions include: What experience do you have? What financial-planning services do you offer? What is your approach to financial planning? Knowing the financial planner's personal life and whether the individual has a partner is not relevant when determining whether they can meet your needs. Asking why someone decided to become a financial advisor may shed light on a person's motivations and passions but will not necessarily help you determine whether the individual is the best fit for you.

SOURCE: F1:076 Discuss considerations in selecting a financial-services provider

62. C
Health. Many businesses offer health insurance as part of their employee benefit plan. Some businesses pay all of the premiums for their employees' coverage while others charge their employees a portion of the expense. Health insurance often is an important part of an employee's overall compensation package. Automobile, property, and liability insurance usually are the responsibility of the individual employee.

SOURCE: F1:081 Describe the concept of insurance

63. B
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: F1:354 Explain the role of finance in business
SOURCE: LAP-FI-354—Money Matters (Role of Finance)

64. C
Pension plans. A pension is a retirement fund that has been paid into by an employee and/or an employer throughout the employee's working years. A pension plan outlines the system for paying employees after they have retired from the company. Pension plans are a common source of income in retirement. Salary income and earned wages are sources of income during an individual's working years, not during retirement. Student loan payments are an example of an expense, not a source of income.

SOURCE: F1:569 Discuss the nature of retirement planning
65. C
Determining resources available to fund a new project. Managers use financial information on many occasions, including when planning strategies, executing strategies, and evaluating the execution of strategies. For example, a manager would use financial information to determine what financial resources are available to fund a new project that they are planning. To research the demographics of a new target market, information gathered through market research would be more useful. Financial information is not used to calculate the number of on-the-job injuries or to establish lines of authority within an organization.

SOURCE: FI:579 Describe the need for financial information
SOURCE: LAP-FI-579—By the Numbers (The Need for Financial Information)

66. C
Onboarding. Human-resources management tasks that are performed when a new employee joins the company are onboarding activities. Onboarding activities include ensuring that the new employee completes the necessary tax and insurance forms and arranging direct paycheck deposit into the employee's bank account. Recruiting, interviewing, and organizing are not onboarding activities. Recruiting involves seeking out and attracting qualified employees. Interviewing is a recruiting activity that involves speaking with a job candidate to discuss their qualifications in detail. Organizing is the management function of setting up the way the business's work will be done.

SOURCE: HR:410 Discuss the nature of human resources management
SOURCE: LAP-HR-410—People Pusher (Nature of Human Resources Management)

67. D
Production and consumption of goods and services. The marketing process is made up of activities that help link producers to consumers so that exchanges can take place. All of the other alternatives are aspects of the marketing process and strategy that help support the overall objective.

SOURCE: MK:001 Explain marketing and its importance in a global economy
SOURCE: LAP-MK-901—Have It Your Way (Nature of Marketing)

68. D
Faster connections with suppliers. The internet gives businesses faster and easier ways to communicate with both customers and suppliers—through email, chat, video conferencing, etc. It does not necessarily provide improved methods of manufacturing. Use of satellite radio is the result of satellite technology, not the internet. The ability to call employees on the road is the result of cell phone technology.

SOURCE: NF:003 Identify ways that technology impacts business
SOURCE: LAP-NF-004—TECH-tastic (Technology's Impact on Business)

69. D
Forward. By clicking the forward button, the message recipient can send the message to another person. The reply key allows the recipient to respond to the sender's message. The edit function allows changes to be made to an email message. The new key allows the sender to create an email message.

SOURCE: NF:004 Demonstrate basic e-mail functions
70. A
Coca-Cola AND current market share AND cola AND United States. Search engines need to be given directions using exact wording. Using "AND" links all of the required information together and gives a more productive search. The more exact the wording, the more narrow the responses returned, and the less time wasted on unrelated responses. Using "OR" as the logical operator will tell the search engine to return information on individual topics instead of responses that include all four topics. The "AND/OR" could return responses on either Coca-Cola or market share. It could also give you Coca-Cola market share, but it might not; or it might be for a country other than the United States. The "Coca-Cola OR current market share OR cola AND United States" could return responses for other companies, other industries, or information on cola in the United States, but not the specific information needed.

SOURCE: NF:006 Demonstrate basic web-search skills

71. D
Keep the design of your slides consistent. If you change the design of each slide, it may be difficult for people to focus on what you're saying. By keeping the design consistent, you'll keep the focus on the information you're presenting. There should be minimal text on slides and certainly not full paragraphs. People should be listening to you, not simply reading your slides. Sound effects can be distracting and unprofessional, so it's best to avoid them.

SOURCE: NF:008 Demonstrate basic presentation applications

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

SOURCE: NF:042 Create and post basic web page

73. A
"The truth about commercial interest rate increases." When you place quotes around a phrase or title in the search field, the search engine will show results only for those websites containing that exact phrase/title. Placing a minus sign (hyphen) in front of the word means that you do not want the word included in the search. Placing an underscore between words and brackets around the phrase is less likely to retrieve the exact results desired.

SOURCE: NF:078 Obtain needed information efficiently
74. C

Obsolescence of format or medium. When information is stored for future use, there is always a risk that the format of the information or medium used to store the information will become obsolete. In this situation, Maxine is unable to analyze customer information that is more than 10 years old because her computer cannot open the files. This is most likely because the format of the old files has become obsolete. Information security risk is another potential negative consequence of storing information for future use, but it is not illustrated in this example. Heritage preservation is a positive consequence of information storage, but it is also not illustrated in this example. Ease of access for future generations may or may not be a consequence of information storage—if the format or medium of the information becomes obsolete, then future generations will not be able to easily access it.

SOURCE: NF:081 Store information for future use

75. A

Performs interrelated functions. Integrated software applications consist of two or more related computer programs that work together to record information or perform specific business tasks or functions. For example, Microsoft Office combines a variety of programs that perform word-processing, spreadsheet, slideshow presentation, desktop publishing, and database functions. Some integrated software packages are customized to perform interrelated activities for a specific industry, such as travel and hospitality. Not all integrated software packages calculate break-even points or include forecasting tools. Because integrated software options vary, the level of training that users need also varies.

SOURCE: NF:088 Use an integrated business software application package

76. A

Save time and money. For a business to run efficiently, information must be managed and organized so it can be found quickly whenever it is needed. And in business, where time is money, this is cost-effective as well. Information management saves businesses time and money by controlling information overload, cutting down on enormous paper trails, and maintaining a higher level of productivity. Information management also helps businesses serve customers more effectively, maintain credibility, and comply with laws—but these benefits are not demonstrated in this example.

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

77. B

Wipe it up immediately. Spills may make the floor slippery and create a safety hazard. Others may not notice the spill, fall on the wet surface, and suffer injuries. All employees are responsible for helping maintain a safe environment. They should not wait for the floor to dry, tell others about the spill, or leave it for the cleaning crew.

SOURCE: OP:007 Follow safety precautions
78. B
Conducting routine maintenance and housekeeping. Routine housekeeping and regular maintenance can contribute to a safe work environment for all employees. An example of a routine housekeeping measure would be to replace the batteries in smoke detectors once every year, and to test that the detectors still work monthly. Waiting to replace the batteries until they die would be dangerous in the case of fire. Stacking boxes in front of doors is unsafe, since doors need to be clear in the event of an evacuation or other emergency. Fire extinguishers should be placed where they can be easily accessed by anyone in the workspace.

SOURCE: OP:008 Maintain a safe work environment

79. D
Managing sales personnel. In some retail businesses, the buyer is directly responsible for sales and stock personnel. The buyer must educate salespeople about new merchandise, sales trends, and selling techniques. Buyers may have input into the other alternatives, but they are not responsible for organizing inventory counts, designing visual displays, or placing advertisements.

SOURCE: OP:015 Explain the nature and scope of purchasing
SOURCE: LAP-OP-015—Buy Right (Purchasing)

80. C
Repeat orders. Since successful selling is all about building customer relationships, it is important not to end contact with your customers once the product they ordered is delivered. What you do after the sale is as important as the steps leading up to it. The customer will appreciate the fact that you followed up afterwards, which will frequently lead to repeat orders. There is no evidence to suggest that following up with customers results in returned merchandise or frustration for either you or the customer. Additionally, there is no reason to think that following up with customers will cause your supervisor to intervene. Following up after orders are delivered is a practice that supervisors wholeheartedly encourage!

SOURCE: OP:016 Place orders/reorders

81. B
Capital resources. Capital resources are the money, machinery, equipment, and supplies used in production. They are only one type of resource used in production. Utility is usefulness added to a product. Utility enables products to meet the needs of the consumers who buy and use the product. Fiscal control is government use of price controls, licensing, wage control, tax rates, and other monetary methods by government to regulate business.

SOURCE: OP:017 Explain the concept of production
SOURCE: LAP-OP-017—Can You Make It? (Nature of Production)
82. B
Has enough items on hand to run the business smoothly. Businesses need supplies so that they can operate efficiently. If a business runs out of printer toner, it cannot print letters, reports, or invoices, or conduct other activities that are necessary to keep the business up and running. To reduce the risk of running out of supplies, businesses often develop inventory control systems to track their supplies. Since the DEF Company is a consulting firm, it sells services, and therefore, does not sell the office supplies to customers. Generally, small companies do not need as many office supplies as big companies. Because DEF is a small company, it probably does not purchase too many items in bulk. Suppliers do not always offer free shipping. Businesses do not incur storage costs if their supplies are stored on their premises.
SOURCE: OP:031 Maintain inventory of supplies

83. C
Integrity. Data integrity involves the wholeness or completeness of data and information. A breach of data integrity is sometimes referred to as data corruption. Corruption may be the result of an attack, but it may also occur at various points during the entering, storing, or transmitting of information. Data confidentiality is threatened when unauthorized users gain access to the data. Confidentiality is related to data privacy, although data privacy also involves the intended use of specific types of data. Data availability refers to the usability or the delivery format of data.
SOURCE: OP:064 Maintain data security

84. C
Following security procedures. Businesses establish security procedures to protect their assets—equipment, products, facilities, money, information, and employees. Businesses need to communicate these security procedures to employees so the employees know what they need to do to maintain a secure work environment and reduce the risk of business loss. In the example, an employee saw a customer shoplifting, so she notified the guard at the front door to prevent the customer from leaving the store without paying. Madeline carried out the steps that her employer told her to follow if a security issue occurred. Madeline did not set the alarm, accuse a witness of theft, or reveal confidential information.
SOURCE: OP:152 Follow established security procedures/policies

85. B
Log out of their computer when leaving work. One way that an individual employee can help protect company information on a daily basis is to log out of their computer when leaving work for lunch or for the evening. By doing so, it becomes much more difficult for an intruder to access company information on that particular computer. However, if the employee also stores their log-in information (i.e., username and password) in a desk drawer at work, that very same intruder can easily access company data if they have time and opportunity to look in the drawers of the desk. Checking personal email on a work computer and transferring files from a home computer to a work computer are potentially dangerous. They make the computer vulnerable to hackers’ attacks and electronic viruses which could result in the loss of company information.
SOURCE: OP:153 Protect company information and intangibles
86. B  
Finishing a status report that she is presenting at a meeting that is scheduled an hour from now. Prioritizing involves ranking things in the order of their relative importance. When prioritizing their work, employees evaluate many factors such as due dates and the time that it will take to complete a task. Because Lily needs to present a status report during a meeting that is occurring within an hour, she needs to finish the report first. After the meeting, she should edit the article so that it is ready by the 3:00 p.m. deadline. Printing a document does not take a lot of time, so Lily can print the hotel confirmation any time before the conference, which is a week away. Lily does not need to return an unsolicited sales call.

SOURCE: OP:228 Organize and prioritize work  

87. C  
Evaluating project success identifies needs for future projects. In some cases, projects can create the need for more projects. Lucas's project evaluation helped him uncover the need for future projects because his first pep rally was so successful. This is not an example of how it is important to measure efficient resource use or how all projects must offer financial value to stakeholders. Evaluating the quality of project work is not necessarily the most important step; all of the steps of evaluating project success are important.

SOURCE: OP:521 Evaluate project success  
SOURCE: LAP-OP-521—Making the Grade (Evaluating Project Success)

88. C  
Create a custom slideshow presentation that explains how the software program will benefit the client. A slideshow presentation is best used to share information when meeting with a group of people. A lengthy report containing technical details is not as effective or persuasive as explaining how the software will benefit the company. Storyboards are best used to organize visual content for slideshow presentations and videos or to present highly artistic or conceptual products such as TV advertisements or films. Brief marketing messages are used to generate customer interest in a product and are not appropriate for a formal business meeting.

SOURCE: NF:080 Apply information to accomplish a task  

89. C  
Conservative. When in doubt, be conservative. This is especially true in selecting clothes for work. Your work clothes should present a positive image of you and the business for which you work. They should not distract customers from the products you sell or coworkers from doing their jobs. Choosing clothing that is highly advertised, a current fad, or eye-catching would not be as wise as choosing something conservative.

SOURCE: PD:002 Maintain appropriate personal appearance  
SOURCE: LAP-PD-002—Brand Me! (Personal Appearance)

90. D  
Plan ahead and work at a relaxed pace. Truly productive workers plan ahead so that they can work at a relaxed pace. They accomplish much more than those who fail to plan and try to do everything at a frantic pace at the last minute. Organized workers do help create a good image for the business, but that is not related to their level of productivity.

SOURCE: PD:009 Demonstrate systematic behavior  
91. C
Careers. Self-understanding helps people choose careers that are appropriate for their particular abilities. Each of us is born with a unique combination of abilities and aptitudes for certain skills. Understanding what those skills and abilities are usually helps people choose careers for which they are well-suited and in which they will be successful. People who understand their skills and abilities are not necessarily able to choose appropriate friends. Talents, the natural aptitudes that people are born with, are not chosen but may be developed. Traits are personal characteristics that make up an individual's personality.

SOURCE: PD:013 Assess personal interests and skills needed for success in business

92. A
Where you'll take your bike for repair. An example of a limited decision is where you'll take your bike for repair—because you'll spend a little time considering where you want to take it. It's not something you'll put no thought into (as deciding when you'll leave for school) or a lot of thought into (as deciding which car you'll buy or college you'll attend).

SOURCE: PD:017 Make decisions
SOURCE: LAP-PD-017—Weigh Your Options (Decision-Making)

93. A
Business information management. An employee making sure that business initiatives and computer/IT processes work smoothly together is working in the area of business information management. Business information management is an umbrella term covering those careers that provide a bridge between business processes/initiatives and IT (information technology). Employees in this area help align business and IT goals. Employees working in accounting collect, analyze, organize, and report accounting information. Employees working in operations management focus on planning, organizing, coordinating, and controlling the resources needed to produce/provide a business's goods and/or services. Employees working in securities and investments typically work in brokerage firms, investment banks, and stock exchanges to support the flow of funds from investors to companies and institutions.

SOURCE: PD:025 Explain employment opportunities in business
SOURCE: LAP-PD-025—Go for It! (Careers in Business)

94. B
To test the applicant's communication skills. Job interviewers ask interviewees to talk about themselves in order to evaluate their skills in expressing themselves. They also hope to learn more about the applicant than is supplied in the resume or on the job application. The question is not intended to be a probe into the applicant's personal life, an attempt to uncover problems, or a test of honesty and integrity.

SOURCE: PD:028 Interview for a job

95. C
Is short and typed. A follow-up letter after a job interview should be short and to the point. The purpose is to briefly thank the interviewer. Typed letters are preferred. Follow-up letters do not contain a photo or another resume. They should not be long and detailed.

SOURCE: PD:029 Write a follow-up letter after job interviews
96. A

Jobs of the future. Employees will experience many changes in technology throughout their careers. To be prepared for the jobs that new technology will create, employees need to continue their education. Technology will eliminate some jobs in the future and change the way some jobs are performed. Employees will need to keep up with the new developments by continuing their education and learning new skills. Those employees who do not continue their education might find themselves without jobs because they have not adapted to a new work environment. Employees do not continue their education to be prepared for life after retirement, changes in lifestyle, or adjustments in pay. However, continuing their education often helps employees improve their lifestyle by increasing their pay.

SOURCE: PD:033 Explain the need for ongoing education as a worker

97. D

Money. Many businesses fail simply because they do not have enough money. A business's dismal sales, unexpected expenses, or poor planning can all result in insufficient capital. Insufficient capital does not refer to a lack of advertising, employees, or commitment.

SOURCE: PD:066 Explain career opportunities in entrepreneurship
SOURCE: LAP-PD-066—Own Your Own (Career Opportunities in Entrepreneurship)

98. C

Identify and check your assumptions. An assumption is a thought or idea that you presume (take for granted) is true. In some situations, a person makes incorrect assumptions. For example, a supervisor may assume that an employee has completed a task by the deadline. The supervisor makes this assumption because the employee has completed tasks by the given deadlines in the past. The supervisor's assumption is based on their experience. However, the employee experienced a computer problem, which prevented them from completing the task by deadline. So, in this particular situation, the supervisor's assumption was incorrect. Therefore, when you are solving problems, it is important to make sure that you have all of the correct information available and that you look at situations and issues objectively. After collecting all of the necessary information and checking assumptions, you can brainstorm solutions and determine the best solution to implement. The nature of the problem depends on whether or not you need to ask for input from your peers.

SOURCE: PD:077 Demonstrate problem-solving skills
SOURCE: LAP-PD-077—No Problem (Demonstrating Problem-Solving Skills)

99. C

Product. Whenever a company creates a new product or redesigns an existing product, product innovation takes place. If a company changes the way that a product is produced or delivered, the company is engaging in process innovation. Position innovation occurs when an existing product is repositioned. A company that seeks to create a different image of an existing product in the minds of consumers is repositioning the product. Paradigm innovation takes place when the entire perception of a product, company, or industry takes place. For example, cars were originally perceived as only being for the wealthiest segment of society. Henry Ford changed the way that society viewed the automobile, however, from an expensive plaything for the rich to a reasonably priced mode of transportation for all of society.

SOURCE: PD:126 Explain the need for innovation skills
SOURCE: LAP-PD-126—Ideas in Action (Innovation Skills)
100. A

Setting policy. Most businesses have established policies and set standards by which the business is governed. Setting policy is a function of management, which is the process of planning, organizing, directing, and controlling activities in order to achieve goals or objectives. Serving customers, stocking shelves, and preparing ads are different kinds of work carried out by a company's employees under the direction of management.

SOURCE: SM:001 Explain the concept of management
SOURCE: LAP-SM-001—Manage This! (Concept of Management)