COLLEGIATE DECA

SAMPLE EXAM

BUSINESS MANAGEMENT + ADMINISTRATION CAREER CLUSTER

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

HUMAN RESOURCE MANAGEMENT

RETAIL MANAGEMENT

These test questions were developed by the MBA Research Center. Items have been randomly selected from the MBA Research Center's Test-Item Bank and represent a variety of instructional areas. Performance indicators for these test questions are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided.

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1. Who should be considered in regard to health and safety during a project?
   A. Anyone who comes in contact with project deliverables
   B. The customers/clients
   C. The project team members
   D. Anyone who is especially vulnerable to health and safety issues

2. What often happens when a nation has a high unemployment rate?
   A. The gross domestic product increases.
   B. The consumer price index decreases.
   C. The nation experiences an economic slowdown.
   D. The stock market remains unaffected.

3. A disadvantage for employees of labor specialization by job task is that
   A. their work may become boring.
   B. changing jobs is difficult.
   C. learning a job is harder.
   D. their job knowledge decreases.

4. Why are capital goods scarce in some countries?
   A. Population increases
   B. Lack of technology
   C. Lack of job training
   D. Weather conditions

5. An employee may be reluctant to report a safety violation because they
   A. may get in trouble for reporting it.
   B. don't want to tell on a coworker.
   C. will have to give their name.
   D. don't want to receive a fine.

6. Your school takes a vote to decide the theme of the next dance. Is this an example of consensus building?
   A. Yes, consensus building involves majority rule.
   B. No, consensus building is not voting.
   C. No, consensus building involves minority rule.
   D. Yes, consensus building is not about equal power.

7. By looking at freely available data, a computer programmer working for a city government discovered that an elected official had several unpaid traffic tickets. The decision to release this information to the public is an ethical issue of
   A. ownership.
   B. privacy.
   C. accuracy.
   D. control.

8. Advancements in technology, management techniques, and employee training enable businesses to encourage economic growth by
   A. shifting consumer investments.
   B. increasing natural resources.
   C. increasing their productivity.
   D. improving working conditions.

9. Which of the following is an example of a touchpoint:
   A. Company management analyzes customer buying behavior.
   B. A company provides new employees with customer service training.
   C. A customer watches a company's TV commercial.
   D. A company researches customer relationship management software.

10. Which of the following is a source of money coming into a business:
    A. Product returns from customers
    B. Payments to suppliers or vendors
    C. Trade credit
    D. Operating expenses

11. Which of the following statements about the organizational culture of a company is true:
    A. A company that encourages employee creativity tends to have a negative impact on the culture.
    B. Managers who fail to communicate well with employees tend to create a positive culture.
    C. All employees' experiences, assumptions, and expectations can affect the culture of a company.
    D. Managers' beliefs and actions do not have a major effect on the company's culture.

12. When aggregate demand decreases, which of the following will mostly likely increase:
    A. Production
    B. Inflation
    C. Unemployment
    D. Expansion

13. What is the advantage of using a rolling or continuous budget?
    A. It provides managers with the ability to accurately forecast unexpected expenses.
    B. It requires managers to demonstrate the need for every expense at one time.
    C. It encourages managers to assess activities and adjust figures more frequently.
    D. It eliminates the need for the business to develop a master budget.

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

15. Businesses must keep in mind that word-of-mouth promotion can be
    A. bought.
    B. negative.
    C. inconsequential.
    D. avoided.

16. Why do businesses use data mining?
    A. To show why information is valuable
    B. To eliminate the need to understand data
    C. To see patterns within data
    D. To make decisions for them

17. Membership in a local chamber of commerce is __________ for marketing businesses.
    A. voluntary
    B. unimportant
    C. necessary
    D. required

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

19. Rex is the purchasing agent for a publishing company. His best friend Mia is a sales agent for the Root Paper Company. When Rex needs paper supplies, how can he ethically purchase them?
    A. Contact Mia at the Root Paper Company to buy the paper at cost
    B. Use a quote from Mia to negotiate lower prices from other suppliers
    C. Request quotes from several different paper companies
    D. Get quotes from other suppliers and ask Mia if she can beat those prices

20. Ethical accounting practices involve presenting a business's financial information in a
    A. way that enables managers to manipulate data.
    B. systematic and biased manner.
    C. clear and impartial way.
    D. format that can be interpreted in many ways.

21. Which of the following approaches would help workers involved in conflict to negotiate a solution to the problem that is satisfactory to all:
    A. Being determined to win
    B. Being willing to compromise
    C. Having a set outcome in mind
    D. Knowing how to manipulate

22. Quantex is organized as a partnership with eight equal partners. The partners would like to expand their business, but limit the amount of money they could personally lose if the business were to fail. What form of ownership should Quantex consider?
    A. Corporation
    B. Partnership
    C. Monopoly
    D. Sole proprietorship

23. Jasmin Boutique, a perfume retailer, keeps a large supply of cleaning products, office supplies, and repair tools. These items are known as __________ inventory.
    A. work-in-process
    B. raw materials
    C. MRO
    D. finished goods

24. Lyla is thinking about expanding her business internationally. However, she is worried that __________ might negatively affect her ability to compete in a foreign market.
    A. time horizons
    B. trade barriers
    C. investment returns
    D. systematic withdrawals

25. An organization can increase transparency by
    A. providing a framework for knowledge sharing.
    B. creating and enforcing a strict code of conduct.
    C. rewarding individual achievement.
    D. using reliable sources for research.

26. What can businesses do to better protect online accounts and databases?
    A. Send daily risk reports to the authorities
    B. Monitor network speeds
    C. Monitor employee internet use
    D. Use secure passwords

27. A company is involved in a lawsuit that it is unlikely to win. What should it do?
    A. Move to appeal
    B. Enter the discovery phase
    C. Request a mistrial
    D. Settle the case

28. Which of the following is a reason for a company to locate its manufacturing operations close to its target market:
    A. Quality standards are decreased if customers know the laborers personally.
    B. Labor costs tend to be lower in areas that have both customers and workers.
    C. Shipping costs tend to be lower if a product is manufactured closer to customers.
    D. Packaging costs are greatly reduced in areas where only one language is used.

29. Which of the following is the correct hierarchical order of decomposition in a project's work breakdown structure, from the highest level of scope to the lowest level of detail:
    A. Subtask, task, and work assignment
    B. Task, subtask, and work assignment
    C. Work assignment, task, and subtask
    D. Work assignment, subtask, and task

30. The first step in protecting a business's digital assets is taking an inventory. This includes what information is on what media, where the information is located, and
    A. how the information is accessed.
    B. the order of information importance.
    C. costs associated with the information.
    D. how the information will be used.

31. Yabbie’s BBQ just hired several new staff members, so it decides to increase the number of managers working at once. This is an example of how
    A. employees’ competence affects organizing decisions.
    B. organizing keeps a business cohesive and coordinated.
    C. the size of an organization affects organizing decisions.
    D. organizing must be done before staffing decisions are made.

32. Sunset Airlines experienced a rare mechanical malfunction with one of its plane's engines and needs to purchase a new part. What type of purchase order would Sunset Airlines likely use?
    A. Standard purchase order
    B. Contract purchase order
    C. Blanket purchase order
    D. Planned purchase order

33. Which of the following is an effective type of knowledge transfer in the workplace:
    A. Maintaining an organizational flow chart
    B. A new employee learning “by doing”
    C. A veteran employee mentoring a new employee
    D. Keeping veteran employees' phone numbers

34. Which of the following might occur during the litigation process:
    A. Online dispute resolution
    B. Arbitration
    C. Attorney recertification
    D. Jury selection

35. How does an efficient supply chain impact business operations?
    A. Reduced quality control
    B. Less waste
    C. Increased duplication
    D. Greater rigidity

36. Is it ethical for an employee to bypass internal business policies and sell expensive products to individuals or businesses without verifying their credit histories?
    A. No, the employee may be jeopardizing the business's financial well-being without first obtaining permission from management.
    B. Yes, the employee is actually helping the business meet its financial goals more quickly by skipping an unnecessary step.
    C. No, most companies provide employees with a great deal of flexibility in terms of following internal business policies.
    D. Yes, various government regulations state that businesses must offer credit to all individuals and businesses.

37. When negotiating with a vendor, it's important to __________ them.
    A. overcharge
    B. partner with
    C. defer to
    D. take advantage of

38. Which of the following is a common reason why companies implement business process change:
    A. To decrease profitability
    B. To gain publicity
    C. To reduce costs
    D. To attract new talent

39. Which of the following is a way in which technology facilitates knowledge management:
    A. It makes knowledge harder to access.
    B. It ensures knowledge is retained.
    C. It makes knowledge easier to record.
    D. It complicates the storage of knowledge.

40. A large company recently made many changes to the product description data in its database. What is the best practice for monitoring the changes and controlling database management costs?
    A. Use change-value selection to monitor the changes.
    B. Use table differencing to compare the source database to the staging database.
    C. Redesign the database to accommodate a new field for documenting product description changes.
    D. Use change data capture to identify the insert, update, and delete operations made by users.

41. Lizzie recently ordered a new aquarium filter for her tropical fish tank. When she ordered the filter, the company told her that she could expect her item in 7-10 business days. After 10 days had passed, Lizzie called the company to inquire about her shipment. The company told her it had no control over the delay and was still waiting to receive the item from its supplier. Lizzie was disappointed and vowed never to buy anything from the company again. In this situation, poor supply chain management
    A. led to greater business sustainability.
    B. resulted in higher sales.
    C. directly prevented business success.
    D. was unrelated to customer satisfaction.

42. When companies work with their vendors to develop mutually beneficial business arrangements, they are more likely to
    A. experience horizontal conflict.
    B. maintain long-term relationships.
    C. double their profit margins.
    D. experience vertical conflict.

43. Knowledge management is important for business success, but it is often limited by __________ team members.
    A. collaborative
    B. unmotivated
    C. specialist
    D. gossipy

44. Every __________ is the result of a process.
    A. outcome
    B. input
    C. project
    D. activity

45. Before managing change, a company must
    A. transfer ownership.
    B. review performance.
    C. sustain outcomes.
    D. define its approach.

46. What is an advantage of managerial planning?
    A. Lessens the need to monitor employees
    B. Decreases the need to delegate work
    C. Eliminates errors
    D. Reduces uncertainty

47. Which of the following statements is true about the Six Sigma quality management framework:
    A. It involves change throughout the entire organization.
    B. It can be effective without establishing incremental benchmarks.
    C. It focuses on increasing employee job satisfaction.
    D. It emphasizes lowering costs more than improving quality.

48. Which of the following best describes the relationship among different factors that a project manager has to consider and balance:
    A. When one factor changes, others are likely to be affected.
    B. Changing one factor reduces the risk associated with other factors.
    C. Certain factors are always more important than others.
    D. Factors are usually isolated and managed separately.

49. A complicated, labor-intensive manufacturing process is limited by the number of hours that an employee can work without becoming fatigued. This is an example of how __________ factors influence process design.
    A. human
    B. environmental
    C. regulatory
    D. technology

50. How can managers coordinate employees' activities?
    A. Evaluate their results.
    B. Share organizational charts with them.
    C. Give them the equipment they need.
    D. Tell them what to do.

51. During the closing phase of a project, Melissa sends an email to her project-team members asking them to describe the problems and successes that they encountered during the course of the project. Then, Melissa synthesizes the feedback and develops a document for other managers to refer to in the future, when they work on similar projects. What component of the project closure phase is Melissa focusing on?
    A. Resource reassignment
    B. Project deliverables
    C. Lessons learned
    D. Closeout report

52. Riya is working with her team to develop the company's annual report. The report itself was designed on time, but delays in the approval process caused the project to fall behind schedule. To make sure the annual report is ready for the company's annual conference next week, Riya pays a rush fee to the printer—essentially, increasing her project budget to meet a deadline. What is this an example of?
    A. Demonstrating honesty
    B. Prioritizing cost-effectiveness
    C. Crashing a project
    D. Delegating responsibilities

53. Which of the following is an activity that is conducted during the closing phase of a project:
    A. Determining deliverables
    B. Identifying stakeholders
    C. Obtaining resources
    D. Archiving documents

54. Experts typically identify five elements of traditional supply chain management. Which of the following is the correct order of those five components:
    A. Planning, sourcing, manufacturing, delivery and logistics, returning
    B. Planning, manufacturing, sourcing, delivery and logistics, returning
    C. Sourcing, planning, manufacturing, delivery and logistics, returning
    D. Manufacturing, planning, delivery and logistics, sourcing, returning

55. Motivation can best be thought of as
    A. developing a team spirit.
    B. communication between employees.
    C. the reason you do the things you do.
    D. the example managers set for employees.

56. A ceramics artisan creates a variety of decorative vases, plates, and bowls to accommodate specific requests. In this situation, product quality is affected by
    A. safety.
    B. mass production.
    C. durability.
    D. customization.

57. Liam wrote and submitted a report to management describing relationships between actions and the probable results of those actions. What type of research report has Liam written?
    A. Interpretive
    B. Argumentative
    C. Jury of executive opinion
    D. Cause and effect

58. Wendy, a project manager, needs to determine when and how her team members will be acquired, as well as how long they will be needed. Wendy should consult the
    A. project organization charts.
    B. multi-criteria decision analysis.
    C. roles and responsibilities document.
    D. staffing management plan.

59. Change management occurs in a cycle because
    A. change is harmful for most companies.
    B. change is difficult to implement.
    C. organizations always need to change.
    D. organizations push for unnecessary change.

60. The codification process helps transform __________ knowledge into __________ knowledge.
    A. internal; tacit
    B. explicit; internal
    C. tacit; implicit
    D. tacit; explicit

61. What is required of businesses to maintain positive, long-term relationships with their suppliers?
    A. Rigid policies
    B. Flexible lead times
    C. Autocratic management
    D. Ongoing communication

62. Which of the following is a potential benefit of implementing continuous quality improvement processes:
    A. Lower productivity
    B. Increased revenue
    C. Higher costs
    D. Decreased demand

63. If a business wants to identify its strengths and weaknesses, which business analysis technique should it employ?
    A. MoSCoW
    B. PESTLE
    C. MOST
    D. SWOT

64. A business risks losing its good reputation if it
    A. provides accurate information to stockholders.
    B. encourages employees to report questionable behavior.
    C. uses questionable tactics to achieve profitability.
    D. requires new suppliers to provide credit information.

65. If an accounting firm deliberately conceals information about a client's financial status, the government may charge the business with
    A. obstruction of justice.
    B. expropriation.
    C. substantiation.
    D. breach of contract.

66. Which of the following statements about the impact of law on business is accurate:
    A. Businesses should focus on ethical rather than legal issues required by national law.
    B. Businesses are governed by law at the local, national, and international levels.
    C. Businesses are not governed by criminal law, because it only applies to individuals.
    D. Businesses should focus on corporate laws enacted and enforced by their local government.

67. Which of the following continuous improvement methods is known for using highly structured statistical analysis tools to eliminate defects and improve both predictability and efficiency in business processes:
    A. Total Quality Management
    B. Six Sigma
    C. Lean
    D. Kaizen

68. Ian is starting a project and makes sure to set an easily trackable goal so he knows when he has been successful. Ian is setting a __________ goal.
    A. measurable
    B. time-bound
    C. specific
    D. relevant

69. When the TCC Corporation constructed a large warehouse on its property, it had to ensure the warehouse met certain structural standards. In this situation, the corporation had to ensure the warehouse was in compliance with
    A. environmental regulations.
    B. residential zoning laws.
    C. health ordinances.
    D. building codes.

70. Controls that monitor performance after it has already occurred are called __________ controls.
    A. concurrent
    B. feedback
    C. simultaneous
    D. feedforward

71. Which of the following is a major consideration when selecting project-management software:
    A. Legal business structure
    B. Budgeting method
    C. Team members' preferences
    D. Vendor technical support

72. Which of the following is a goal of a supply chain network design:
    A. To increase potential risks
    B. To optimize inventory and working capital
    C. To identify opportunities for spending
    D. To increase the length of deliveries

73. In a detailed document, Hasmukh explains the possible implications of implementing a cooperative advertising program for his employer's major customers. In this situation, Hasmukh developed a
    A. feasibility report.
    B. request for proposal.
    C. sales analysis.
    D. troubleshooting proposal.

74. When Traci left her position, her replacement was able to quickly learn the processes she used to be successful in her role. One likely reason why this is the case is that Traci's company
    A. reduced the position's responsibilities after Traci left.
    B. replaced her with someone more talented and intelligent.
    C. implemented strong knowledge management practices.
    D. obtained and saved Traci's personal files.

75. None of the other managerial functions can be carried out effectively without staffing because
    A. businesses are legally required to set up staffing first.
    B. all of an organization's communications are created during staffing.
    C. staffing supplies the human resources needed for management.
    D. staffing lays the foundation for organizing.

76. Which of the following demonstrates business innovation:
    A. Baraka introduces more sustainable packaging.
    B. Xavi listens to a startup business podcast.
    C. Myesha attends a creative design conference.
    D. Luis reviews marketing campaign results.

77. Which of the following is a good method for a business to protect customers' digital data:
    A. Destroying all physical documents
    B. Storing credit card information for repeat customers
    C. Using strong passwords for company databases
    D. Using identical passwords for all customers

78. Technology impacts just-in-time inventory management by
    A. causing disruptions in the supply chain.
    B. allowing inventory to be monitored regularly.
    C. eliminating the need for supplier relationships.
    D. increasing warehouse storage costs.

79. When it comes to supply chain management, environmental sustainability is all about
    A. thinking long-term.
    B. ignoring the short term.
    C. saving as much money as possible.
    D. maximizing profits.

80. Because raw materials are sometimes delayed in delivery, many companies keep __________ inventory on hand.
    A. buffer
    B. anticipatory
    C. MRO goods
    D. intangible

81. One step that a government might take to reduce its trade deficit would be to
    A. eliminate tariffs.
    B. decrease the amount of exports.
    C. increase the amount of imports.
    D. adjust interest rates.

82. A company that has a well-designed and organized workflow
    A. stays on top of market trends.
    B. minimizes redundant tasks.
    C. has a good public image.
    D. eliminates unexpected interruptions.

83. When coaching employees to increase their productivity, it is effective to
    A. be judgmental.
    B. demand immediate change.
    C. provide constant criticism.
    D. recognize improvement.

84. A manager who can make judgments without showing favoritism is exhibiting
    A. self-discipline.
    B. positive respect.
    C. creative thinking.
    D. ethical behavior.

85. One reason why it is important for businesses to discuss compensation issues with employees is because these issues have a significant impact on the
    A. level of employee satisfaction.
    B. range of personnel development.
    C. type of budget system.
    D. process of evaluation.

86. Which of the following techniques helps build trust in negotiations:
    A. Always have an answer ready
    B. Provide a lot of documentation
    C. Show respect by actively listening
    D. Share information to disprove opponent

87. During periods of rapid inflation, the nominal demand for money tends to
    A. fluctuate slightly.
    B. remain consistent.
    C. decrease.
    D. increase.

88. Aaron, a small-business owner, develops an exit strategy so that his company keeps growing and prospering in the marketplace after he leaves. The exit strategy is one aspect of Aaron's
    A. management style.
    B. control system.
    C. competitive advantage.
    D. continuation plan.

89. The Li Company must pay a settlement to Smith Industries because Li used Smith's logo on its website and other printed materials without Smith's permission. The Li Company has violated
    A. patent registration codes.
    B. local ordinances.
    C. trade secret regulations.
    D. intellectual property laws.

90. When project managers prepare to-do lists and schedule activities, they are using __________ skills.
    A. information-based
    B. time management
    C. problem-solving
    D. creative thinking

91. What integrated risk management tool provides a real-time, visual summary of key financial transactions, performance indicators, and risk exposure?
    A. Site map
    B. Data-flow diagram
    C. Operational dashboard
    D. Blockchain ledger

92. Business process thinking is beneficial for project management because documented processes
    A. cannot be standardized or refined.
    B. can be analyzed and repeated.
    C. guarantee the project's success.
    D. result in less efficient projects.

93. One advantage of mediation is that it often is not as __________ as litigation.
    A. personal
    B. hostile
    C. necessary
    D. flexible

94. Which of the following management functions must occur before organizing:
    A. Planning
    B. Directing
    C. Controlling
    D. Staffing

95. What do many businesses need to do to operate legally?
    A. Obtain required permits
    B. Publish their codes of ethics
    C. Analyze their strategies
    D. Purchase office equipment

96. Padma, a project manager, needs her team to work over the weekend to complete a particularly difficult project by its due date, which is next Monday. To encourage team members to do so as well as to boost morale, Padma received permission from her boss to offer two days of paid leave to any individual who works next Saturday and Sunday to complete the project on time. She is using paid leave to __________ her project team.
    A. motivate
    B. instruct
    C. control
    D. authorize

97. Which of the following tools should be used to categorize risk:
    A. Risk breakdown structure
    B. Risk register
    C. Probability and impact matrix
    D. Tracking

98. Barker's Pet Store orders a variety of items from one of its vendors for the upcoming holiday season. The store provides the vendor with a dollar limit but does not provide merchandise specifications. What type of purchase order is Barker's Pet Store issuing?
    A. Provisional
    B. Custom
    C. Open
    D. Blanket

99. The Dilly Dally Company's IT staff has developed a software program that will simplify several processes across multiple departments of the business. In simplifying these processes, the software will increase overall efficiency. Which of the following best describes the direct cause of these business process changes and improvements:
    A. Better return on investment
    B. Lower costs
    C. Industry trends
    D. New technology

100. Why does a business keep stock on hand for resale?
    A. So it can buy raw materials
    B. To sell it to end users
    C. To use it in business operations
    D. So it can produce manufactured goods

KEY

Test Number 1336

Business Management and Administration Exam

Human Resource Management Event
Retail Management Event

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

This comprehensive exam was developed by the MBA Research Center exclusively for DECA's 2025-2026 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 career-sustaining, specialist, supervisor, manager, and owner levels. A descriptive test key, including question sources and answer rationale, has been provided to the DECA chartered association advisor.

1. A

Anyone who comes in contact with project deliverables. Project managers need to pay attention to the health and safety of all stakeholders who might come in contact with project deliverables. This includes the project team members and customers/clients. While it is important to take note of anyone who is especially vulnerable to health and safety issues, all people who come in contact with project deliverables should be considered.

SOURCE: OP:675 Describe the role of ethics in project management

SOURCE: LAP-OP-675—Projects With Principles (Ethics in Project Management)

2. C

The nation experiences an economic slowdown. A nation's unemployment rate refers to the amount of people who do not have jobs and are currently seeking work. When a nation has a high number of unemployed people, the country experiences an economic slowdown, which can result in an economic recession. The consumer price index is a tool that measures changes in consumer prices over time. During a recession, people have less money to spend and, therefore, the consumer price index increases (people pay more for products), and stock market activity tends to fall. The gross domestic product is the final market value of the total output of all goods and services produced within a country's geographic boundaries during a year's time. The gross domestic product tends to increase during a time of expansion rather than during a contraction.

SOURCE: EC:082 Discuss the impact of a nation's unemployment rates

SOURCE: Picardo, E. (2024, September 19). *How the unemployment rate affects everybody.* Retrieved October 7, 2025, from https://www.investopedia.com/articles/economics/10/unemployment-rate-get-real.asp

3. A

Their work may become boring. Doing the same job over and over can make work uninteresting, and workers may become dissatisfied with their jobs. Specialization increases the worker's knowledge of their job, and it is easier to change jobs because the worker has perfected a job skill. Learning a small part of a job process is easier than learning the entire procedure.

SOURCE: EC:014 Analyze impact of specialization/division of labor on productivity

SOURCE: LAP-EC-914—Divide and Conquer (Specialization and Division of Labor)

4. B

Lack of technology. In some countries, people use hand tools rather than mechanized machinery to produce goods and services. As a result, they produce fewer goods and services than other societies, and those that they produce are for personal use rather than capital goods. Lack of job training is a limitation on human resources. Weather conditions and population increases are limitations on natural resources.

SOURCE: EC:001 Describe the concepts of economics and economic activities

SOURCE: LAP-EC-901—Are You Satisfied? (Economics and Economic Activities)

5. B

Don't want to tell on a coworker. An employee may be reluctant to report a safety violation because they don't want to tell on a coworker. This can create an ethical conflict. An employee shouldn't get in trouble or receive a fine for reporting a safety violation. Often, there are ways to report violations that don't involve giving your name.

SOURCE: OP:190 Discuss the role of ethics in operations

SOURCE: LAP-OP-190—Above Board (Ethics in Operations)

6. B

No, consensus building is not voting. When group members vote, they total the votes for or against a decision, and whichever has the greater number of votes wins. But, in consensus building, no one wins. Each group member's opinion is worth the same as any other member's opinion. With consensus, nothing can be accomplished without everyone's agreement. Consensus building is about equal power, not minority or majority rule.

SOURCE: EI:011 Use consensus-building skills

SOURCE: LAP-EI-911—It's a Group Thing (Consensus Building)

7. B

Privacy. With the availability of more information than ever, privacy has become an important ethical issue. In this case, the programmer had to weigh the ethics of privacy versus the public's right to know about its elected officials. Accuracy, ownership, and control are also ethical issues related to information management. Accuracy deals with whether the data is correct. Ownership refers to the right to own information. Control involves what type of information a person or organization has a right to obtain.

SOURCE: NF:111 Explain the role of ethics in information management

SOURCE: LAP-NF-111—FYI (Ethics in Information Management)

8. C

Increasing their productivity. When businesses keep up with advancements in technology, management, and training, they should be able to produce more goods and services without having to increase their investment in human resources and capital goods. This may also improve working conditions, but such improvements are not likely to encourage economic growth. While businesses may influence consumer investment, they cannot shift or change it. The supply of natural resources is limited and cannot be increased.

SOURCE: EC:017 Explain the concept of Gross Domestic Product (GDP)

SOURCE: LAP-EC-917—Measure Up? (Gross Domestic Product)

9. C

A customer watches a company's TV commercial. A touchpoint is any opportunity a company has to connect with its customers and potential customers. Touchpoints include a customer watching a company's TV commercial, a customer browsing a company's website, a customer interacting with a salesperson or other company employee, a customer receiving a bill in the mail, etc. A company providing new employees with customer service training, a company's management analyzing customer buying behavior, and a company researching customer relationship management software are all situations that indirectly impact customers. However, none are situations in which a company is interacting or connecting directly with its customers and potential customers.

SOURCE: MK:019 Describe connections between company actions and results (e.g., influencing consumer buying behavior, gaining market share, etc.)

SOURCE: LAP-MK-019—Just Do It...Right (Company Actions and Results)

10. C

Trade credit. When businesses ask vendors to allow them a longer period of time to pay than usual, they are receiving trade credit. These are, in effect, short-term loans that businesses use to obtain and sell products before having to pay the vendors. Product returns from customers, operating expenses, and payments to suppliers or vendors are examples of money going out of the business.

SOURCE: FI:091 Describe the nature of cash flow statements

SOURCE: LAP-FI-091—Count the Cash (Cash Flow Statements)

11. C

All employees' experiences, assumptions, and expectations can affect the culture of a company. The values, assumptions, attitudes, and belief systems that create the workplace environment and influence the interactions within it are the factors that create the organizational culture. Each employee has assumptions and expectations. Managers assume employees will come to work each day and expect them to perform certain tasks. Employees assume their managers will guide their work efforts and expect compensation for the work they complete. Managers define the organizational culture through their actions and leadership, which impact the employees' attitudes about the company. Each employee brings to the company their unique skills and experiences that affect each employee's interactions with coworkers. Poor communication usually has a negative effect on a company's organizational culture because employees often do not know what is expected of them. Companies that encourage creativity and teamwork tend to foster a positive organizational culture.

SOURCE: EI:064 Explain the nature of organizational culture

SOURCE: LAP-EI-064—Culture Club (The Nature of Organizational Culture)

12. C

Unemployment. Unemployment increases when aggregate demand (the total demand for goods and services) decreases. When aggregate demand decreases, production, inflation, and expansion also decrease.

SOURCE: EC:018 Determine the impact of business cycles on business activities

SOURCE: LAP-EC-918—Boom or Bust (Impact of Business Cycles)

13. C

It encourages managers to assess activities and adjust figures more frequently. A rolling (continuous) budget replaces each passing month with a new month added to the end of the budget, so there is always a year-long budget in place. Because a new month is added to the budget on a regular basis, managers need to assess and adjust figures on a monthly basis to reflect the various factors that influence business activities. By being able to change and adapt, the rolling budget provides the business with flexibility. The zero-based budgeting method requires managers to demonstrate the need for every expense. Although unexpected expenses do come up and should be a consideration when establishing any type of budget, a rolling budget does not provide managers with an advantage over other budgeting methods in terms of forecasting unexpected expenses. A rolling budget does not eliminate the need for a master budget. A master budget can be developed using the rolling budget methodology.

SOURCE: FI:106 Describe the nature of budgets

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

14. B

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

SOURCE: BL:073 Discuss the nature of environmental law

SOURCE: Legal Career Path. (2025, April 8). *What is environmental law?* Retrieved October 7, 2025, from https://legalcareerpath.com/what-is-environmental-law/

15. B

Negative. Businesses must keep in mind that word-of-mouth promotion can be negative as well as positive. It's important for businesses to build positive customer relations so word-of-mouth promotion will work in their favor since it cannot be avoided, cannot be bought, and is very powerful.

SOURCE: CR:003 Explain the nature of positive customer relations

SOURCE: LAP-CR-003—Accentuate the Positive (Nature of Customer Relations)

16. C

To see patterns within data. Data mining is a way for businesses to see the relationships and patterns within data. Data mining can give businesses the information they need to make decisions, but it cannot make decisions for them. Businesses must decide for themselves why the information is valuable. Businesses still need to understand data.

SOURCE: NF:152 Interpret data mining findings

SOURCE: SAS. (2025). *Data mining: What it is & why it matters.* Retrieved October 7, 2025, from https://www.sas.com/en_us/insights/analytics/data-mining.html

17. A

Voluntary. A chamber of commerce is an organization that supports businesses and business growth in the community. It also helps local businesses resolve common problems. Membership is voluntary, not required or necessary. Member businesses often display their membership plaques because they feel it benefits them for customers to know they are part of the organization.

SOURCE: PD:036 Utilize resources that can contribute to professional development (e.g., trade journals/periodicals, professional/trade associations, classes/seminars, trade shows, and mentors)

SOURCE: Khawaja, H. (2024, October 25). *The top 16 reasons why joining a chamber of commerce is essential for your business growth.* Retrieved October 7, 2025, from https://www.glueup.com/blog/why-join-a-chamber-of-commerce

18. B

Log out of their computer when leaving work. One way 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. 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 viruses, which could result in the loss of company information.

SOURCE: OP:153 Protect company information and intangibles

SOURCE: Alinto. (2025). *Why is it important to log out of your computer?* Retrieved October 7, 2025, from https://www.alinto.com/why-is-it-important-log-out-computer/

19. C

Request quotes from several different paper companies. It is important for Rex to compare prices from several companies to receive the best price for his company and to allow fair competition to occur among suppliers. Allowing competition to occur is ethical because it creates a fair marketplace. It is unethical for Rex to use his friendship with Mia to purchase the paper at cost because doing so could cause Mia to lose her job and her company to lose profit. It is unethical to use a low price obtained questionably to persuade other suppliers to offer discounts.

SOURCE: OP:246 Discuss the importance of utilizing ethical purchasing methods

SOURCE: LAP-OP-246—Quid Pro No (Ethics in Purchasing)

20. C

Clear and impartial way. The accounting function of business is responsible for maintaining, gathering, and reporting a business's financial data and information. Accountants must present and report the information so that managers, vendors, and investors understand the business's financial situation, which helps them make sound business and investing decisions. Accountants must provide and summarize accurate data in a clear and impartial (unbiased) way for the information to be useful. Accountants should not present financial information in ways that can be changed, manipulated, or misinterpreted.

SOURCE: FI:351 Discuss the role of ethics in accounting

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

21. B

Being willing to compromise. Some kind of compromise is necessary to the solution of most conflicts. Individuals seeking to resolve the conflict need to be open-minded and willing to make concessions to find a solution that everyone involved can accept. Being determined to win at all costs, having a set outcome in mind, and trying to manipulate others in the group are negative approaches that are more likely to hinder resolution of the conflict than to resolve it.

SOURCE: EI:062 Demonstrate negotiation skills

SOURCE: LAP-EI-062—Make It A Win-Win (Negotiation in Business)

22. A

Corporation. A corporation would benefit the partners by allowing them to have limited liability and greater financial power by issuing stock. A partnership is a form of business ownership in which the business is owned by two or more persons who combine the capital, but the partners have unlimited financial liability. A sole proprietorship is a form of business ownership in which the business is owned by one person who has limited capital and unlimited liability. A monopoly is a condition in which a market is controlled by one supplier, and there are no substitute goods or services readily available.

SOURCE: BL:003 Explain types of business ownership

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

23. C

MRO. Maintenance, repair, and operations (MRO) inventory refers to supplies consumed during production, such as cleaning products, office supplies, and repair tools, that do not become part of the finished product. Finished goods inventory refers to the completed products that are ready to be marketed. Work-in-process inventory refers to products that are being used to make the finished goods. Raw materials inventory refers to the component parts that have not yet been used in production.

SOURCE: OP:336 Discuss types of inventory

SOURCE: Jenkins, A. (2024, July 25). *What is MRO inventory? An expert guide.* Retrieved October 7, 2025, from https://www.netsuite.com/portal/resource/articles/inventory-management/mro-inventory.shtml

24. B

Trade barriers. Trade barriers are a type of political risk that develops when a country unexpectedly changes its policies and negatively affects a business. Trade barriers can place limitations on or even prevent international trade. Other types of political risk include tariffs and quotas. Political risk can affect investment returns, but investment returns do not directly affect a business's competition in a foreign market. Time horizons, the length of an investment, and systematic withdrawals (a strategy to generate retirement income) are not related to risk management or international business.

SOURCE: RM:092 Describe international considerations affecting risk management

SOURCE: Beers, B. (2025, January 10). *Top risks for international business*. Retrieved October 7, 2025, from https://www.investopedia.com/ask/answers/06/internationalfinancerisks.asp

25. A

Providing a framework for knowledge sharing. Transparency is maintaining open and truthful communications. Knowledge management increases transparency because it encourages people to share and communicate honestly. Organizations can encourage transparency by providing a framework for knowledge sharing. Creating and enforcing a strict code of conduct, using reliable sources for research, and rewarding individual achievement do not necessarily increase transparency.

SOURCE: KM:002 Discuss the role of ethics in knowledge management

SOURCE: LAP-KM-002—Know What's Right (Ethics in Knowledge Management)

26. D

Use secure passwords. To reduce the risk of unauthorized access to confidential information, businesses often maintain secure passwords to allow authorized employees to view secured information. It is unnecessary for companies to send daily risk reports to the authorities. Monitoring network speeds can help increase efficiency, not security. Monitoring employee internet use is often impractical and can pose numerous ethical and legal risks.

SOURCE: RM:042 Describe the use of technology in risk management

SOURCE: Ten Six. (2025). *What risk management technology should you use?* Retrieved October 7, 2025, from https://tensix.com/what-risk-management-technology-should-you-use/

27. D

Settle the case. Settling a case means that the two sides end a dispute before the conclusion of a trial. Settlement is a more affordable, time-efficient alternative to going to trial. If a company is in a lawsuit that it is unlikely to win, settlement might be the best option. Moving to appeal, entering the discovery phase, or requesting a mistrial are not necessarily the best options for a company that is in a lawsuit that it is unlikely to win.

SOURCE: BL:159 Describe factors affecting the settlement of legal matters

SOURCE: Hilotin-Lee, L.T.A. (2024, May 14). *What does it mean to settle a case?* Retrieved October 7, 2025, from https://www.findlaw.com/litigation/legal-system/what-does-it-mean-to-settle-a-case.html

28. C

Shipping costs tend to be lower if a product is manufactured closer to customers. This is especially the case for heavy or large products. Even if raw materials need to be shipped to the manufacturing center from great distances, these raw materials are usually much cheaper and easier to ship than large manufactured items. Proximity to target markets also allows companies to respond more quickly to customer demands. Labor costs tend to be higher in areas where the local population can afford to purchase the products. Customers are not likely to accept poor quality from purchased products even if they know the people who work at a manufacturing plant. Packaging costs relating to which language is used are not likely to affect where manufacturing takes place.

SOURCE: OP:480 Discuss global supply chain issues

SOURCE: Arena. (2025). *Should you move manufacturing closer to your customers?* Retrieved October 7, 2025, from https://www.arenasolutions.com/resources/articles/should-you-move-manufacturing-closer-to-customers/

29. C

Work assignment, task, and subtask. The work breakdown structure (WBS) is a hierarchical decomposition of the overall project scope. Dividing the entire project into smaller components helps the project manager effectively schedule, assign, and monitor complex project activities. When dividing the work, the project manager first divides the entire project into work assignments. Then, each work assignment is broken down by the tasks that the assignment requires for completion. In some situations, each task has subtasks that need to be completed before moving on to the next task.

SOURCE: PJ:006 Prepare work breakdown structure (WBS)

SOURCE: ProjectManager. (2025). *Work breakdown structure (WBS) guide.* Retrieved October 7, 2025, from https://www.projectmanager.com/guides/work-breakdown-structure

30. A

How the information is accessed. An effective digital inventory records what information is on what media, where the information is located, and how it is accessed. The order of importance, costs associated with the information, and how the information will be used are not as important while inventorying digital assets.

SOURCE: OP:517 Comply with strategies for protecting business' digital assets (e.g., website, social media, email, etc.)

SOURCE: Trounce, D. (2024, November 19). *How to achieve success with small business digital asset management.* Retrieved October 7, 2025, from https://www.business.com/articles/managing-business-assets/

31. A

Employees' competence affects organizing decisions. Employees' abilities, strengths, and weaknesses need to be taken into account when determining departments, assigning tasks, and allocating resources. The inexperience of the new employees at Yabbie's BBQ affects the company's organizational structure. This is not an example of how the size of an organization affects organizing decisions, how organizing must be done before staffing decisions are made, or how organizing keeps a business cohesive and coordinated.

SOURCE: SM:064 Explain managerial considerations in organizing

SOURCE: LAP-SM-064—Put It All Together (Managerial Organizing)

32. A

Standard purchase order. A standard purchase order is used as the need arises, generally for infrequent or one-time purchases. Sunset Airlines is replacing a broken part to deal with a rare mechanical malfunction, rather than ordering mechanical parts on a regular basis, so it is likely to use a standard purchase order. Planned purchase orders are determined in advance and on a regular basis, rather than as needed. Blanket purchase orders involve planning several orders at once, usually for a repetitive purchase. A contract purchase order creates an agreement and terms of supply between a purchaser and a business to form an ongoing relationship. A contract purchase order is not likely to be used for an infrequent purchase, such as a new mechanical part for a rare malfunction.

SOURCE: OP:250 Describe types of purchase orders

SOURCE: Unleashed. (2019, December 16). *4 types of purchase orders every business needs to know.* Retrieved October 7, 2025, from https://www.unleashedsoftware.com/blog/managing-procurement-purchase-orders

33. C

A veteran employee mentoring a new employee. A business benefits by having a veteran employee mentoring a new employee, because the more experienced employee can impart successful work practices to the new one. That makes training more efficient. A new employee learning “by doing” does not involve knowledge transfer. While maintaining veteran employees' phone numbers can be helpful when questions arise, keeping phone numbers is not transferring knowledge. A flow chart may be helpful for the workplace but is not necessarily a type of knowledge transfer.

SOURCE: KM:005 Identify techniques that can be used to capture and transfer knowledge in an organization

SOURCE: Bloomfire. (2023, June 6). *How to make your knowledge transfer plan a success.* Retrieved October 7, 2025, from https://bloomfire.com/blog/knowledge-transfer-plan/

34. D

Jury selection. Litigation means taking legal action, or resolving a case through the court system. Not all litigation cases require a jury, but for the ones that do, jury selection is an important part of that process. Arbitration is a form of alternative dispute resolution that attempts to settle a dispute out of the litigation system. Online dispute resolution is a low-cost option for those whose issues are not worth the cost of litigation. Attorney recertification is not a recognized term or process.

SOURCE: BL:160 Describe the litigation process

SOURCE: Brillant, D. (2024, March 22). *A comprehensive guide to understanding the litigation process.* Retrieved October 7, 2025, from https://brillantlaw.com/litigation-means/

35. B

Less waste. An efficient supply chain optimizes the process at all stages, reducing redundancy, minimizing costs, and limiting excessive or wasteful effort, time, and resources. Managing a supply chain efficiently means greater flexibility, not rigidity, as companies can use their optimized processes to adapt to different scenarios as needed. An efficient supply chain also reduces duplication and increases quality control.

SOURCE: OP:477 Explain the impact of supply chains on business performance

SOURCE: LAP-OP-477—Chain Reaction (Impact of Supply Chains on Business Performance)

36. A

No, the employee may be jeopardizing the business's financial well-being without first obtaining permission from management. Business policies are the rules or guidelines that employees must follow. One reason that businesses develop credit policies is to protect the business from financial losses. Offering credit to a customer who does not meet the business's credit criteria may be costly to the business because the customer may not be able to make installment payments for the product. Employees who bypass these types of policies without proper authorization from management are breaking company rules, are not behaving ethically, and are, in many situations, fired for such behavior. Although some businesses have flexible policies, not all businesses do. Governments regulate credit practices, but they do not require businesses to offer credit to individuals and businesses that have poor credit scores or do not meet basic criteria.

SOURCE: RM:041 Explain the role of ethics in risk management

SOURCE: Allianz. (2024, May 6). *Credit risk management: Best process and practice.* Retrieved October 7, 2025, from https://www.allianz-trade.com/en_global/news-insights/business-tips-and-trade-advice/hub/credit-risk-management-best-practices.html

37. B

Partner with. When negotiating with a vendor, it's important to partner with them so that each of you can achieve your respective goals and objectives. Successful vendor negotiation means both parties are able to benefit from the partnership and create a lasting, positive working relationship. It does not benefit you to overcharge or take advantage of your vendors, as this will create short-term relationships where each party aims to benefit only themselves. While it's important to reach agreements with your vendor, you shouldn't automatically defer to them in case they are not looking out for your best interests.

SOURCE: OP:337 Negotiate terms with vendors in business

SOURCE: Jenkins, A. (2024, November 14). *How to find the right suppliers: 14 traits to look for.* Retrieved October 7, 2025, from https://www.netsuite.com/portal/resource/articles/erp/find-right-supplier.shtml

38. C

To reduce costs. One common reason for implementing business process change is to reduce overall costs related to a certain process. Many companies also implement process change to improve performance and increase profitability, resulting in a competitive advantage over other companies. Gaining publicity and attracting new talent are not generally reasons for implementing business process change.

SOURCE: OP:476 Explain the causes of business process changes

SOURCE: The Hackett Group. (2025). *Enabling business process change.* Retrieved October 7, 2025, from https://www.thehackettgroup.com/business-process-change-hackett

39. C

It makes knowledge easier to record. Knowledge management is the process of creating, identifying, collecting, organizing, sharing, and using knowledge and knowledge sources for the benefit of the organization or business. Technology facilitates knowledge management in organizations because it makes knowledge easier to record, access, and store. While knowledge management can go a long way toward helping professionals retain knowledge, it does not necessarily ensure that knowledge will be retained.

SOURCE: KM:003 Explain the use of technology in knowledge management

SOURCE: IBM. (2025, July 22). *What is knowledge management?* Retrieved October 7, 2025, from https://www.ibm.com/topics/knowledge-management

40. D

Use change data capture to identify the insert, update, and delete operations made by users. When changes are made to a database, there are several ways to extract and transport relational data for analysis. One of the most efficient ways is to use a Change Data Capture that identifies and captures only the data that have changed—data resulting from INSERT, UPDATE, and DELETE operations made by users. Since it does not require the source database to be compared to the staging database, it is less costly and less time-consuming. It can also be easier to interpret since only the change data are captured. Change-value selections require expensive queries against the source table in the source database. Change-value selection queries also often force the user to add indexes that serve no other purpose. Table differencing requires the new version of the entire table (not just the change data) to be transported to the staging database, which can greatly increase data transport costs. Redesigning a database to accommodate a new field is an ill-advised practice if the change does not occur frequently and can be captured in less costly ways.

SOURCE: NF:264 Adhere to data change best practices

SOURCE: Qlik. (1993-2025). *Change data capture.* Retrieved October 7, 2025, from https://www.qlik.com/us/change-data-capture/cdc-change-data-capture

41. C

Directly prevented business success. Supply chain management directly impacts a business's success. This means that poor supply chain management negatively influences the companies within the supply chain. One way that poor supply chain management can negatively impact businesses is through product fulfillment. If customers do not receive their orders by the date promised, they will likely be angry and may even stop buying from the company, as in this example. Supply chain management is, therefore, directly related to customer satisfaction. Good supply chain management, not poor supply chain management, generally results in higher sales and greater business sustainability.

SOURCE: OP:477 Explain the impact of supply chains on business performance

SOURCE: O'Byrne, R. (2024, November 4). *Why the supply chain matters to business success.* Retrieved October 7, 2025, from https://www.logisticsbureau.com/why-the-supply-chain-matters-to-business-success/

42. B

Maintain long-term relationships. To establish favorable relationships with vendors, both the company and its vendors must receive something they want. Companies must be willing to work with vendors to achieve mutual goals. To achieve their mutual goals, the company and its vendors should be willing to share relevant information, negotiate fairly and compromise, and be trustworthy and reliable. By taking these actions, the company and its vendors are less likely to experience serious conflicts. A good working relationship can facilitate profitability for both the company and the vendor, but does not always double a company's profit margin.

SOURCE: OP:241 Maintain vendor/supplier relationships

SOURCE: Heaslip, E. (2025). *5 tips for building strong vendor relationships.* Retrieved October 8, 2025, from https://www.uschamber.com/co/start/strategy/how-to-build-strong-vendor-relationships

43. B

Unmotivated. A common challenge with knowledge management is motivating people to share information and apply that shared knowledge consistently. Knowledge leaders need to foster communities of collaboration and cultures of growth to develop effective knowledge management systems. Collaborative team members will be more inclined to share knowledge. Team members with specialized knowledge are assets to a knowledge community. Gossipy team members might be unprofessional, but they aren't as directly challenging to knowledge management success as those who are unmotivated and unwilling to participate.

SOURCE: KM:018 Apply knowledge management processes

SOURCE: Casey, M. (2018, June 21). *11 knowledge management challenges managers face.* Retrieved October 8, 2025, from https://dzone.com/articles/11-knowledge-management-challenges-managers-face

44. A

Outcome. Process thinking is a philosophy that emphasizes a documented, standardized set of steps to accomplish an outcome. Every outcome is the result of a process. Activities are breakdowns of processes. Inputs go into a process, rather than being the result of a process. A project can be made up of many processes, but every project is not necessarily the result of a process.

SOURCE: OP:474 Discuss business process thinking and its impact

SOURCE: Kothari, A. (2025, May 25). *Importance of process thinking in business management.* Retrieved October 8, 2025, from https://tallyfy.com/process-thinking/

45. D

Define its approach. The initial phase of change management—before managing the change itself—involves creating a plan of action, including defining key concepts such as success, impact, and approach. Transferring ownership, reviewing performance, and sustaining outcomes are all performed in the last phase of change management.

SOURCE: SM:095 Explain the nature of change management

SOURCE: Prosci. (2025, August 20) *Change management process.* Retrieved October 8, 2025, from https://www.prosci.com/blog/change-management-process

46. D

Reduces uncertainty. Planning is the management function of deciding what needs done and how it will be accomplished. Planning is a futuristic process, which means that managers are forced to think ahead about needed resources, risks, and desired outcomes. Thinking ahead or planning reduces uncertainty because managers are evaluating various scenarios to determine the best way to achieve goals. Planning may reduce errors but does not eliminate them. Delegating work is an organizing activity, which involves assigning authority or responsibility for something to another person. Planning does not lessen the need to monitor employees, which is a controlling activity.

SOURCE: SM:063 Discuss the nature of managerial planning

SOURCE: Indeed. (2025, June 9). *What is planning in management and why is it important?* Retrieved October 8, 2025, from https://ca.indeed.com/career-advice/career-development/planning-in-management

47. A

It involves change throughout the entire organization. Six Sigma is an internationally recognized quality management framework that was developed by Motorola. Six Sigma focuses on continuously improving quality throughout an organization while lowering its costs at the same time. An important aspect of using the Six Sigma framework is continuously setting incremental goals and measuring their success against the established benchmarks. To implement and execute Six Sigma successfully, improvement efforts should involve input and action from employees at all levels of the organization. When all employees are involved in the process, they often feel as if they have control over their work, which can increase personal job-satisfaction levels.

SOURCE: QM:002 Describe the nature of quality management frameworks (e.g., Six Sigma, ITIL, CMMI)

SOURCE: Hayes, A. (2025, October 2). *What is Six Sigma? Concept, steps, examples, and certification.* Retrieved October 8, 2025, from https://www.investopedia.com/terms/s/six-sigma.asp

48. A

When one factor changes, others are likely to be affected. The various aspects of managing a project are interrelated and cannot be altered without affecting one another. It is impossible to keep factors separate from one another. Certain factors are not always more important than others; rather, the importance of each factor depends on the particular project. Changing one of the factors can create risks rather than reducing them.

SOURCE: PJ:009 Execute and control projects

SOURCE: Rittenberg, J. (2024, May 29). *What is a project manager and what do they do?* Retrieved October 8, 2025, from https://www.forbes.com/advisor/business/software/what-is-a-project-manager

49. A

Human. People have a big impact on business processes. Stress, fatigue, and morale all influence how successful a process will be. When designing a business process, companies should consider how human factors will affect the process. Technology, regulations, and the environment surrounding the company or employee also impact business processes; however, this example best demonstrates how human factors impact process design.

SOURCE: OP:475 Describe the factors that influence business process design

SOURCE: Raia, M. (2024, November 6). *A guide to business process design examples.* Retrieved October 8, 2025, from https://www.nutrient.io/blog/how-to-design-a-process/

50. B

Share organizational charts with them. Managers need to integrate the work of employees and teams together to achieve organizational goals. The manager is in charge of facilitating this coordination by clearly communicating with employees, making connections among departments, and demonstrating the relationships among work tasks. One way to do this is to share organizational charts with employees so they have an understanding of where they fall in the larger scheme of the company. Telling employees what to do, giving them the equipment they need, and evaluating their results are not related to coordinating their activities.

SOURCE: SM:064 Explain managerial considerations in organizing

SOURCE: LAP-SM-064—Put It All Together (Managerial Organizing)

51. C

Lessons learned. The lessons-learned document summarizes the project's successes and failures and includes suggestions for improvement for similar future projects to which other managers can refer. Melissa is not focusing on the closeout report, resource reassignment, or project deliverables.

SOURCE: PJ:008 Close project

SOURCE: Martins, J. (2025, February 9). *How to capture lessons learned in project management.* Retrieved October 9, 2025, from https://asana.com/resources/lessons-learned

52. C

Crashing a project. Crashing a project means increasing a project’s resources to speed up its timeline. In this example, Riya spent more money on a rush printing job so the annual report would be ready for the annual conference on time. This is not an example of delegating responsibilities, demonstrating honesty, or prioritizing cost-effectiveness.

SOURCE: PJ:010 Manage project schedule

SOURCE: Simmons, M. (2025, March 24). *Project crashing in project management: Definition & best practices*. Retrieved October 9, 2025, from https://www.projectmanager.com/blog/project-crashing-definition

53. D

Archiving documents. When closing a project, important documents should be filed and stored for future reference. Determining deliverables and identifying stakeholders are activities performed during the definition phase of the project. Resources are obtained before executing the project.

SOURCE: PJ:008 Close project

SOURCE: Malsam, W. (2024, September 26). *7 steps to project closure (Checklist included).* Retrieved October 9, 2025, from https://www.projectmanager.com/blog/project-closure

54. A

Planning, sourcing, manufacturing, delivery and logistics, returning. Supply chain management (SCM) is the career area in which employees supervise the flow of goods and services as well as all processes that transform raw materials into final products, and getting those products into the marketplace. The planning element of SCM involves creating a strategy that meets customer demand, industry standards, and company goals. The sourcing element includes choosing suppliers for goods and services, ordering and receiving raw materials, and managing inventory. The manufacturing element is focused on the development of products, productivity, and efficiency. The delivery and logistics element deals with coordinating customer orders, deliveries, invoicing customers, and receiving payments, among other tasks. The returning element deals with the return of defective or unwanted products.

SOURCE: OP:303 Discuss the nature of supply chain management

SOURCE: Fernando, J. (2025, August 16). *Understanding supply chain management (SCM) and its importance.* Retrieved October 9, 2025, from https://www.investopedia.com/terms/s/scm.asp

55. C

The reason you do the things you do. Motivation is the process of getting employees to strive to achieve management's objectives because they want to achieve them. Your motivation is the reason you do the things you do, in your personal life and in the workplace. Motivation is not necessarily developing a team spirit, communication between employees, or the example managers set for employees.

SOURCE: SM:066 Discuss managerial considerations in directing

SOURCE: LAP-SM-066—Take Action (Managerial Directing)

56. D

Customization. Product quality is affected by many factors. Customization involves making a product to meet a customer's specific needs and wants. Because each item is unique, the perception of quality differs. In the example, a customer may request that the artisan make a plate in a specific size using specific colors. Mass production is the rapid production of large quantities of goods. The example does not provide enough information to determine if the artisan has the production equipment to mass produce customized ceramic items or if the items are durable and safe.

SOURCE: QM:001 Explain the nature of quality management

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

57. D

Cause and effect. Cause-and-effect reports provide information about a variety of scenarios under different circumstances—if action A and B happens, then the probable result will be X. By developing a cause-and-effect report, a business can analyze different situations and probable outcomes. The business can consider the pros and cons of each scenario to determine which action will be best for the business. An interpretive report provides the writer's perception of a specific topic. Individuals working in the humanities and social science fields often develop interpretive reports to clarify or interpret ancient texts and complex cognitive concepts. Jury of executive opinion is a qualitative forecasting method that gathers opinions from company executives. An argumentative report provides facts and data about two sides of a controversial issue.

SOURCE: CO:186 Write research reports

SOURCE: Kramer, L. (2023, April 25). *A guide to writing a cause and effect essay.* Retrieved October 9, 2025, from https://www.grammarly.com/blog/academic-writing/cause-and-effect-essay/

58. D

Staffing management plan. The staffing management plan is a part of the human resource management plan that includes information about how human resource needs will be met. This includes when and how team members will be acquired and how long they will be assigned to work on the project. Project organization charts are also a part of the human resource management plan, but they represent the project team members and their reporting relationships, rather than the ways in which the team will be assembled. The roles and responsibilities section of the human resource management plan details the roles, authority, responsibility, and competency needed for a project. It does not include staffing details. Finally, a multi-criteria decision analysis is a tool used to make selections for a project team, rather than a plan for how to assemble the team.

SOURCE: PJ:007 Manage project team

SOURCE: Angeline, M. (2023, April 17). *Creating a staffing management plan in project management.* Retrieved October 9, 2025, from https://www.runn.io/blog/staffing-management-plan

59. C

Organizations always need to change. Change management occurs in a cycle because change is a constant need for organizations. It is not unnecessary or harmful. Change management may be difficult to implement sometimes, but this does not explain why it occurs in a cycle.

SOURCE: SM:096 Explain the change-management lifecycle

SOURCE: Enaohwo, O.M. (2025, February 27). *Change management process: Benefits, types, and steps.* Retrieved October 9, 2025, from https://www.sweetprocess.com/change-management-process/

60. D

Tacit; explicit. The knowledge codification process helps transform tacit (or implicit) knowledge into explicit (or formalized) knowledge. Tacit knowledge is gained through personal experience. The codification process transforms tacit knowledge into accessible and shareable explicit knowledge. Internal knowledge is not a widely recognized term.

SOURCE: KM:005 Identify techniques that can be used to capture and transfer knowledge in an organization

SOURCE: LinkedIn. (2025). *What are the best practices and principles for knowledge codification and categorization?* Retrieved October 9, 2025, from https://www.linkedin.com/advice/0/what-best-practices-principles-knowledge-codification

61. D

Ongoing communication. Ongoing communication is necessary to build trust, respect, and a mutually beneficial partnership which, in turn, helps build a long-term business relationship. The amount of lead time depends on the nature of the product and cannot always be flexible. Policies that are too rigid may have negative effects on the relationship rather than positive effects. Autocratic management involves a dictatorial leadership style in which the leader determines all policies, maintains close control, and lets employees know only what they need to know to do the job.

SOURCE: OP:241 Maintain vendor/supplier relationships

SOURCE: Gutierrez, A., Kothari, A., Mazuera C., & Schonherr, T. (2020, July 7). *Taking supplier collaboration to the next level.* Retrieved October 9, 2025, from https://www.mckinsey.com/business-functions/operations/our-insights/taking-supplier-collaboration-to-the-next-level

62. B

Increased revenue. Continuous improvement is an ongoing process that looks for ways to increase the levels of excellence in relation to a process, good, or service. Potential benefits of improved processes often increase productivity, which lowers costs and increases revenue. When quality improves, customer satisfaction levels often increase, which often results in a higher demand for the business's goods and services.

SOURCE: QM:003 Discuss the need for continuous improvement of the quality process

SOURCE: Weedmark, D. (2019, September 4). *Benefits of continuous quality improvement (CQI).* Retrieved October 9, 2025, from https://bizfluent.com/facts-5317408-benefits-continuous-quality-improvement-cqi.html

63. D

SWOT. SWOT (Strengths, Weaknesses, Opportunities, and Threats) is a business analysis technique that investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. This technique can help in determining the proper allocation of resources. MOST (Mission, Objectives, Strategies, Tactics) allows business analysts to conduct an in-depth internal analysis of a business to analyze its goals and how it aims to achieve them. PESTLE (Political, Economic, Sociological, Technological, Legal, and Environmental) helps business analysts evaluate several external factors that may impact a company and determine how to address them. MoSCoW (Must or Should, Could or Would) is a process that allows for prioritization of requirements by presenting a framework where all individual requirements can be elevated relative to the others.

SOURCE: OP:327 Discuss the nature of business analysis

SOURCE: Kenton, W. (2025, August 27). *SWOT: What is it, how it works, and how to perform an analysis.* Retrieved October 9, 2025, from https://www.investopedia.com/terms/s/swot.asp

64. C

Uses questionable tactics to achieve profitability. A business that continuously pushes the limit by using questionable tactics to earn or show profits may get a poor reputation. Customers may become distrustful of the business and decide to purchase elsewhere. Providing accurate information to stockholders, encouraging employees to report questionable or potentially unethical behavior, and requiring new suppliers to provide credit information are ethical actions and are less likely to damage a business's reputation than the use of questionable tactics.

SOURCE: RM:041 Explain the role of ethics in risk management

SOURCE: Zeiger, S. (2019, March 12). *Effects of a lack of ethics on a business environment.* Retrieved October 9, 2025, from https://smallbusiness.chron.com/effects-lack-ethics-business-environment-23332.html

65. A

Obstruction of justice. Obstruction of justice is a legal penalty that applies to individuals or businesses that hide important information from law enforcement agencies, such as an accounting firm concealing a client's questionable financial data. If evidence indicates that unethical or illegal business practices have obstructed a criminal investigation, the business could be fined, and the employees concealing the information could face imprisonment. A public scandal could severely tarnish a business's reputation, as in the case of the Arthur Andersen accounting firm and its affiliation with Enron. Expropriation is the act of the government taking over private property. Breach of contract involves breaking the terms of a legal agreement. Substantiate means to provide proof or evidence of something.

SOURCE: RM:043 Discuss legal considerations affecting risk management

SOURCE: Mascolo, J. (2023, October 24). *Obstruction of justice.* Retrieved October 9, 2025, from https://www.findlaw.com/criminal/criminal-charges/obstruction-of-justice.html

66. B

Businesses are governed by law at the local, national, and international levels. Businesses have to be aware of many laws that affect the individuals they conduct business with, as well as the communities they conduct business in. Businesses do have to concern themselves with criminal law; they can be held accountable for criminal acts committed by employees while conducting business. Corporate laws are just one type of law that businesses need to be concerned with; there are many others. Companies should concern themselves with ethical behavior as well as legal issues.

SOURCE: BL:161 Discuss the arbitration/mediation process

SOURCE: Upcounsel. (2025, September 30). *Understanding business laws and their impact on companies*. Retrieved October 9, 2025, from https://www.upcounsel.com/business-laws-and-legislations

67. B

Six Sigma. Six Sigma is a continuous improvement method known for using highly structured statistical analysis tools to eliminate defects and improve both predictability and efficiency in business processes. Kaizen is a Japanese philosophy that means "change for the better." It emphasizes working together as a team to improve all aspects of business. Lean focuses mainly on eliminating waste in business processes to improve overall efficiency. In Total Quality Management, customer satisfaction is the ultimate measure of quality.

SOURCE: QM:003 Discuss the need for continuous improvement of the quality process

SOURCE: Cousins, M. (2023, January 30). *Six Sigma, Lean or Kaizen business improvement methodology?* Retrieved October 9, 2025, from https://blog.triaster.co.uk/blog/lean-six-sigma-continuous-improvement

68. A

Measurable. A measurable goal is trackable and indicates if and when you've been successful. Specific goals name what you are trying to achieve. Relevant goals align with an overarching strategy. Time-bound goals give you a deadline to keep you on track. Goals should be specific, relevant, and time-bound, but those qualities are not demonstrated in this example.

SOURCE: PJ:005 Initiate project

SOURCE: Landau, P. (2023, August 25). *How to write SMART goals: SMART goal examples.* Retrieved October 9, 2025, from https://www.projectmanager.com/blog/how-to-create-smart-goals

69. D

Building codes. Established by the government, building codes are the minimum acceptable standards of safety for the construction of buildings, homes, bridges, etc. Businesses often expand by constructing new facilities (e.g., warehouses) and need to work with architects, construction companies, and government agencies to ensure that the facilities meet the necessary structural standards. Health ordinances or codes are laws pertaining to issues that affect public health such as food service, sanitation, and communicable diseases. Zoning laws are laws that regulate the use of property such as commercial or residential use. Environmental regulations are statutes that protect the natural environment from air and water pollution, waste disposal, etc.

SOURCE: OP:339 Discuss legal considerations in operations

SOURCE: Crystal, G. (2024, May 16). *What are building codes?* Retrieved October 9, 2025, from https://www.homequestionsanswered.com/what-are-building-codes.htm

70. B

Feedback. Feedback controls are those that monitor and control performance after it has already occurred. Let's say a company wants to know whether a promotional campaign was worthwhile. Managers can examine sales data to see whether sales increased from the promotion, allowing them to measure the overall success of the campaign after it is over. Concurrent controls are those that monitor and control performance while it is occurring. Feedforward controls are those that attempt to monitor and control performance before it occurs. There is no such thing as simultaneous control.

SOURCE: SM:004 Describe the nature of managerial control (control process, types of control, what is controlled)

SOURCE: LAP-SM-004—Measure Up! (Managerial Control)

71. D

Vendor technical support. Comprehensive project-management software can help the project manager allocate resources—human, financial, material, capital—in the most efficient ways. When selecting software for complex, large-scale projects, it is important to consider the type of service support that the software distributor is willing to provide. If problems occur, project managers and team members may need to contact a technical support person to answer questions or to help solve technical problems. Team members who have experience with different types of project-management software may offer opinions, but the type of project, available resources, and constraints are likely to have a greater impact on the project manager's selection decision. Legal business structure and budgeting methods are not major considerations when selecting project-management software.

SOURCE: NF:130 Utilize project-management software

SOURCE: Thai, J. (2025, May 10). *How to choose the best project management software.* Retrieved October 9, 2025, from https://asana.com/resources/project-management-software-buyers-guide

72. B

To optimize inventory and working capital. Supply chain network design is a model that outlines the overall framework of a supply chain to assess the costs and time required to bring goods to the market. It helps businesses spot inefficiencies and potential risks throughout the supply chain. The main goal of supply chain design is to optimize inventory, working capital, and logistics costs. Supply chain design also identifies opportunities for cost savings (not spending) and reduces (not increases) potential risks. It also ensures that products and services are delivered on time and in a cost-effective manner.

SOURCE: OP:479 Describe supply chain networks

SOURCE: GEP. (2022, June 14). *Supply chain network design: Importance, benefits, types, & contributing factors.* Retrieved October 9, 2025, from https://www.gep.com/blog/strategy/supply-chain-network-design-explained

73. A

Feasibility report. A feasibility report summarizes the positive and negative consequences or implications of taking a certain course of action. Troubleshooting reports address specific problems, such as a problem with a process. A sales analysis is an examination of a company's sales for a certain period of time. A request for proposal is an invitation that a business extends to suppliers to bid on a particular project or program.

SOURCE: CO:185 Write analytical reports (i.e., reports that examine a problem/issue and recommend an action)

SOURCE: Investopedia. (2025, May 1). *Feasibility study: What it is, benefits, and examples.* Retrieved October 9, 2025, from https://www.investopedia.com/terms/f/feasibility-study.asp

74. C

Implemented strong knowledge management practices. Knowledge management is the process of creating, identifying, collecting, organizing, sharing, and using knowledge and knowledge sources for the benefit of the organization or business. Knowledge management is useful to organizations when they experience turnover. All of the knowledge that Traci had obtained for her position could have been lost when she left. However, because her company implemented knowledge management, her replacement was able to use her knowledge to benefit the company. There is no indication that Traci was replaced by someone more talented and intelligent, nor is there any indication that the company reduced the position's responsibilities. Obtaining and saving Traci's personal files would not help her replacement in a professional context, and it also could be considered unethical.

SOURCE: KM:001 Explain the nature of knowledge management

SOURCE: LAP-KM-001—Know Go (The Nature of Knowledge Management)

75. C

Staffing supplies the human resources needed for management. None of the other managerial functions—planning, organizing, directing, and controlling—can be carried out effectively without staffing. This is because staffing supplies the human resources (people) needed to fulfill the tasks involved in these functions. Organizational communications are not a staffing task. Organizing lays the foundation for staffing, not the other way around. Businesses are not legally required to perform the management functions in a certain order.

SOURCE: SM:065 Describe managerial considerations in staffing

SOURCE: LAP-SM-065—Dream Team Maker (Staffing)

76. A

Baraka introduces more sustainable packaging. Businesses must innovate to stay competitive, which includes creating new products or services, improving existing processes, and implementing other methods to increase efficiency and improve the company's bottom line. Baraka is contributing to business innovation by introducing more sustainable packaging. While listening to a podcast, reviewing campaign results, and attending a conference may spark new ideas, they are not direct examples of innovation.

SOURCE: SM:094 Describe relationship among innovation, learning, and change

SOURCE: Green, N. (2019, October 11). *What is business innovation and why is it important?* Retrieved October 9, 2025, from https://www.wework.com/ideas/professional-development/creativity-culture/what-is-business-innovation

77. C

Using strong passwords for company databases. Using stronger passwords makes it harder for someone to hack into a computer database containing customer data. Rather than destroying all of their physical documents, businesses should keep documents in accordance with company and government record retention policies. Identical passwords are a major digital data security risk. Storing credit card information may be helpful for its customers, but doing so could be an unnecessary risk for a business to take on.

SOURCE: OP:518 Comply with strategies to protect digital customer data (e.g., information about customers, customers' credit-card numbers, passwords, customer transactions)

SOURCE: American Family Insurance. (2024, June 17). *14 ways to secure customer data.* Retrieved October 9, 2025, from https://www.amfam.com/resources/articles/your-business/ways-to-protect-customer-information

78. B

Allowing inventory to be monitored regularly. Technology such as enterprise resource systems allows inventory to be constantly monitored and automatically alerts businesses when levels are running low. Technology does not eliminate the need for supplier relationships, cause disruptions in the supply chain, or increase warehouse storage costs.

SOURCE: OP:478 Describe the impact of technology on supply chain management

SOURCE: Business Development Bank of Canada. (2022, October 4). *How to implement just-in-time inventory management.* Retrieved October 9, 2025, from https://www.bdc.ca/en/articles-tools/operations/inventory-management/inventory-management-build-smoother-supply-chain

79. A

Thinking long-term. Environmental sustainability is all about thinking long-term. It can be difficult to see the consequences of overlooking environmental impacts because they are rarely immediate. As long as SCM professionals think in the long term as well as in the short term, they will benefit their supply chain and the environment. While maximizing profits and saving money is important to businesses, it is not a key focus of long-term thinking in regard to environmental sustainability.

SOURCE: OP:677 Discuss ethical considerations in supply chain management

SOURCE: LAP-OP-677—The Supply Chain Standard (Ethics in Supply Chain Management)

80. A

Buffer. Buffer inventory is inventory kept on hand in case there are issues with material supply, such as delayed delivery times or poor-quality items. This extra inventory acts as a buffer for these issues by making sure there are no issues with meeting demand. Anticipatory inventory is inventory built up for expected increases in demand, such as around the holidays. MRO goods are maintenance, repair, and operations items that are important for manufacturing (e.g., gloves or computers) but usually don't appear in the finished product. Intangible inventory is inventory that is not physical in nature. Anticipatory inventory, MRO goods inventory, and intangible inventory are all important, but they are not affected directly by delayed delivery of raw materials.

SOURCE: OP:336 Discuss types of inventory

SOURCE: Lopienski, K. (2025, September 26). *Buffer inventory: How it can make or break a business.* Retrieved October 9, 2025, from https://www.shipbob.com/blog/buffer-inventory/

81. D

Adjust interest rates. A trade deficit is an unfavorable balance of trade in which a nation's imports are greater than its exports. Nations use several techniques to reduce their trade deficits, including adjusting interest rates to keep investments at home. Favorable interest rates encourage businesses to invest their profits in their own countries. Increasing the amount of imports, eliminating tariffs, and decreasing the amount of exports probably would increase a nation's trade deficit.

SOURCE: EC:016 Explain the nature of global trade

SOURCE: LAP-EC-916—Beyond US (Global Trade)

82. B

Minimizes redundant tasks. There are several benefits for companies that develop well-designed and organized workflows, including minimizing redundant and tedious tasks, as well as creating connections between tasks. A well-designed and organized workflow doesn’t necessarily mean the company has a good public image. A well-designed and organized workflow doesn’t directly contribute to keeping up with market trends, either. Although a well-designed and organized workflow can limit interruptions, it doesn’t eliminate unexpected interruptions. Unexpected interruptions can disrupt any workflow, no matter the company.

SOURCE: EN:027 Explain methods/processes for organizing workflow

SOURCE: Masternak, W. (2025). *Top 5 workflow management tips.* Retrieved October 20, 2025, from https://www.helpdesk.com/learn/top-5-workflow-management-tips-to-organize-your-work/

83. D

Recognize improvement. When coaching employees to increase their productivity, managers often are helping employees to change the way they work or approach the job in a different way. To bring about change, it is effective to recognize improvement and reward employees for adapting to change and being more productive. Being recognized for improving often increases morale and makes employees more receptive to the coaching process. It is not effective to be judgmental, demand immediate change, or provide constant criticism. In fact, these actions often have adverse effects on employees.

SOURCE: HR:364 Coach employees

SOURCE: Caroll, J. (2025, August 12). *Employee recognition: Why it matters + how to deliver it.* Retrieved October 20, 2025, from https://www.zendesk.com/blog/employee-recognition/

84. D

Ethical behavior. Ethics are the basic principles that govern a person's behavior. A manager who shows impartiality and has the ability to make judgments without showing favoritism or demonstrating self-interest is exhibiting fair and ethical behavior. In other words, the manager is able to use the same criteria to judge all employees rather than give special consideration to a few. Creative thinking involves thinking in a creative way. Self-discipline is the ability to train yourself to act in ways that will further your goals. Respect is regard or esteem.

SOURCE: SM:002 Explain the nature of managerial ethics

SOURCE: Kirk, V. (2025, August 1). *What is ethical leadership and why is it important?* Retrieved October 20, 2025, from https://professional.dce.harvard.edu/blog/what-is-ethical-leadership-and-why-is-it-important/#Examples-of-Positive-and-Negative-Ethical-Leadership

85. A

Level of employee satisfaction. Compensation has a direct effect on the level of employee satisfaction. Therefore, businesses need to discuss compensation issues with employees so the employees understand the compensation system. If employees do not understand the system, they may be dissatisfied because they expect to receive more compensation than they actually do. Also, businesses need to advise employees of changes in compensation so there are no misunderstandings. Discussing compensation issues with employees does not have an impact on the type of budget system, the process of evaluation, or the range of personnel development.

SOURCE: HR:391 Maintain ongoing discussion of issues related to compensation

SOURCE: Caroll, J. (2025, August 12). *Employee satisfaction: What it means and how to improve it.* Retrieved October 20, 2025, from https://www.zendesk.com/blog/employee-satisfaction-guide/

86. C

Show respect by actively listening. When negotiating, you often earn the other party's trust by actively listening to their point of view. This shows that you are interested in what is being said and that you want to reach agreement. It is not possible to have an answer for all questions. Documentation will not be convincing if you have not shown yourself to be trustworthy. Trying to disprove the other party does not build trust and is not an effective negotiation technique.

SOURCE: EI:062 Demonstrate negotiation skills

SOURCE: LAP-EI-062—Make It a Win-Win (Negotiation in Business)

87. D

Increase. Inflation is a rapid rise in prices that may occur when demand exceeds supply or when productivity declines and costs of labor go up. When inflation increases, it takes more money to buy goods and services, which causes the demand for money to increase.

SOURCE: EC:096 Discuss the supply and demand for money

SOURCE: Fernando, J. (2025, February 25). *Inflation: What it is and how to control inflation rates.* Retrieved October 20, 2025, from https://www.investopedia.com/terms/i/inflation.asp

88. D

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

SOURCE: EN:034 Explain the need for continuation planning

SOURCE: Richards, D. (2020, January 3). *How to write a business exit plan.* Retrieved October 20, 2025, from https://www.thebalancemoney.com/writing-a-business-plan-planning-your-exit-strategy-1200841

89. D

Intellectual property laws. Intellectual property is assets resulting from thinking processes. Written and artistic works, symbols (e.g., logos), words, trade secrets, and inventions are types of intellectual property that can be legally protected from the unauthorized use of others. In most countries, intellectual property protection is legislated by the national (federal) level of government rather than the local level of government. By registering its logo with the government, a business's logo has trademark protection. If another company uses the logo without the owner's permission, then the logo's owner can file a lawsuit against the company to stop the unauthorized use. And in some situations, the owner can obtain monetary damages from the unauthorized user. Trade secrets are types of knowledge that can be used to obtain an economic advantage. Formulas, recipes, and customer lists are examples of knowledge covered under trade secret laws. Individuals and businesses obtain patent protection for their inventions.

SOURCE: NF:076 Explain legal issues associated with information management

SOURCE: Icertis. (2025, April 11). *What is intellectual property law?* Retrieved October 20, 2025, from https://www.icertis.com/learn/what-is-intellectual-property-law/

90. B

Time management. Time management is the process of controlling events in order to accomplish priorities. Time management skills are techniques that can be applied to aid in the wise use of time. These techniques include preparing to-do lists and scheduling activities. By developing time management skills, project managers will be able to plan and control activities to do the required work in the amount of time that is available. Creative thinking is a process that generates new ideas, approaches, and solutions. Managers use information to prepare to-do lists and schedule activities, but the process is not considered to be information-based. Problem-solving skills involve the ability to find solutions to obstacles or problems.

SOURCE: OP:002 Apply project-management tools to monitor and communicate project progress

SOURCE: Keiling, H. (2025, June 6). *9 key time management skills and how to improve them.* Retrieved October 20, 2025, from https://www.indeed.com/career-advice/career-development/time-management-skills

91. C

Operational dashboard. Dashboard technology updates data in real time and enables the business to assess its financial performance and risk exposure at any time. A site map is a navigational flowchart that puts information on a website in a logical format so that internet users can find what they are looking for. A data-flow diagram is a two-dimensional graphic that depicts how data are transferred and processed through a system or network. A blockchain ledger is a secure database for transactions, not the visual tool that summarizes them.

SOURCE: RM:042 Describe the use of technology in risk management

SOURCE: Hayward, E. (2024, February 4). *4 types of dashboards: Operational, analytical, strategic & tactical.* Retrieved October 20, 2025, from https://www.klipfolio.com/blog/starter-guide-to-dashboards

92. B

Can be analyzed and repeated. Business process thinking means thinking about a project or an assignment in terms of the processes that will be required to complete it. One of the primary benefits of process thinking is the ability to document (and then refine and repeat) the processes that are involved in a project. By documenting a process, the process can be improved and standardized so that the best possible results are achieved. Process thinking does not guarantee a project's success, but it does improve its chances. Process thinking results in more efficient projects, not less efficient projects.

SOURCE: OP:474 Discuss business process thinking and its impact

SOURCE: Kothari, A. (2025, May 25). *Importance of process thinking in business management.* Retrieved October 20, 2025, from https://tallyfy.com/process-thinking/

93. B

Hostile. Mediation occurs when a neutral third party acts as a mediator between two parties in disagreement. While the mediator cannot make a decision that resolves the disagreement, they can work with both sides to find points of agreement to help provide solution suggestions. This process asks the parties to come together, unlike in litigation, which is often combative and hostile when parties are pitted against each other. Mediation is more flexible than litigation because it does not impose a resolution on both parties. Both mediation and litigation can be personal. The necessity of either mediation or litigation depends on the disagreement.

SOURCE: BL:161 Discuss the arbitration/mediation process

SOURCE: Lewis, L. (2024, November 13). *What is mediation?* Retrieved October 20, 2025, from https://www.findlaw.com/adr/mediation/what-is-mediation.html

94. A

Planning. Organizing is the management function that includes setting up the way a business's work will be done. It follows the planning function. After a manager has created a plan, they need to arrange the business's employees, resources, policies, and procedures to put the plan into action. Staffing, controlling, and directing do not have to occur before organizing.

SOURCE: SM:064 Explain managerial considerations in organizing

SOURCE: LAP-SM-064—Put it All Together (Managerial Organizing)

95. A

Obtain required permits. All levels of government require businesses to obtain various types of permits and licenses to operate within their jurisdictions. For example, restaurants must obtain a permit from the health department to serve food. Jurisdictions often require businesses to obtain zoning permits to use land for a specific purpose and special licenses to sell lottery tickets and alcohol. Businesses do not need to purchase office equipment, analyze their strategies, or publish their codes of ethics to operate legally.

SOURCE: OP:339 Discuss legal considerations in operations

SOURCE: Indeed. (2024, November 4). *Business licenses and permits: An overview.* Retrieved October 20, 2025, from https://www.indeed.com/hire/c/info/business-licences

96. A

Motivate. Motivation is the process of getting employees to strive to achieve management's objectives because they want to achieve them. In the workplace, motivation keeps employees working hard and putting forth as much effort as they can to achieve goals. In this example, Padma is motivating her team members and boosting morale by offering paid leave to anyone who works on Saturday and Sunday to complete the project on time. Padma is not instructing, authorizing, or controlling the project team. In other words, she is not telling the team what to do, giving the team formal permission, or measuring the team's results.

SOURCE: SM:066 Discuss managerial considerations in directing

SOURCE: LAP-SM-066—Take Action (Managerial Directing)

97. A

Risk breakdown structure. A risk breakdown structure is a hierarchical representation of risks according to their risk categories. It helps organize risks into groups so they are more easily understood and handled. A probability and impact matrix is a grid for mapping the probability and impact of each risk, rather than for categorizing them. Tracking is a method of recording and auditing risk. A risk register is a document in which the results of risk analysis and risk response are recorded. Neither of these tools helps categorize risk.

SOURCE: PJ:009 Execute and control projects

SOURCE: McAbee, J. (2022, June 21). *Understanding risk breakdown structure.* Retrieved October 20, 2025, from https://www.wrike.com/blog/understanding-risk-breakdown-structure/

98. D

Blanket. A blanket order is an order that covers all or part of a retailer's seasonal requirements. Businesses typically place blanket orders several months before the season and usually provide dollar limits, but they do not contain detailed specifications or shipping dates. An open order is an order for staple goods that a business places with one of several available vendors who can meet its immediate requirements (e.g., time, price, quantity). A custom order is a request for a product that a vendor does not normally carry in stock. Provisional is not a type of purchase order.

SOURCE: OP:250 Describe types of purchase orders

SOURCE: Brex. (2025, August 5). *What is a blanket purchase order and when should you use it?* Retrieved October 20, 2025, from https://www.brex.com/spend-trends/procurement/blanket-purchase-order

99. D

New technology. A new software program is a new form of technology. While it's true that costs may go down and return on investment may go up as a result of these business process changes, they are not the direct causes of the changes. In this situation, new technology is the direct cause of business process changes. There is no indication that this new technology is emblematic of a bigger industry trend.

SOURCE: OP:476 Explain the causes of business process changes

SOURCE: Hayes, A. (2022, December 26). *Business process redesign (BPR): Definition, process, and purpose.* Retrieved October 20, 2025, from https://www.investopedia.com/terms/b/business-process-redesign.asp

100. B

To sell it to end users. Businesses keep different types of inventory on hand for different reasons. If the business sells the goods that it buys to end users, it is resale stock. For example, an appliance retailer buys stoves, refrigerators, and dishwashers from manufacturers and sells the items to consumers. Items such as parts (e.g., nails) and raw materials (e.g., wood) are used to produce manufactured goods. Businesses also maintain an inventory of supplies (e.g., office, cleaning) for employees to use to complete their work (business operations).

SOURCE: OP:336 Discuss types of inventory

SOURCE: Vargas, A. (2025, January 30). *Inventory for resale: A guide to sourcing for your store.* Retrieved October 20, 2025, from https://bstock.com/blog/inventory-for-resale-sourcing-guide/