

# Business Management and Administration Cluster Exam

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have \_\_\_\_\_ minutes to complete all questions.

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1. As the principal in an agency business relationship, Lynn tells Bob to take specific action on her behalf under certain circumstances. What type of authority has Lynn given Bob?
  - A. Unlimited
  - B. Provisional
  - C. Temporary
  - D. Express
2. Certain environmental regulations require businesses to develop operating and production systems that are intended to
  - A. consume resources.
  - B. create waste.
  - C. control pollution.
  - D. collect samples.
3. Why is it important to identify sources that provide relevant, valid written material?
  - A. To compile a database
  - B. To read useful information
  - C. To understand business communication
  - D. To prepare a routine message
4. During a brainstorming session, should participants be allowed to add new ideas to the list that are based on another group member's idea?
  - A. No, because using someone else's idea is considered stealing
  - B. Yes, because other participants' ideas can trigger new ideas
  - C. No, because it can be interpreted as a poor evaluation of the idea
  - D. Yes, because ideas that are too outrageous should be immediately modified
5. How group members interact usually depends on
  - A. who knows the most.
  - B. who is the oldest.
  - C. who was in charge of the previous group.
  - D. who asks questions.
6. Anna, a new employee with Turbo Electronics, must write a letter to a customer. Because Anna does not know which letter format to use, she should
  - A. ask her supervisor which letter format the company uses.
  - B. select the block format because it is the mostly widely used.
  - C. select the simplified format because it is impersonal.
  - D. develop the letter in several formats and send the letter that her supervisor likes best.
7. Which of the following is a characteristic of an effective persuasive message:
  - A. Creates desire
  - B. Is aggressive
  - C. Describes a process
  - D. Summarizes an issue
8. What information should be included in the recommendations section of an analytical report?
  - A. Benefits and risks
  - B. Product characteristics
  - C. Budgetary constraints
  - D. Project status data
9. What section of a research report outlines the research plan?
  - A. Results
  - B. Recommendations
  - C. Methodology
  - D. Introduction
10. Which of the following is a type of information that supervisors often communicate to employees in writing:
  - A. Company policies
  - B. Personal opinions
  - C. Community news
  - D. Workplace rumors
11. By accurately explaining the company's policies to customers, salespeople often are able to avoid misunderstandings with customers and improve the company's
  - A. image.
  - B. routine.
  - C. goals.
  - D. rules.

12. Salespeople sometimes have difficulty meeting the needs of customers who
- A. feel empathy for salespeople.
  - B. ask for the salesperson's opinion.
  - C. voice their opinions in a loud manner.
  - D. know exactly what they want.
13. Which of the following is an example of an economic activity:
- A. Buying new company equipment
  - B. Complimenting a coworker
  - C. Conducting a meeting
  - D. Developing an advertising budget
14. What type of market exists when a large supply of a product and a small demand have resulted in low prices?
- A. Monopolistic
  - B. Seller's
  - C. Productive
  - D. Buyer's
15. A business that produces a product should be socially responsible to the \_\_\_\_\_ of the product.
- A. endorsers
  - B. providers
  - C. users
  - D. producers
16. Though employees who work for auto companies hold a variety of different jobs, they may all belong to the same union—the United Auto Workers. This is an example of a(n)
- A. industrial union.
  - B. professional union.
  - C. trade union.
  - D. craft union.
17. There are six workers employed by a manufacturer. Over the course of six months, the manufacturer hires a new worker every month, so that at the end of the hiring period there are 12 workers total. The total output increased dramatically with the hiring of the first two workers. It increased less dramatically with each new hiring after the first two. This is an example of the law of diminishing
- A. utility.
  - B. production.
  - C. output.
  - D. returns.
18. An economy with a high unemployment level tends to have
- A. a high supply of money.
  - B. a lower rate of inflation.
  - C. fewer monetary policies.
  - D. rapid GDP growth.
19. In Canada, businesspeople typically provide printed materials in both French and English. This is an issue related to
- A. time.
  - B. language.
  - C. space.
  - D. creativity.
20. German businesspeople value careful planning and attention to details. As a result, decision-making in German business situations is often a \_\_\_\_\_ process.
- A. lengthy
  - B. swift
  - C. limited
  - D. flexible
21. Katherine is going on a business trip to Argentina. Cecilia, Katherine's coworker, is from Argentina. Cecilia tells Katherine to make sure that she keeps her hands on the table because it is considered rude to put your hands in your lap while in a restaurant. Cecilia's tip is related to
- A. dining etiquette.
  - B. dress and appearance.
  - C. spatial differences.
  - D. verbal communication.
22. Carmen Sanchez is a Chilean businessperson who is attending a business meeting with Mr. Takahasi in Nagoya, Japan. She knows that a formal, conservative appearance is very important in Japanese business situations. To make a favorable impression on Mr. Takahasi, Carmen should wear
- A. neutral-colored casual slacks, a white, short-sleeve blouse, and slip-on shoes.
  - B. a dark skirt and jacket, low-heeled shoes, and no jewelry.
  - C. a colorful, knee-length dress, bold jewelry, and open-toe shoes.
  - D. a black, sleeveless ball gown and high-heeled black shoes.

23. Which of the following is a factor related to appearance that foreign businesspeople must consider when doing business in Middle Eastern countries:
- A. It is common for Middle Easterners to communicate slowly with periods of silence.
  - B. Most Middle Easterners are Muslim, and pray five times a day.
  - C. Crossing one's legs is an offensive gesture to Middle Easterners.
  - D. Both men and woman are expected to wear modest clothing in public.
24. Foreign businesspeople should understand that Saudi Arabians might leave a business meeting for several minutes to attend daily prayers. This is an example of a custom related to
- A. speech.
  - B. religion.
  - C. age.
  - D. punctuality.
25. To Indian businesspeople, it is offensive to put your hands on your hips because it indicates anger. This is an example of a practice or custom that relates to
- A. social status.
  - B. oral tradition.
  - C. nonverbal behavior.
  - D. appropriate clothing.
26. Which of the following is not a benefit of assessing your strengths and weaknesses:
- A. Improved ability to make decisions
  - B. Improved ability to work outside a group
  - C. Enhanced positioning of your talents
  - D. Increased ability to handle interview questions
27. Adhering to an established set of personal ethics is referred to as
- A. honesty.
  - B. deceit.
  - C. integrity.
  - D. truth.
28. Ned is a line supervisor for a large distribution center. Part of his job is to gather and pack items for customers' orders. Yesterday, when the warehouse manager asked Ned about an incorrect order that he packed, Ned replied, "Well, Pete put the wrong product on the shelf. It's not my fault that the customer received the wrong item." What is Ned doing?
- A. Offering to correct the customer's order
  - B. Blaming himself for Pete's mistake
  - C. Failing to accept responsibility for his actions
  - D. Acknowledging that he made a costly mistake
29. An important aspect of managing work commitments is
- A. scheduling activities close together.
  - B. planning ahead.
  - C. focusing on unimportant details.
  - D. organizing others' activities.
30. When people dread change for no apparent reason, their feelings may be
- A. sensible.
  - B. irrational.
  - C. logical.
  - D. reasonable.
31. Jamie has been asked to join a group of students who are working together to establish a school store. Jamie has been asked to be part of a
- A. media channel.
  - B. boycott.
  - C. strike.
  - D. team.
32. How does a group reach a decision by consensus?
- A. The majority of the group members reach agreement.
  - B. Group members vote to determine the best option.
  - C. Each member agrees to the same course of action.
  - D. The group leader solicits suggestions and makes the final decision.
33. Adaptability often involves seeking alternative ways of approaching a situation, or developing \_\_\_\_\_ plans.
- A. contingency
  - B. corrective
  - C. open
  - D. external

34. A change leader might find it difficult to get support from others in a group because the others may
- A. dislike the status quo.
  - B. fear the unknown.
  - C. have a lot of good ideas.
  - D. trust the change leader.
35. Which of the following loans would have the lowest total simple-interest charges:
- A. A loan for \$4,000 @ 9% interest for 6 years
  - B. A loan for \$7,000 @ 8% interest for 2 years
  - C. A loan for \$6,000 @ 8 1/2% interest for 1 year
  - D. A loan for \$5,000 @ 8 3/4% interest for 4 years
36. Which of the following is an example of a person using credit in a responsible manner:
- A. Seeking counseling to reduce unmanageable debt
  - B. Paying credit-card balances on time
  - C. Maintaining a low credit rating
  - D. Using two or more high-interest credit cards
37. Which of the following is an advantage of using an online brokerage firm:
- A. Additional financial products and services
  - B. Personal guidance from a live broker
  - C. 24-hour account access
  - D. High commissions
38. Mr. Daly bought a vacation cottage on lakefront property. What type of investment did Mr. Daly purchase?
- A. Securities
  - B. Ownership
  - C. Stock
  - D. Escrow
39. Use of accounting standards helps accountants avoid certain pitfalls when preparing financial statements. Which of the following is one of those pitfalls for accountants:
- A. Evidence
  - B. Transparency
  - C. Acceptance
  - D. Bias
40. Which of the following is one source of cash that flows into a business:
- A. Salaries
  - B. Interest
  - C. Taxes
  - D. Equity
41. Assets a company already owns and can use to finance a new venture are called
- A. return on capital.
  - B. dividends.
  - C. equity.
  - D. accounts payable.
42. Businesses often ask a new employee's coworkers to help \_\_\_\_\_ the new employee.
- A. question
  - B. supervise
  - C. test
  - D. train
43. Tacit knowledge is often based on experiences and personal expertise, while explicit knowledge is
- A. based on intuition.
  - B. difficult to articulate and measure.
  - C. based on opinions.
  - D. easy to communicate and quantify.
44. What is a negative effect of employees who are unwilling to share tacit knowledge with one another?
- A. Low efficiency
  - B. More disclosure
  - C. Less competition
  - D. High cohesiveness
45. As part of its knowledge-management program, a business uses a special computer application to help detect and record unexpected issues that occur during the production process. This program allows many staff members to obtain and share information to resolve the problem quickly. This is an example of a business effectively using
- A. a public domain database.
  - B. mind-mapping software.
  - C. incident-management software.
  - D. an accounting database.

46. A business might ask its employees to sign a nondisclosure agreement to
- A. prevent copyright infringement.
  - B. avoid discrimination lawsuits.
  - C. ensure its employees' privacy.
  - D. protect its trade secrets.
47. A business captures its employees' knowledge of certain tasks, processes, and events by developing a chart that outlines the relationships among bits of information. This is an example of a business using a(n) \_\_\_\_\_ technique to capture and transfer knowledge.
- A. authority-based
  - B. diagram
  - C. statistical
  - D. transcription
48. The laddering technique is used to capture and change categories of
- A. redundant knowledge.
  - B. horizontal communication.
  - C. meaningless data.
  - D. hierarchical information.
49. The development of goods and services that best satisfy consumer needs and wants is a major goal of
- A. purchasing.
  - B. product/service management.
  - C. financing.
  - D. marketing-information management.
50. Which of the following problems is connected to technology:
- A. Lack of health care
  - B. Inflation
  - C. Oil shortages
  - D. Air pollution
51. Thomas wants to change the word "develop" to the word "create" in several places throughout his document. The quickest way to make these changes is by using the \_\_\_\_\_ function.
- A. cut and paste
  - B. find and replace
  - C. header and footer
  - D. styles and formatting
52. Which component of project-management software helps project managers to determine the length of time that a series of interdependent tasks will take to complete under various circumstances:
- A. Linear
  - B. Demonstration
  - C. Presentation
  - D. Critical path
53. What do most businesses maintain to help them plan future sales and promotional activities?
- A. Advertising proofs
  - B. Customer records
  - C. Inventory systems
  - D. Operating procedures
54. The growth of e-commerce is changing the way companies do business by allowing them to
- A. reduce the services they provide customers.
  - B. communicate with similar organizations.
  - C. place high prices on their products.
  - D. be accessible to customers at all times.
55. Businesses often conduct environmental scans to determine if they should
- A. improve their computer systems.
  - B. make staffing adjustments.
  - C. follow government regulations.
  - D. expand into other markets.
56. A business report provides statistical data indicating that the demand for a specific type of product has been increasing between three and six percent over the past several months. This information is useful to companies to
- A. reduce inventory.
  - B. decrease costs.
  - C. identify trends.
  - D. achieve quotas.
57. Which of the following is **not** a main factor in a business's site selection decision:
- A. Community
  - B. Media
  - C. Costs
  - D. Labor

58. A corporation is building a facility in the city's business district. The city requires that the facility meet certain size, style, structural, and usage requirements. These requirements are outlined in the town's
- A. health regulations.
  - B. zoning ordinances.
  - C. partnership agreement.
  - D. tax code.
59. Most employees should not attempt to repair a business's
- A. scratched desks.
  - B. training manuals.
  - C. printed signs.
  - D. electrical equipment.
60. What do many businesses require their employees to do after an accident occurs?
- A. Attend a safety training program
  - B. Complete accident-report forms
  - C. Help redesign the work areas
  - D. Participate in counseling sessions
61. To establish weekly work priorities, employees should consider developing a list of
- A. short-term accomplishments.
  - B. routinely performed tasks.
  - C. critical activities.
  - D. long-term goals.
62. Bill, Tara, and Lauren work for a small manufacturing firm that produces designer jeans. Bill is the fabric buyer, Tara buys the small items needed to construct the jeans, and Lauren sews the jeans. What does Lauren need from Bill and Tara to do her job?
- A. Corduroy from Tara and zippers, snaps, and pins from Bill
  - B. Buttons, thread, and denim from Bill and zippers from Tara
  - C. Thread, buttons, and zippers from Tara and denim from Bill
  - D. Zippers, buttons and snaps from Tara and corduroy from Bill
63. In which of the following situations is a project manager involved in a control activity:
- A. Ben meets with the project's stakeholders to determine what they want the project to accomplish.
  - B. Tim reviews an inventory-status report to determine if there are enough supplies on hand for the next project phase.
  - C. Adriana is coordinating and documenting the tasks that need to be completed for a construction project.
  - D. Samantha reviews the qualifications of several employees to determine whom she wants on the project team.
64. What is an advantage to a company of building long-term relationships with a few vendors?
- A. Less information sharing
  - B. Wider product selection
  - C. Fewer supply interruptions
  - D. Easier to manage
65. Because the Frederick Company has space limitations in its warehouse, it needs to have a shelving unit custom made. What type of order is the Frederick Company likely to place with the shelving manufacturer?
- A. Special
  - B. Open
  - C. Blanket
  - D. Reorder
66. The PVX automotive manufacturer keeps office supplies such as copy paper, pens, and notepads on hand at all times. These office supplies are part of the manufacturer's inventory of
- A. MRO goods.
  - B. raw materials.
  - C. work-in-process.
  - D. finished products.
67. Which of the following are items that a manufacturing business is likely to keep as maintenance, repair, and operating (MRO) inventory:
- A. Cloth, shirts, and buttons
  - B. Gloves, coolant, and packing material
  - C. Fork lift, glassware, and petroleum
  - D. Toner, photocopier, and pencils

68. The dating terms that the SSL Company negotiated with a vendor are 3/10 net 30 on a purchase order made August 18. Calculate the discounted amount SSL would owe for an order of \$386.69 if it pays by August 25<sup>th</sup>.
- A. \$379.03
  - B. \$375.09
  - C. \$366.06
  - D. \$369.09
69. Which of the following statements about continuous improvement is NOT true:
- A. Every level of an organization should be involved in the continuous improvement process.
  - B. The use of objective information and customer feedback is crucial in the continuous improvement process.
  - C. After making a change, further testing and evaluation should be done to determine if the change was effective.
  - D. Each organizational level and department should work independently in the continuous improvement process.
70. Which of the following is a type of expense incurred by business other than an operating expense:
- A. Cost of living
  - B. Retained earnings
  - C. Lost income
  - D. Cost of goods
71. Which of the following is an advantage to a business of maintaining its building(s) and equipment:
- A. Business operations are smoother.
  - B. Equipment can be replaced more often.
  - C. Maintenance costs are deducted from taxes due.
  - D. Regular maintenance interferes with operations.
72. Ken is a manager for a local company. He has collected bids from several area trucking companies and is currently comparing them with the invoices of the company's current trucking service to determine which one is the best transportation vendor for the company to use. Ken is analyzing business data in relation to
- A. product management.
  - B. distribution.
  - C. financial resources.
  - D. production.
73. Tim was able to keep track of how much advancement he was making towards his goal because a benefit of goal setting is that it
- A. gives you a way to measure your progress.
  - B. raises your level of self-esteem.
  - C. helps you to stay on task.
  - D. helps you understand yourself.
74. What are people often relying on when they use the sleep-on-it technique to generate ideas?
- A. Subconscious mind
  - B. Personal intelligence
  - C. Natural ability
  - D. Internal curiosity
75. Carrie is frequently upset because she tries to get her job done, spend time with her family, and have some time for herself. Which of the following benefits of time management will be most meaningful to Carrie:
- A. Enhanced self-esteem
  - B. Increased productivity
  - C. Increased organization
  - D. Reduced stress and frustration
76. During a job interview, job applicants can indicate their interest in the job by asking questions about the
- A. company.
  - B. vacation policy.
  - C. interviewer.
  - D. fringe benefits.
77. Which of the following do many businesses take into consideration when promoting employees:
- A. Disability
  - B. Personality
  - C. Seniority
  - D. Nationality



78. When Caroline explains the company's rules of conduct to a new employee, she should also explain
- A. who developed the rules.
  - B. the specific reasons for having all the rules.
  - C. the consequences of breaking the rules.
  - D. when the rules were implemented.
79. At Oh-So-Good Gourmet Cookie Company, Todd is the warehouse manager, Pamela is the lead shipping clerk, David is a part-time shipping clerk, Carrie is the shipping supervisor, and Sharon is the vice president of distribution. Following a vertical chain of command, who is Carrie's direct supervisor?
- A. Sharon
  - B. Todd
  - C. David
  - D. Pamela
80. The primary purpose of developing organizational goals is to
- A. ensure profitability.
  - B. provide direction.
  - C. assign authority.
  - D. establish loyalty.
81. Which of the following provides the foundation for a business's overall planning and controlling activities:
- A. Ordering procedures
  - B. Profit margins
  - C. Organizational goals
  - D. Product objectives
82. A business should establish its employees' work goals so they
- A. align with the organization's objectives.
  - B. achieve the employees' personal objectives.
  - C. guarantee the business's profitability.
  - D. encourage the employees' creativity.
83. When initiating a project, managers often develop SMART objectives, which are specific, \_\_\_\_\_, achievable, \_\_\_\_\_, and timely.
- A. measurable, relevant
  - B. motivating, realistic
  - C. mandatory, redundant
  - D. memorable, reliable
84. Which of the following is the sequential order of a project's work breakdown structure:
- A. Task, subtask, and work assignment
  - B. Subtask, task, and work assignment
  - C. Work assignment, task, and subtask
  - D. Work assignment, subtask, and task
85. Which of the following is a true statement about the responsibilities associated with managing a project team:
- A. Project managers usually require team members to work out any conflicts they have on their own.
  - B. The most important aspect of managing a project team is developing an overall operating budget for the organization.
  - C. Project managers are often responsible for coordinating the activities of team members from several departments.
  - D. It is more important for effective project managers to have financial-management expertise than effective communication skills.
86. Which of the following is an example of a project manager delegating responsibility to a project team member:
- A. Nina advises Milton that he is responsible for preparing the team's weekly status report.
  - B. Bill tells Peter that he needs to remember to include a cover sheet with his TPS report.
  - C. Stan asks Joanna and Tom for suggestions to improve process efficiency.
  - D. Anne determines that Bob has the desired organizational skills to be on the project team.
87. Which of the following is an activity associated with the closing phase of a project:
- A. Determining the appropriate computer technology needs
  - B. Obtaining funds, equipment, and supplies for the project
  - C. Developing a production schedule for team members
  - D. Holding a team meeting to evaluate the project's successes and mistakes

88. When evaluating the quality of its product, one factor that a business considers is the feedback that it receives from the product's users, which indicates
- A. the efficiency of the production process.
  - B. the product's durability.
  - C. customer-satisfaction levels.
  - D. employee-performance ratings.
89. Capability Maturity Model Integration (CMMI) software has the ability to conduct an audit that compares the business's existing production and acquisition processes with the CMMI model. The audit provides information that will allow the business to
- A. determine the best way to comply with government regulations.
  - B. develop long-term financial and operating plans.
  - C. incorporate the best overall quality-improvement processes.
  - D. manage its human and natural resources effectively.
90. Which of the following is a business potential benefit of implementing continuous quality improvement processes:
- A. Lower productivity
  - B. Increased revenue
  - C. Decreased demand
  - D. Higher costs
91. How can management reduce the business's level of risk associated with ethics:
- A. Assume employees know what constitutes ethical behavior.
  - B. Allow employees to follow their own set of ethics.
  - C. Train employees about expectations in relation to workplace ethics.
  - D. Advise employees that following business ethics depends on the situation.
92. What risk is being avoided when financial institutions use cloud computing?
- A. Pure risk
  - B. Return on investment risk
  - C. Loss of customers risk
  - D. Speculative risk
93. To reduce the risk of future legal problems, a company might require its business partners to sign a formal
- A. contract.
  - B. invoice.
  - C. premium.
  - D. warrant.
94. A human resources manager sets up a computerized system for maintaining employee records. What type of resource is the manager using?
- A. Material
  - B. Financial
  - C. Human
  - D. Natural
95. Which of the following questions should effective managerial planning answer:
- A. What do we want to do?
  - B. Who will do the work?
  - C. Did we accomplish our goals?
  - D. How will we monitor the work effort?
96. Jackie is a manager with the SDP Company and is establishing a systematic way for her department to complete a long-term assignment. What function of management is Jackie carrying out?
- A. Leading
  - B. Organizing
  - C. Staffing
  - D. Controlling
97. An important aspect of the organizing function of management involves
- A. promoting employees.
  - B. conducting performance reviews.
  - C. establishing levels of authority.
  - D. motivating team members.
98. Burkhart Manufacturing is implementing a new, company-wide computer system. Nadine is in the process of identifying the skills that will be needed to manage the information and maintain the various software applications. What function of management is Nadine focusing on?
- A. Staffing
  - B. Controlling
  - C. Training
  - D. Planning

99. What is a manager doing, when s/he provides an employee with positive feedback and encouragement?
- A. Coordinating
  - B. Planning
  - C. Motivating
  - D. Compensating
100. As a manager, Pablo is taking steps to correct a problem that is affecting the business's productivity. Which of the following types of control is Pablo using:
- A. Functional
  - B. Preliminary
  - C. Contingency
  - D. Rework