



## **EXAM INFORMATION**

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**Exam Number**

230

**Items**

44

**Points**

53

**Prerequisites**

NONE

**Recommended Course Length**

ONE SEMESTER

**National Career Cluster**

BUSINESS MANAGEMENT &  
ADMINISTRATION  
MARKETING

**Performance Standards**

INCLUDED (OPTIONAL)

**Certificate Available**

YES

## **DESCRIPTION**

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This Business Management course seeks to develop sound management concepts within students, as management plays a role in any future employment opportunity. Students are able to analyze, synthesize, and evaluate data from the other functional areas of business (e.g., marketing, finance, and production/operation). Effective management requires decision-making abilities, long-range planning knowledge, human relations expertise, and motivational skills. Students learn the four basic functions of management: planning, organizing, directing, and controlling.

## **EXAM BLUEPRINT**

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<b>STANDARD</b>	<b>PERCENTAGE OF EXAM</b>
1- Planning	11%
2- Organizing	8%
3- Leading	9%
4- Controlling	9%
5- Financial Information	16%
6- Economics	13%
7- Marketing	9%
8- Human Resources	11%
9- Ethics and Social Responsibility	9%
10- Legal Regulations	5%



## STANDARD 1

STUDENTS WILL DETERMINE THE MOST EFFECTIVE COURSE OF ACTION FOR SETTING AN ORGANIZATION'S GOALS AND DECIDING HOW TO ACHIEVE THEM

- Objective 1 Describe the importance of a mission statement, vision statement, goals (long-term) and objectives (short-term).
- Objective 2 Identify and explain the business decision-making process:
1. DECIDE
    1. Define your goal
    2. Establish your criteria
    3. Choose good options
    4. Identify pros & cons
    5. Decide the most logical for your situation
    6. Evaluate your results
- Objective 3 Distinguish between strategic (long-term) and operational (short-term) planning.
- Objective 4 Identify and explain how each planning tool is utilized in the business decision-making process:
1. Budgets
  2. Schedules
  3. Standards
  4. Policies
  5. Procedures
  6. Research
- Objective 5 Understand the importance and purpose of a business plan for managerial success and capital resource allocation.
- Objective 6 Compare and contrast the process of planning an online business vs. a brick-and-mortar.

Standard 1 Performance Evaluation included below (Optional)

## STANDARD 2

STUDENTS WILL DETERMINE HOW ACTIVITIES AND RESOURCES ARE TO BE ASSEMBLED AND COORDINATED

- Objective 1 Identify characteristics, advantages, disadvantages, and examples of basic forms of ownership.
1. Sole Proprietorship
  2. Partnership
  3. Corporation
  4. Franchise
  5. LLC (Limited Liability Corporation)
  6. S-corporation.
- Objective 2 Identify types of organizational structures and how they are utilized within a business:
1. Line
  2. Line and Staff



3. Matrix
4. Team.

**Objective 3** Differentiate between management structures (centralized and decentralized) and describe the advantages and disadvantages of each.

### STANDARD 3

STUDENTS WILL IDENTIFY AND DESCRIBE HOW TO INFLUENCE MEMBERS OF THE ORGANIZATION TO WORK TOGETHER EFFECTIVELY

**Objective 1** Identify successful leaders in the current business industry.

**Objective 2** Explore effective leadership qualities which include:

1. Honesty (high standards of integrity)
2. Judgment (consider fact carefully & gather new information)
3. Objectivity (no bias—look at all sides of a problem)
4. Initiative (ambition and persistence in reaching goals)
5. Dependability (follow through on commitments)
6. Cooperation (work well with others)
7. Courage (able to make unpopular decisions)
8. Confidence (trust own judgment)
9. Stability (not highly emotional, solve problems and reduce conflicts)
10. Understanding (understand people, encourage others to share opinions)

**Objective 3** Identify, compare, and contrast different leadership styles:

1. Autocratic
2. Democratic
3. Laissez-faire

**Objective 4** Describe techniques managers use to motivate individual employees:

1. Goal Setting
2. Job Advancement
3. Cross-training
4. Empowerment
5. Self-direction

Standard 3 Performance Evaluation included below (Optional)

### STANDARD 4

STUDENTS WILL EVALUATE ORGANIZATIONAL ACTIVITIES AND DETERMINE A PLAN OF ACTION

**Objective 1** Evaluate and determine alternative actions when goals are not being met (changing goals Or changing strategies).

**Objective 2** Identify the four steps used in the process of controlling operations within a business:

1. Setting standards
2. Measuring performance



- 3. Analyze performance
  - 4. Taking corrective action
- Objective 3 Identify the major factors in operations management:
- 1. TQM (total quality management)
  - 2. Lean
  - 3. Supply Chain

## STANDARD 5

STUDENTS WILL ANALYZE AND UNDERSTAND THE IMPORTANCE OF FINANCIAL INFORMATION IN THE BUSINESS DECISION-MAKING PROCESS

- Objective 1 Identify and define basic financial terms used in business:
- 1. Asset
  - 2. Liability
  - 3. Owner's Equity
  - 4. Revenue
  - 5. Expense
- Objective 2 Analyze basic financial statements used in business:
- 1. Income Statement
  - 2. Balance Sheet
  - 3. Cash Flow Statement
- Objective 3 Analyze and interpret data that appears on financial statements used in making management decisions:
- 1. Return on Sales
  - 2. Breakeven Analysis
- Objective 4 Identify and explore sources for securing financing to start and operate a business.
- 1. Personal Savings
  - 2. Bank Financing
  - 3. SBA Loans
  - 4. Crowd Sourcing
  - 5. Venture Capital

Standard 5 Performance Evaluation included below (Optional)

## STANDARD 6

STUDENTS WILL UNDERSTAND ECONOMIC CONCEPTS THAT AFFECT THE BUSINESS DECISION-MAKING PROCESS

- Objective 1 Understand basic economic terms that affect businesses decision-making.
- 1. Explain the determinants of supply and demand.
  - 2. Understand opportunity cost and scarcity.
  - 3. Describe the interrelationship between cost and price.
  - 4. Analyze how a fluctuating global economy affects businesses.



- Objective 2
  - 5. Describe the concepts of import and export.
- Objective 2 Understand economic factors as they apply to international business:
  - 1. Comparative Advantage
  - 2. Absolute Advantage
  - 3. Balance/Restriction of Trade (imports, exports, tariff, embargo, sanction)
  - 4. Exchange Rate
- Objective 3 Describe how the law of supply and demand affects price.
- Objective 4 Identify, compare, and contrast various types of competition:
  - 1. Monopoly
  - 2. Monopolistic Competition
  - 3. Government Regulated Monopolies (natural and legal)
  - 4. Oligopoly
  - 5. Pure competition

## STANDARD 7

STUDENTS WILL UNDERSTAND HOW MARKETING AFFECTS BUSINESS DECISIONS

- Objective 1 Identify and understand the four P's of the marketing mix:
  - 1. Product
  - 2. Place (distribution)
  - 3. Price
  - 4. Promotion
- Objective 2 Research markets to determine what the customer values:
  - 1. Market Segmentation (target market, demographics, geographic, psychographics)
  - 2. Utility (form, place, time and possession)
- Objective 3 Understand the use of pricing strategy:
  - 1. Physiological (odd/even, prestige)
  - 2. Cost-plus vs Markup
  - 3. Penetration vs Skimming
- Objective 4 Identify and understand distribution channels (place):
  - 1. JIT (just-in-time) Inventory
  - 2. Transportation of Goods
- Objective 5 Recognize the different types of promotions in the promotional mix:
  - 1. Advertising
  - 2. Sales Promotion
  - 3. Personal Selling
  - 4. Public Relations

## STANDARD 8

STUDENTS WILL DESCRIBE HUMAN RESOURCE MANAGEMENT AND ITS IMPORTANCE TO THE SUCCESSFUL OPERATION OF AN ORGANIZATION

- Objective 1 Compare and contrast management theories:



1. Theories, X, Y, and Z
2. Herzberg's Theory
3. Maslow's Hierarchy of Needs

Objective 2 Explain management responsibilities:

1. Recruiting
2. Hiring
3. Training
4. Appraising
5. Firing, Terminating, Dismissing
6. Inclusion

Objective 3 Understand compensation and benefits:

1. Wage
2. Salary
3. Insurance
4. Retirement

Standard 8 Performance Evaluation included below (Optional)

## STANDARD 9

STUDENTS WILL UNDERSTAND AND IDENTIFY ETHICS AND SOCIAL RESPONSIBILITY IN BUSINESS

Objective 1 Understand the purpose of a business code of ethics/conduct.

Objective 2 Explain the overall nature of social responsibility:

1. Philanthropy
2. Human Rights Violations
3. Child Labor
4. Environmental Impact
5. Whistle Blowing
6. Citizenship (including both digital and moral)
7. Diversity

Standard 9 Performance Evaluation included below (Optional)

## STANDARD 10

STUDENTS WILL UNDERSTAND LEGAL ASPECTS THAT REGULATE BUSINESS

Objective 1 Describe how labor legislations affect the workplace.

1. Drug Testing
2. ADA (Americans with Disabilities Act)
3. Sexual Harassment
4. Right-to-privacy
5. FLSA (Fair Labor Standards Act)



Objective 2

Identify and describe government agencies that regulate business:

1. OSHA (Occupational Safety and Health Administration)
2. EEOC (Equal Employment Opportunity Commission)
3. FTC (Federal Trade Commission)
4. FDA (Food and Drug Administration)
5. HIPAA (Health Insurance Portability and Accountability Act)
6. FERPA (Family Educational Rights and Privacy Act)



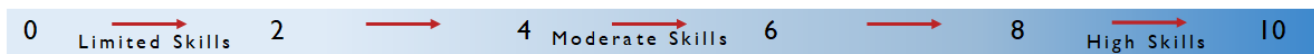
## Business Management Performance Standards (Optional)

Performance assessments may be completed and evaluated at any time during the course. The following performance skills are to be used in connection with the associated standards and exam. To pass the performance standard the student must attain a performance standard average of **8 or higher** on the rating scale. Students may be encouraged to repeat the objectives until they average **8 or higher**.

Students Name \_\_\_\_\_

Class \_\_\_\_\_

### PERFORMANCE RATING SCALE



#### STANDARD 1 Planning Function

Score:

- Research information on an existing corporation and create an electronic presentation. Include the following:
  - Mission statement
  - Code of ethics (conduct)
  - Company history (story)
  - Current leadership
  - Current financial statements
  - Employee inclusion

#### AND/OR

- Create a business plan.

#### STANDARD 3 Leading Function

Score:

- Complete an individual student profile comparing their current leadership skills/characteristics with those they would like to develop in the future.
- Use online resources to research a business leader and prepare an oral presentation using an electronic resource.
- Utilizing leadership skills, organize or participate in one of the following activities: class presentation, collaborative activity, or school service activity.

#### STANDARD 5 Financial Information

Score:

- Utilize an electronic spreadsheet to manipulate financial data. Ex. formulate an income statement, a balance sheet, or a cash flow statement.

#### STANDARD 8 Human Resources

Score:

- Review a current businesses human resource policy and weigh the pros and cons.

#### OR

- Create a new human resource policy for an existing business.

#### STANDARD 9 Ethics and Social Responsibility

Score:

- Research and debate a current business ethics case study.





**PERFORMANCE STANDARD AVERAGE SCORE:**

Evaluator Name \_\_\_\_\_

Evaluator Title \_\_\_\_\_

Evaluator Signature \_\_\_\_\_

Date \_\_\_\_\_



## Business Management Vocabulary List

- **Added value** - takes an existing product, adds additional "value" usually in the form of a specific application, packaging, etc. and resells it as a new product or "package."
- **Affirmative-action programs** – Program set up by a business firm to increase employment opportunities for women and minorities.
- **Autocratic leadership style** – Leader reaches a decision, communicates the decision to subordinates, and requires them to implement it without further input.
- **Balance sheet** – Statement of a firm's financial position on a particular date; including assets, liabilities, and owner's equity.
- **Benefits** – Non-wage compensation provided to employees—includes such things as paid vacation, sick leave, insurance, etc.
- **Break-even analysis** – Method of determining the minimum sales volume needed at a certain price to cover all costs. There would be no profit or loss at this point.
- **Brainstorming** – Presenting a problem to a group and allowing group members to produce many ideas for the solution to the problem.
- **Budget** – Statement of expected results or requirements expressed in financial or numerical terms.
- **Business ethics** – Standards of business conduct and moral values.
- **Centralized** – Communications by team members through a single person to solve problems or make decisions.
- **Clayton Act** – Passed in 1914. Makes it illegal to charge different prices to different wholesale customers. It also bans the practice of requiring a customer to purchase a second good.
- **Code of Ethics** – Principles of conduct to be used in making decisions within a company.
- **Comparable worth** – The idea that one group of individuals such as women should get pay equal to men for performing the same type of work with regard to such things as difficulty and responsibility or requiring similar levels of education and/or training.
- **Compensation** – Payment, usually monetary, received as payment or reparation for goods or services.
- **Computers** – Programmable electronic devices that can store, retrieve, and process data.
- **Controlling** – Evaluating the organization's performance to determine whether it is accomplishing its objectives.
- **Copyright** – Legal protection provided to creative work such as books, movies and music.
- **Corporation** – Legal Entity with authority to act and incur liability separate from its owners.
- **Cross training** – To provide training in different tasks or skills than those usually needed so the employee can do another job if the need arises.
- **Culture** – A group's social heritage, including behavior patterns and values.
- **Customers** – Consumers of goods and services.
- **Day planner** – A hard copy or electronic way of planning daily activities that allows the user to better organize their time, keep track of meetings and events, etc.
- **Debt financing** – Raising money through selling bonds, notes, or mortgages or borrowing direction from financial institutions.
- **Decentralized** – System in which team members communicate freely among themselves to arrive at decisions together.
- **Decision making process** – Recognizing a problem, identifying it, evaluating alternatives, selecting and implementing an alternative, and following up.



- **Democratic leadership style** – A set up leadership characteristics favoring social equality that encourages participation of all team members in the decision-making process.
- **Depression** – A period of low general economic activity marked especially by rising levels of unemployment.
- **Directing** – Providing leadership to give direction so activities can be accomplished in a timely manner.
- **Economics** – The study of the decisions or choices that go into making, distributing, and consuming products.
- **Empowerment** - To delegate responsibility and authority to an employee to complete a task.
- **Entrepreneur** - Person who conceives and initiates business activity. A risk-taker.
- **Environmental control** - Protection of the environment through policies and laws concerning the control of the environment.
- **Evaluate performance expectations** - To determine the significance, worth, or condition of usually by careful appraisal and study. Results are the ultimate goal.
- **Exchange rates** - Rate at which one country's currency is exchanged for another's currency.
- **Factors of production** - Resources used in the process of production. These are usually divided into three main groups—natural (land), human resources (labor) and capital (money)—but may also include entrepreneurship.
- **Financial statements** - Financial report that summarizes accounting data, balance sheet and income statement are examples.
- **Flexible work schedules** - A system that allows employees to choose their own times for starting and finishing work within a broad range of available hours.
- **Form utility** – Utility created by converting raw materials and other inputs into finished goods and services.
- **Franchise** - A license, granted by one company (franchisor) to another company or person (franchisee), entitling the franchisee to produce or market a product or service in a specific area. The license is usually reviewed periodically, typically every 6 months or annually.
- **Franchiser** – The seller of a franchise.
- **Herzberg Theory - Two Factor** theory of human motivation. According to his theory people were influenced by two factors. **Satisfaction and psychological growth was a factor of motivation factors. Dissatisfaction was a result of hygiene factors.** *Essentially, hygiene factors were needed to ensure an employee was not dissatisfied. In order to motivate an employee into higher performance motivation factors were needed.*
- **Human resource department** - The department of a business concerned with recruiting and managing employees.
- **Human resource management** – Branch of a business that deals with the creation and management of systems that integrate people, materials, and energy in productive ways.
- **Income statement** – A financial record of sales, expenses, and net profit for a given period.
- **Inflation** - When the amount of money supply and business activity dramatically increases, accompanied by sharply rising prices.
- **International trade** - Trade between two or more partners from different countries (an exporter and an importer). Early international trade consisted mostly of barter transactions.
- **Interstate Commerce Act** – Passed in 1887 by Congress to force railroads to publish their rates and forbade them to change rates without notifying the public. Also established the Interstate Commerce Commission (ICC) to supervise the railroads.



- **Joint venture** - An agreement between two or more firms to undertake the same business strategy and plan of action resulting in sharing a foreign business or government's operation costs, risks, and management.
- **Laissez-faire leadership style** – A leadership philosophy or practice characterized by a usually deliberate abstention from direction or interference especially with individual freedom of choice and action.
- **Leadership** – Act of motivating or causing others to perform activities designed to achieve specific objectives.
- **Leadership style** – The way a leader chooses to act to motivate or cause others to perform activities designed to achieve specific objectives.
- **Line-and-Staff** – Structure that combines the direct flow of authority of a line or organization with staff departments that serve, advise, and support the line department.
- **Management functions** – The activities of planning, leading, organizing, and controlling.
- Market segmentation - To divide a market by a strategy directed at gaining a major portion of sales to a subgroup in a category, rather than a more limited share of purchases by all category users.
- **Marketing mix** - Organization's combined **product, pricing, distribution,** and **promotional** strategies.
- **Marketing research** - The systematic gathering, recording, analyzing, and use of data relating to the transfer and sale of goods and services from producer to consumer.
- **Maslow's hierarchy of needs** – A pyramid of needs consisting of physiological, safety, social, esteem, and self-actualization; where lower level needs are met before higher level needs.
- **Mission statement** - Definitive scope of the overall business, in a concise narrative format.
- **Nepotism** - The practice of giving promotions, basic employment, higher earnings, and other benefits to employees who are relatives of management.
- **Net income** - The amount remaining when expenses are deducted from gross income.
- **Oligopoly** - Not quite a monopoly, but getting there. A small group of large suppliers dominate a market, providing similar versions of a product, like soft drinks.
- **Organizational chart** - A graphic representation of how authority and responsibility is distributed within a company or other organization.
- **Organizing** - To put together into an orderly, functional, structured whole.
- **OSHA (Occupational Safety and Health Act)** - An arm of the U.S. Department of Labor that attempts to keep people safe in their workplace by setting safety standards and enforcing them. OSHA will inspect for such problems as contaminants in a factory's air.
- **Partnership** – An association of two or more persons who jointly own a business and where all partners have unlimited liability for business debts.
- **Patent** – Document issued by the federal government giving exclusive rights to inventors and companies for particular inventions.
- **Planning** - Act of setting goals, developing strategies and tactics, and outlining tasks and timelines to meet those goals.
- **Planning tools** – Those items that make it easier for a person or organization to set goals, develop strategies, and outline tasks and schedules to accomplish goals.
- **Product safety** – The degree to which a product is safe from undergoing or causing hurt, injury, or loss; governed by the Consumer Product Safety Commission.



- **Profits** - The excess of income over all costs, including the interest cost of the wealth invested. The net income of a business is not an accurate measure of its profit.
- **Proprietorship** - Ownership of a business, including income-producing real estate, by an individual, as contrasted with a partnership or corporation.
- **Pure monopoly** - A **market** in which only one firm has total control over the entire **market** for a product due to some sort of barrier to entry for other firms, often a **patent** held by the controlling firm.
- **Recession** - A period of general economic decline; specifically, a decline in gross domestic product (GDP) for two or more consecutive quarters.
- **Recruitment** – The process of persuading someone or a business entity to become a new member of an organization.
- **SBA (Small Business Administration) loan** – Obtaining a loan for the purpose of starting or continuing a small business. The SAB is a Federal government agency in Washington, D.C. that makes low interest loans to qualified small businesses.
- **Sherman Act** – Passed in 1890. Made it illegal for companies to create monopolies.
- **Social responsibility** - The idea that businesses should not function amorally, but instead should contribute to the welfare of their communities.
- **Social Security Act** - A law passed in 1935 providing old-age retirement insurance, a federal-state program of unemployment compensation, and federal grants for state welfare programs.
- **Strategic objectives** - The process of determining a company's long-term objectives and then identifying the best approach for achieving those goals.
- **SWOT** – A business analysis using strengths, weaknesses, opportunities and threats.
- **Theory X** – Management assumption that workers dislike work and must be coerced, controlled, or threatened to motivate them to work. Belief that employees need constant supervision.
- **Theory Y** – Managerial assumption that workers like work; and, under proper conditions, accept and seek out responsibilities to fulfill their social, esteem, and self-actualization needs. Belief that employees are motivated to work and thrive in a culture that supports motivation.
- **Theory Z** – Management approach emphasizing employee participation as the key to increased productivity and improved quality of work life. Belief that management should create an environment for employees that values both performance and involvement.
- **Trademark** – Name, symbol or slogan a business uses to identify its goods.
- **Training** - Education to develop a person's professional skills.
- **Unemployment insurance** - State run insurance program funded by employers and payroll taxes that provide workers with weekly payments when they are fired or laid off.
- **Variance Reports** – A report that goes through the difference between budget, standard costs and actual costs.
- **Venture capitalists** – Organizations or individuals that make money available for investment in innovative enterprises or research, especially in high technology, in which both the risk of loss and the potential for profit may be high.
- **Wheeler-Lea Act** – Passed in 1938. Bans unfair or deceptive acts or practices. Businesses must inform consumers of possible negative consequences of using their products.
- **Whistle blowers** - A person or persons who tell someone in authority about something illegal that is happening, especially in a government department or a company.