

DECA BUSINESS LAW AND ETHICS TEAM DECISION MAKING (BLTDM) PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is the main purpose of the Sarbanes-Oxley Act?**
 - A. To protect investors through improved corporate disclosures
 - B. To enforce strict liability in all business practices
 - C. To regulate insider trading
 - D. To provide guidelines for corporate governance
- 2. How is "agency" defined in business law?**
 - A. A relationship where one party acts on behalf of another
 - B. A contract between two businesses
 - C. A term for employee relations
 - D. A legal definition of company ownership
- 3. Which aspect is NOT considered in capital budgeting?**
 - A. Potential return on investment
 - B. Cost of investment
 - C. Market trends
 - D. Employee salaries
- 4. What does consideration in contract law refer to?**
 - A. A verbal agreement between parties
 - B. Something of value exchanged between parties in a contract
 - C. A legal document validating a contract
 - D. A witness to a contract agreement
- 5. If actual performance is lower than expected, what might a business consider doing?**
 - A. Increasing salaries
 - B. Lowering product quality
 - C. Finding ways to lower expenses
 - D. Expanding product lines
- 6. How do partnerships typically operate?**
 - A. Through a single owner managing all operations
 - B. As a collective decision-making body of partners
 - C. Through annual elections of management
 - D. As a series of franchise agreements

7. What does the term 'cash payments' refer to in a business context?

- A. Revenue from sales
- B. Cost of goods
- C. Consumer loans
- D. Investment returns

8. What trait may be associated with someone's aptitude?

- A. Time management skills
- B. Natural ability in a specific area
- C. Awareness of ethical issues
- D. Experience in leadership

9. What is a key characteristic of a customer service mindset?

- A. Being friendly and approachable
- B. Being efficient in service delivery
- C. Offering discounts to customers
- D. Responding quickly to complaints

10. How can purchasing contribute to a manufacturing business's competitive edge?

- A. By improving product quality
- B. By keeping prices down
- C. By increasing advertising budgets
- D. By enhancing employee training

Answers

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1. A
2. A
3. D
4. B
5. C
6. B
7. B
8. B
9. B
10. B

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Explanations

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1. What is the main purpose of the Sarbanes-Oxley Act?

- A. To protect investors through improved corporate disclosures
- B. To enforce strict liability in all business practices
- C. To regulate insider trading
- D. To provide guidelines for corporate governance

The main purpose of the Sarbanes-Oxley Act, often referred to as SOX, is to protect investors through improved corporate disclosures. Enacted in response to major financial scandals in the early 2000s, this legislation aims to enhance the accuracy and reliability of financial reporting from corporations. By establishing stricter requirements for financial practices and disclosures, SOX seeks to restore public confidence in the integrity of financial statements and corporate governance. This includes measures like requiring certification of financial reports by CEOs and CFOs, increased penalties for fraudulent financial activity, and greater transparency in financial reporting. The other options present functions that, while related to corporate governance and securities regulation, do not encapsulate the primary intent of the Sarbanes-Oxley Act. For example, while SOX does touch on corporate governance and financial practices, its core focus is the protection of investors through enhanced disclosures, which sets it apart from those other aspects.

2. How is "agency" defined in business law?

- A. A relationship where one party acts on behalf of another
- B. A contract between two businesses
- C. A term for employee relations
- D. A legal definition of company ownership

In business law, "agency" is defined as a relationship where one party, known as the agent, has the authority to act on behalf of another party, referred to as the principal. This relationship is foundational to many transactions and legal arrangements, as it allows the agent to make decisions, enter into contracts, and perform actions that legally bind the principal within the scope of the authority granted to them. The agency relationship is critical in various business contexts, allowing for the delegation of responsibilities and decision-making. For example, in a real estate transaction, a real estate agent acts on behalf of the seller to negotiate deals and represent their interests. Understanding this relationship is vital for comprehending how businesses operate and also how liability and authority are established and maintained. The other options presented do not accurately define agency in the context of business law. A contract between two businesses relates more specifically to agreements or obligations between entities rather than the representative relationship that agency describes. Similarly, employee relations speak to the dynamics between employees and employers without the broader context of representation inherent in agency. Lastly, a legal definition of company ownership relates to the rights and responsibilities of ownership rather than the agency relationship.

3. Which aspect is NOT considered in capital budgeting?

- A. Potential return on investment
- B. Cost of investment
- C. Market trends
- D. Employee salaries**

Capital budgeting is a critical process in financial management that involves evaluating potential investments or projects to determine their viability and alignment with an organization's strategic goals. When making capital budgeting decisions, various factors are typically considered, including the potential return on investment, which helps assess the profitability of the proposed investment. The cost of investment is also a key consideration, as it encompasses all expenses associated with acquiring and implementing the project. Market trends significantly influence capital budgeting, as understanding the broader economic environment and consumer preferences can help organizations gauge whether an investment will succeed in the current market conditions. In this context, employee salaries are not typically included in the capital budgeting process because capital budgeting focuses on long-term investments rather than operational costs or ongoing expenses. Salaries are part of operational budgeting and are assessed separately, as they do not directly relate to the evaluation of capital assets or investments. Therefore, this choice stands out as it does not align with the core considerations of capital budgeting.

4. What does consideration in contract law refer to?

- A. A verbal agreement between parties
- B. Something of value exchanged between parties in a contract**
- C. A legal document validating a contract
- D. A witness to a contract agreement

Consideration in contract law is a fundamental concept that refers to something of value that is exchanged between the parties involved in a contract. This exchange is essential because it distinguishes enforceable contracts from mere gifts; for a contract to be valid and binding, both parties must provide something of value, which could be money, services, goods, or a promise to do or refrain from doing something. By requiring consideration, the law ensures that there is a mutual benefit and commitment between the parties. For instance, if one party agrees to sell a car (the service or good), and the other agrees to pay a certain amount of money (the value exchanged), both parties have provided consideration necessary for the contract to be legally enforceable. This notion reinforces the principle of reciprocity in agreements and underscores the importance of mutual consent in contractual relationships.

5. If actual performance is lower than expected, what might a business consider doing?

- A. Increasing salaries
- B. Lowering product quality
- C. Finding ways to lower expenses**
- D. Expanding product lines

When actual performance falls short of expectations, one of the most practical steps a business can take is to find ways to lower expenses. Reducing costs can help improve the bottom line and provide more financial flexibility to the organization. This is crucial, especially if revenues are not meeting projections, as it allows the business to maintain operations without incurring significant losses. Lowering expenses can be approached in various ways, such as streamlining processes, renegotiating contracts with suppliers, reducing overhead costs, or implementing more efficient technologies. By focusing on cost-saving measures, the business can respond more effectively to unfavorable economic conditions and stabilize its financial status. In contrast, increasing salaries does not align with the goal of addressing underperformance, as it typically raises expenses and may exacerbate financial issues. Lowering product quality would likely harm the business's reputation and customer satisfaction, further diminishing performance. Expanding product lines requires investment and resources, which may not be feasible when financial performance is already lacking. Thus, finding ways to lower expenses stands out as the most logical course of action in response to poor performance.

6. How do partnerships typically operate?

- A. Through a single owner managing all operations
- B. As a collective decision-making body of partners**
- C. Through annual elections of management
- D. As a series of franchise agreements

Partnerships typically operate as a collective decision-making body of partners, which reflects the fundamental nature of partnerships. In this structure, each partner usually holds a degree of authority and responsibility, and important decisions are made collaboratively, benefiting from the diverse perspectives and expertise that each partner brings to the table. This collaborative approach allows partnerships to leverage their combined skills and resources, making strategic decisions that align with the overall goals of the business. The essence of a partnership is based on mutual agreement and shared responsibility, distinguishing it from other business structures where decisions may be centralized or made unilaterally. This characteristic of partnerships fosters cooperation and enhances the relational dynamics among partners, promoting a sense of shared ownership and commitment to the business's success.

7. What does the term 'cash payments' refer to in a business context?

- A. Revenue from sales
- B. Cost of goods**
- C. Consumer loans
- D. Investment returns

The term 'cash payments' in a business context typically refers to the actual flow of cash out of a business for expenses and liabilities. This includes the costs associated with purchasing goods or services that are necessary for the operation of the business. Therefore, it directly pertains to 'cost of goods,' as this represents the cash that a business spends to acquire the inventory it sells or uses in its operations. Cash payments are a critical aspect of a company's cash flow management, as they reflect the outflow of resources which can impact overall profitability and financial health. Understanding the expenses recorded as cash payments helps businesses manage their budget and financial forecasting effectively. On the other hand, revenue from sales pertains to the money generated from selling products or services, which would not classify as a cash payment. Consumer loans refer to borrowed funds and not payments made for goods or services, while investment returns indicate profits made from investments, which also do not fit the definition of cash payments in terms of operational expenditures.

8. What trait may be associated with someone's aptitude?

- A. Time management skills
- B. Natural ability in a specific area**
- C. Awareness of ethical issues
- D. Experience in leadership

The trait most closely associated with someone's aptitude is their natural ability in a specific area. Aptitude refers to an inherent capability or talent for doing certain types of tasks or activities. This can include a variety of domains such as mathematical reasoning, artistic skills, or linguistic proficiency. When someone has a natural ability, they often demonstrate a higher degree of proficiency and ease in that area without as much training or experience compared to others. This aligns closely with the definition of aptitude, which signifies a predisposition or talent that facilitates learning and performance in particular tasks. The other traits listed, while valuable, do not specifically tie to the concept of aptitude. Time management skills, for example, are more about learned behaviors and organizational strategies rather than an inherent talent. Awareness of ethical issues reflects one's understanding and cognitive processing of moral scenarios, which is crucial for decision-making but is not an innate aptitude. Experience in leadership pertains more to skills developed over time through practice and experience rather than a natural inclination or ability in a particular subject area.

9. What is a key characteristic of a customer service mindset?

- A. Being friendly and approachable
- B. Being efficient in service delivery**
- C. Offering discounts to customers
- D. Responding quickly to complaints

A key characteristic of a customer service mindset is being efficient in service delivery. This efficiency allows businesses to meet customer needs promptly and effectively, creating a positive experience that fosters customer satisfaction and loyalty. When service is delivered efficiently, customers feel valued as their time and concerns are prioritized. While being friendly and approachable also contributes to good customer service, it may not ensure resolution of issues or effective service. Similarly, offering discounts can be seen as a marketing strategy rather than a mindset focused on service quality. Responding quickly to complaints is important, but it specifically addresses problem-solving rather than the overall mindset required to ensure a consistently high level of service throughout customer interactions. Efficiency encompasses a broader view of customer service, indicating readiness to assist and enhance the customer experience, which is crucial for any business aiming to succeed in today's competitive environment.

10. How can purchasing contribute to a manufacturing business's competitive edge?

- A. By improving product quality
- B. By keeping prices down**
- C. By increasing advertising budgets
- D. By enhancing employee training

Purchasing plays a vital role in a manufacturing business's overall strategy and can significantly contribute to creating a competitive edge, particularly through the method of keeping prices down. By strategically sourcing materials and goods at lower prices, a business can reduce its overall production costs. This reduction allows the company to either maintain or increase its profit margins while offering competitive pricing to consumers, ultimately improving its market position. When purchasing is optimized, it leads to better negotiation with suppliers, volume discounts, and long-term partnerships that can result in cost savings. These savings can then be passed on to customers or reinvested into the business for other areas, such as research and development, marketing, or enhancing production processes. While other factors like product quality, advertising budgets, and employee training are important for business success, they don't directly address the immediate impact of reducing costs through purchasing. Ensuring that raw materials and components are procured efficiently and economically is a fundamental aspect of maintaining a competitive edge in the manufacturing sector.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://decabltldm.examzify.com>

We wish you the very best on your exam journey. You've got this!

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